Systex Corporation

Financial Statements for the
Years Ended December 31, 2020 and 2019 and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Systex Corporation

Opinion

We have audited the accompanying financial statements of Systex Corporation (the "Corporation"), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, based on our audits and the reports of other independent auditors (refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Corporation's financial statements for the year ended December 31, 2020 is stated as follows:

Valuation of Receivables

As of December 31, 2020, notes receivable and accounts receivable were material in amount. When assessing the impairment of receivables, the management of the Corporation uses the expected credit loss model based on the lifetime expected credit loss. The valuation of receivables involves significant accounting estimates and judgements of the management. Therefore, we considered the valuation of receivables as a key audit matter. For the disclosures related to receivables, refer to Notes 5 and 11 to the financial statements.

Our audit procedures performed in respect of the abovementioned key audit matter included the following:

1. We obtained the reports of impairment of receivables and assessed the reasonableness of the expected credit loss model and data used in the reports.

2. We tested the aging schedule of receivables and reviewed the calculation of expected credit loss to confirm the accuracy of the expected credit loss recognized on receivables.

3. We tested the recoverability of receivables by analyzing overdue accounts and verifying cash receipts in the subsequent period. For a receivable that was past due but not yet received, we assessed the reasonableness of the expected credit loss based on the customer's payment history, customer credit control and tracking of overdue receivables.

Other Matter

We did not audit the financial statements of Systex Information (H.K.) Limited and Rainbow Tech Information (HK) Limited, which are investees of Kimo.com (BVI) Corporation and are accounted for using the equity method, Fuco Technology Co., Ltd., which is investee of Syscore Corporation and is accounted for using the equity method, and Dawning Technology Inc., which is investee of Syslink Corporation and is accounted for using the equity method for the year ended December 31, 2020, the financial statements of Genesis Technology Inc., which is investee of the Corporation and Syscore Corporation and is accounted for using the equity method, SoftMobile Technology Corporation, which is investee of Golden Bridge Corporation and is accounted for using the equity method, Systex Information (H.K.) Limited and Rainbow Tech Information (HK) Limited, which are investees of Kimo.com (BVI) Corporation and are accounted for using the equity method, and Fuco Technology Co., Ltd., which is investee of Syslink Corporation and is accounted for using the equity method for the year ended December 31, 2019, but such financial statements were audited by other auditors. Our opinion, insofar as it related to the amounts included in the Corporation's financial statements for these investees, was based solely on the reports of other auditors. The aggregate amounts of aforementioned investments accounted for using the equity method were $880,396 thousand and $1,002,880 thousand, respectively, representing 5.32% and 6.18%, respectively, of the Corporation's total assets as of December 31, 2020 and 2019. The aggregate comprehensive income of these investees were $18,276 thousand and $31,375 thousand, respectively, representing 1.33% and 2.01%, respectively, of the Corporation's comprehensive income for the years ended December 31, 2020 and 2019.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shu-Wan Lin and Cheng-Hung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 15, 2021

<u>Notice to Readers</u>

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

SYSTEX CORPORATION

BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Notes 4 and 6)	$ 286,173	2	$ 239,839	2
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	232,701	1	592,471	4
Notes receivable, net (Notes 4, 5, 9 and 16)	18,485	-	19,878	-
Accounts receivable, net (Notes 4, 5, 9 and 16)	993,271	6	799,563	5
Receivables from related parties (Note 22)	134,947	1	180,623	1
Other receivables (Notes 23 and 24)	88,621	1	94,322	1
Inventories (Notes 4 and 10)	797,236	5	863,866	5
Prepayments	540,680	3	462,646	3
Refundable deposits - current	78,153	-	73,103	-
Other current assets (Note 18)	27,284	-	22,219	-
Total current assets	3,197,551	19	3,348,530	21
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	1,352,228	8	1,267,686	8
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	194,709	1	1,181	-
Investments accounted for using equity method (Notes 4 and 11)	9,809,289	59	9,596,931	59
Property, plant and equipment (Notes 4 and 12)	1,636,293	10	1,611,371	10
Right-of-use assets (Note 13)	196,964	1	248,057	2
Computer software (Note 4)	28,203	-	19,744	-
Deferred tax assets (Notes 4 and 18)	11,045	-	12,525	-
Refundable deposits - non-current	67,032	1	67,189	-
Long-term receivables (Notes 4 and 9)	971	-	1,478	-
Other non-current assets (Notes 23 and 24)	61,849	1	56,038	-
Total non-current assets	13,358,583	81	12,882,200	79
TOTAL	$ 16,556,134	100	$ 16,230,730	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities (Notes 4 and 16)	$ 646,718	4	$ 477,667	3
Notes and accounts payable	848,152	5	907,985	6
Payables to related parties (Note 22)	246,371	1	126,713	1
Other payables	735,290	4	729,273	4
Lease liabilities - current (Note 13)	95,208	1	90,657	1
Current tax liabilities (Notes 4 and 18)	22,970	-	17,227	-
Other current liabilities	124,592	1	84,437	-
Total current liabilities	2,719,301	16	2,433,959	15
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 18)	6,088	-	5,846	-
Lease liabilities - non-current (Note 13)	103,751	1	158,705	1
Net defined benefit liabilities - non-current (Notes 4 and 14)	212,364	1	233,716	1
Other non-current liabilities	5,507	-	5,861	-
Total non-current liabilities	327,710	2	404,128	2
Total liabilities	3,047,011	18	2,838,087	17
EQUITY (Notes 4 and 15)				
Share capital	2,693,933	16	2,693,933	17
Capital surplus	6,493,756	39	6,407,221	40
Retained earnings				
Legal reserve	1,300,634	8	1,119,831	7
Special reserve	579,466	3	383,842	2
Unappropriated earnings	4,138,488	25	4,295,725	27
Total retained earnings	6,018,588	36	5,799,398	36
Other equity	(768,711)	(4)	(579,466)	(4)
Treasury shares	(928,443)	(5)	(928,443)	(6)
Total equity	13,509,123	82	13,392,643	83
TOTAL	$ 16,556,134	100	$ 16,230,730	100

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated March 15, 2021)

SYSTEX CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUES (Notes 4, 16 and 22)				
Sales	$ 3,884,724	55	$ 3,444,412	52
Less: Sales returns and allowances	12,250	-	16,674	-
Net sales	3,872,474	55	3,427,738	52
Service revenue	3,105,044	44	3,097,167	47
Other operating revenue	40,019	1	44,115	1
Total operating revenues	7,017,537	100	6,569,020	100
OPERATING COSTS (Notes 4, 10, 17 and 22)				
Cost of goods sold	3,240,873	46	2,877,400	44
Service cost	1,376,494	20	1,392,171	21
Other operating cost	3,969	-	4,983	-
Total operating costs	4,621,336	66	4,274,554	65
GROSS PROFIT	2,396,201	34	2,294,466	35
OPERATING EXPENSES (Notes 17 and 22)				
Selling expenses	1,682,786	24	1,749,164	26
General and administrative expenses	295,209	4	264,027	4
Research and development expenses	319,715	5	241,837	4
Total operating expenses	2,297,710	33	2,255,028	34
PROFIT FROM OPERATIONS	98,491	1	39,438	1
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiaries and associates (Notes 4 and 11)	1,086,059	16	1,943,947	30
Interest income (Note 4)	703	-	964	-
Dividend income (Note 4)	37,551	1	60,047	1
Other income, net (Note 22)	20,704	-	12,960	-
Gain on sale of investments, net (Note 17)	163,829	2	156,590	2
Foreign exchange gain (loss), net (Note 4)	1,855	-	(802)	-
Gain (loss) on financial assets at fair value through profit or loss, net (Note 4)	306,579	4	(259,095)	(4)
Interest expense	(3,795)	-	(5,509)	-
Other expenses	(6,592)	-	(23,265)	-
Impairment loss on assets (Notes 4 and 11)	(19,421)	-	(60,651)	(1)
Total non-operating income and expenses	1,587,472	23	1,825,186	28

(Continued)

SYSTEX CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
INCOME BEFORE INCOME TAX	$ 1,685,963	24	$ 1,864,624	29
INCOME TAX EXPENSE (Notes 4 and 18)	19,618	-	56,582	1
NET INCOME	1,666,345	24	1,808,042	28
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 14)	(25,950)	-	(40,452)	-
Unrealized loss on equity instruments at fair value through other comprehensive income	(62,970)	(1)	(247)	-
Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method	(54,853)	(1)	(177,982)	(3)
	(143,773)	(2)	(218,681)	(3)
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method	(145,577)	(2)	(28,582)	(1)
	(145,577)	(2)	(28,582)	(1)
Other comprehensive loss for the year, net of income tax	(289,350)	(4)	(247,263)	(4)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,376,995	20	$ 1,560,779	24
EARNINGS PER SHARE (Note 19)				
Basic	$ 6.72		$ 7.31	
Diluted	$ 6.70		$ 7.28	

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated March 15, 2021) (Concluded)

SYSTEX CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

			Retained Earnings				Other Equity			
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2019	$ 2,693,933	$ 6,729,035	$ 1,014,689	$ 453,327	$ 3,622,248	$ 5,090,264	$ (407,326)	$ 23,484	$ (1,003,629)	$ 13,125,761
Appropriation of 2018 earnings										
Legal reserve	-	-	105,142	-	(105,142)	-	-	-	-	-
Special reserve	-	-	-	(69,485)	69,485	-	-	-	-	-
Cash dividends - NT$3.8 per share	-	-	-	-	(1,023,695)	(1,023,695)	-	-	-	(1,023,695)
Changes in investments in subsidiaries and associates accounted for using equity method	-	(171,865)	-	-	(23,574)	(23,574)	-	-	-	(195,439)
Distribution in cash of the capital surplus - NT$1.2 per share	-	(323,272)	-	-	-	-	-	-	-	(323,272)
Net income for 2019	-	-	-	-	1,808,042	1,808,042	-	-	-	1,808,042
Other comprehensive loss for 2019	-	-	-	-	(41,584)	(41,584)	(28,582)	(177,097)	-	(247,263)
Total comprehensive income (loss) for 2019	-	-	-	-	1,766,458	1,766,458	(28,582)	(177,097)	-	1,560,779
Disposal of the Corporation's share by subsidiaries regarded as treasury share transaction	-	66,274	-	-	-	-	-	-	75,186	141,460
Cash dividends received by subsidiaries from the Corporation	-	107,049	-	-	-	-	-	-	-	107,049
Disposal of investments by subsidiaries in equity instruments at fair value through other comprehensive income	-	-	-	-	(10,055)	(10,055)	-	10,055	-	-
BALANCE AT DECEMBER 31, 2019	2,693,933	6,407,221	1,119,831	383,842	4,295,725	5,799,398	(435,908)	(143,558)	(928,443)	13,392,643
Appropriation of 2019 earnings										
Legal reserve	-	-	180,803	-	(180,803)	-	-	-	-	-
Special reserve	-	-	-	195,624	(195,624)	-	-	-	-	-
Cash dividends - NT$5 per share	-	-	-	-	(1,346,967)	(1,346,967)	-	-	-	(1,346,967)
Changes in investments in subsidiaries and associates accounted for using equity method	-	(20,666)	-	-	(83)	(83)	-	-	-	(20,749)
Net income for 2020	-	-	-	-	1,666,345	1,666,345	-	-	-	1,666,345
Other comprehensive loss for 2020	-	-	-	-	(27,396)	(27,396)	(145,577)	(116,377)	-	(289,350)
Total comprehensive income (loss) for 2020	-	-	-	-	1,638,949	1,638,949	(145,577)	(116,377)	-	1,376,995
Cash dividends received by subsidiaries from the Corporation	-	107,049	-	-	-	-	-	-	-	107,049
Disposal of investments accounted for using equity method	-	152	-	-	8,255	8,255	-	(8,255)	-	152
Disposal of investments by subsidiaries in equity instruments at fair value through other comprehensive income	-	-	-	-	(80,964)	(80,964)	-	80,964	-	-
BALANCE AT DECEMBER 31, 2020	$ 2,693,933	$ 6,493,756	$ 1,300,634	$ 579,466	$ 4,138,488	$ 6,018,588	$ (581,485)	$ (187,226)	$ (928,443)	$ 13,509,123

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated March 15, 2021)

SYSTEX CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,685,963	$ 1,864,624
Adjustments for :		
Depreciation expenses	173,890	176,359
Amortization expenses	14,467	19,755
Expected credit loss recognized	29,697	776
(Gain) loss on financial assets at fair value through profit or loss, net	(306,579)	259,095
Interest expense	3,795	5,509
Interest income	(703)	(964)
Dividend income	(37,551)	(60,047)
Impairment loss on financial assets	19,421	60,651
Share of profit of subsidiaries and associates accounted for using equity method	(1,086,059)	(1,943,947)
Gain on sale of investments	(84,308)	-
Write-down of inventories	3,363	4,324
Unrealized (gain) loss on foreign currency exchange, net	(125)	2,746
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	581,807	(404,139)
Notes receivable	1,393	33,210
Accounts receivable	(194,204)	112,530
Receivables from related parties	15,910	(1,258)
Other receivables	3,187	14,980
Inventories	63,458	(159,786)
Prepayments	(78,034)	(31,205)
Other current assets	(5,065)	6,230
Notes and accounts payable	(59,141)	138,763
Payables to related parties	119,656	(127,330)
Other payables	6,017	176,800
Contract liabilities	169,051	13,645
Other current liabilities	40,155	(3,932)
Net defined benefit liabilities	(47,302)	(37,686)
Cash generated from operations	1,032,159	119,703
Interest paid	(3,840)	(5,276)
Income tax paid	(12,153)	(40,503)
Net cash generated from operating activities	1,016,166	73,924
CASH FLOWS FROM INVESTING ACTIVITIES		
Return of capital from capital reduction of financial assets at fair value through other comprehensive income	902	730
Acquisition of investments accounted for using equity method	(240,415)	(156,160)
Return of capital from capital reduction of investments accounted for using equity method	294,500	1,391,220
Payments for property, plant and equipment	(96,031)	(58,591)

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SYSTEX CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
Proceeds on disposal of property, plant and equipment	$ 239	$ 55
Increase in refundable deposits	(4,893)	(9,434)
Payments for intangible assets	(22,926)	(11,336)
Proceeds from disposal of intangible assets	-	400
Decrease (increase) in long-term receivables	507	(878)
Decrease (increase) in pledged time deposits	2,432	(11,883)
Increase in other non-current assets	(5,811)	(14,754)
Interest received	785	814
Dividends received	37,551	60,047
Dividends received from subsidiaries and associates	513,125	360,646
Net cash generated from investing activities	479,965	1,550,876
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	-	(200,000)
(Decrease) increase in guarantee deposits received	(354)	771
Repayment of the principal portion of lease liabilities	(102,476)	(107,356)
Dividends paid	(1,346,967)	(1,023,695)
Distribution in cash from the capital surplus	-	(323,272)
Net cash used in financing activities	(1,449,797)	(1,653,552)
NET INCREASE (DECREASE) IN CASH	46,334	(28,752)
CASH AT THE BEGINNING OF THE YEAR	239,839	268,591
CASH AT THE END OF THE YEAR	$ 286,173	$ 239,839

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated March 15, 2021) (Concluded)

SYSTEX CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Systex Corporation (the "Corporation") was incorporated on January 7, 1997 under the provision of the Company Act of the Republic of China and other laws and regulations. The Corporation is mainly engaged in sales and leases of computer software and related equipment, transmission and security of value-added network, maintenance of database, and consultation.

The Corporation's shares had been traded on Emerging Stock Market since April 10, 2002 and Taipei Exchange since January 6, 2003. On December 30, 2010, the Corporation has changed the listing and trading of its shares to the Taiwan Stock Exchange.

The financial statements are presented in the Corporation's functional currency, the New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation's board of directors on February 24, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Corporation's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021

   As of the date the financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for the financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing the financial statements, the Corporation accounts for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1) Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and

2) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Corporation’s financial statements, transactions in currencies other than the Corporation’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting financial statements, the assets and liabilities of the Corporation's foreign operations (including subsidiaries and associates in other countries that use currency different from the currency of the Corporation) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Corporation's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Corporation losing control over the subsidiary, the proportionate share of accumulated exchange differences is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories are stated at the lower of cost (monthly weighted average) or net realizable value. Net realizable value is the estimated selling price of inventories less all estimated costs necessary to make the sale.

f. Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation's share of equity of subsidiaries.

Changes in the Corporation's ownership interest in a subsidiary that do not result in the Corporation losing control of the subsidiary are accounted for as equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Corporation's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the subsidiary), the Corporation continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss. When the Corporation acquires a subsidiary that does not constitute a business, the Corporation appropriately allocates the cost of acquisition to the Corporation's share of the amounts of the identifiable assets acquired (including intangible assets) and liabilities assumed, and the transaction does not give rise to goodwill nor gains.

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Corporation directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the financial statements and only to the extent of interests in the subsidiaries that are not related to the Corporation.

g. Investment in associates

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Corporation uses the equity method to account for its investments in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the associate. The Corporation also recognizes the changes in the Corporation's share of equity of associates.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Corporation subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation's proportionate interest in the associate. The Corporation records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Corporation's share of equity of associates. If the Corporation's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Corporation's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the associate), the Corporation discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Corporation has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Corporation discontinues the use of the equity method from the date on which it ceases to have significant influence. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Corporation transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the financial statements only to the extent of interests in the associate that are not related to the Corporation.

h. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Freehold land is not depreciated.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets (computer software) with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use asset and intangible assets other than goodwill

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual or smallest group of cash-generating units on a reasonable and consistent allocation basis.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at fair value through other comprehensive income (“FVTOCI”).

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Corporation may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Corporation's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Corporation recognizes a loss allowance for expected credit losses ("ECLs") on financial assets at amortized cost (including accounts receivable) and lease receivables.

The Corporation always recognizes lifetime ECLs for accounts receivable and lease receivables. For all other financial instruments, the Corporation recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

ECLs reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Corporation recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt or equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Corporation's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

l. Revenue recognition

The Corporation identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Sales revenue comes from sales of computer hardware and software. Sales of computer hardware and software are recognized as revenue when the goods are delivered and the customers have full discretion over the price to sell the goods, rights to use the goods, and bears the risks of obsolescence. Accounts receivable are recognized concurrently. The transaction price received under the conditions of a contract is recognized as a contract liability until the goods have been delivered to the customer.

Service revenue comes from maintenance of computer software and hardware, value-added network services and related consultation services. As the Corporation provides services, customers simultaneously receive and consume the benefits provided by the Corporation's performance. Consequently, the related revenue is recognized when services are rendered. Service revenue other than conditions stated above is recognized when services have been completed.

Other operating revenue is mainly comprised of rental revenue on leases of computer equipment, which is recognized over the term of the lease.

m. Leases

At the inception of a contract, the Corporation assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Corporation allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1) The Corporation as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor plus (b) initial direct costs and is presented as a lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Corporation’s net investment outstanding in respect of leases.

Lease payments from operating leases (less any lease incentives payable) are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Corporation as lessee

The Corporation recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost (the initial measurement of lease liabilities). Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments (fixed payments). The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the Corporation remeasures the lease liability with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of a right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

The Corporation negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2021, that results in the revised consideration for the lease. There is no substantive change to other terms and conditions. The Corporation elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Corporation recognizes the reduction in lease payment in profit or loss, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement (including actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets excluding interest) is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Corporation's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and the corresponding tax bases used in the computation of taxable profit. If the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, the resulting deferred tax asset or liability is not recognized.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for investments to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred tax are also recognized in other comprehensive income.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Corporation considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Valuation of Receivables

The valuation of receivables is based on assumptions about rates of default and expected loss. The Corporation uses judgment in making these assumptions and in selecting the inputs to the impairment valuation, based on the Corporation's historical experience, existing market conditions and forward looking estimates. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	$ 224	$ 224
Checking accounts and demand deposits	285,949	239,615
	$ 286,173	$ 239,839

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	2019
Current		
Financial assets mandatorily classified as at FVTPL		
Mutual funds	$ 232,701	$ 592,471
Non-current		
Financial assets mandatorily classified as at FVTPL		
Unlisted shares	$ 1,352,228	$ 1,267,686

8. FINANCIAL ASSETS AT FVTOCI – NON-CURRENT

Investments in Equity Instruments

	December 31	
	2020	2019
Listed shares	$ 193,708	$ -
Unlisted shares	1,001	1,181
	$ 194,709	$ 1,181

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

9. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND LONG-TERM RECEIVABLES, NET

	December 31 2020	December 31 2019
Notes receivable	$ 18,657	$ 20,050
Less: Allowance for doubtful accounts	(172)	(172)
	$ 18,485	$ 19,878
Accounts receivable	$ 1,003,100	$ 818,157
Less: Allowance for doubtful accounts	(9,829)	(18,594)
	$ 993,271	$ 799,563
Long-term receivables	$ 1,004	$ 1,553
Less: Unrealized interest income	(33)	(75)
	$ 971	$ 1,478

The average credit period of receivables was 60 to 90 days. The Corporation delegated a department responsible for managing receivables, establishing credit limits, credit approvals and other monitoring procedures to ensure the profitability of the Corporation.

The Corporation applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all receivables. The expected credit losses on receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate. As the Corporation's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Corporation's different customer base.

The Corporation writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For receivables that have been written off, the Corporation continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of receivables based on the Corporation's provision matrix.

December 31, 2020

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	Over 271 Days	Total
Gross carrying amount	$ 973,966	$ 32,978	$ 5,460	$ 4,039	$ 5,314	$ 1,021,757
Loss allowance (Lifetime ECL)	-	-	(648)	(4,039)	(5,314)	(10,001)
Amortized cost	$ 973,966	$ 32,978	$ 4,812	$ -	$ -	$ 1,011,756

December 31, 2019

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	Over 271 Days	Total
Gross carrying amount	$ 749,767	$ 65,669	$ 671	$ 803	$ 21,297	$ 838,207
Loss allowance (Lifetime ECL)	-	(50)	(75)	(305)	(18,336)	(18,766)
Amortized cost	$ 749,767	$ 65,619	$ 596	$ 498	$ 2,961	$ 819,441

The movements of the loss allowance of receivables were as follows:

	2020	2019
Balance at January 1	$ 18,766	$ 22,083
Add: Net remeasurement of loss allowance	29,697	776
Less: Amount written off	(38,462)	(4,093)
Balance at December 31	$ 10,001	$ 18,766

10. INVENTORIES

	December 31	
	2020	2019
Merchandise	$ 788,334	$ 853,150
Maintenance parts	8,902	10,716
	$ 797,236	$ 863,866

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was $3,240,873 thousand and $2,877,400 thousand, respectively. The cost of goods sold included inventory write-downs of $3,363 thousand and $4,324 thousand, respectively.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2020	2019
Investments in subsidiaries	$ 9,555,296	$ 9,297,441
Investments in associates	253,993	299,490
	$ 9,809,289	$ 9,596,931

a. Investments in subsidiaries

	December 31	
	2020	2019
Unlisted Corporation		
Kimo.com (BVI) Corporation (Kimo BVI)	$ 3,914,331	$ 4,145,465
Systex Capital Group, Inc. (SCGI)	2,369,571	2,230,030
Ching Pu Investment Corporation (Ching Pu) (Notes 4 and 15)	465,995	437,073
Systex Software & Service Corporation (SSSC)	1,021,321	901,106
Nexsys Corporation (Nexsys)	360,139	345,412
Taifon Computer Co., Ltd. (Taifon)	264,415	251,745
Golden Bridge Corporation (GBC)	273,935	261,357
Concord System Management Corporation (CSMC)	390,208	339,761
Systex Solutions Corporation (Systex Solutions)	310,743	331,060
Syspower Corporation (Syspower)	18,083	17,878
Etu Corporation (Etu)	4,272	4,839

(Continued)

	December 31	
	2020	2019
Naturint Corporation (Naturint)	$ 21,347	$ 21,447
Hanmore Investment Corporation (Hanmore) (Notes 4 and 15)	17,289	10,268
E-service Information Corporation (E-service)	48,682	-
Taiwan Information Service Technology Corporation (TIST)	74,965	-
	$ 9,555,296	$ 9,297,441

(Concluded)

The Corporation's proportion of ownership and voting rights of its subsidiaries as of the balance sheet date were 100%, except for:

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	**2020**	**2019**
Syspower	4.50%	4.50%
Etu	84.19%	84.19%
Hanmore	48.92%	48.92%
E-service	58.75%	-
TIST	62.87%	-

Refer to Note 24 to the consolidated financial statements for the information on the Corporation's acquisition of E-service and Taiwan Information Service.

The Corporation holds 48.92% of the ownership and voting rights of Hanmore. However, the Corporation considers that it has the practical ability to direct the relevant activities of Hanmore; thus, Hanmore is accounted for as subsidiary.

The Corporation and its subsidiaries, collectively, hold more than 50% of the ownership and voting rights of Syspower; therefore, the Corporation has control over Syspower, which is accounted for as subsidiary.

Except for TIST for the year ended December 31, 2020, the Corporation's share of profit (loss) and other comprehensive income (loss) from subsidiaries using the equity method was recognized based on each subsidiary's audited financial statements for the years ended December 31, 2020 and 2019.

b. Investments in associates

All the associates owned by the Corporation were not individually material. Aggregate information of associates were as follows:

	For the Year Ended December 31	
	2020	**2019**
The Corporation's share of:		
Profit for the year	$ 38,307	$ 21,047
Other comprehensive income	6,416	107
Total comprehensive income for the year	$ 44,723	$ 21,154

The impairment losses on the associates that are not individually material amounted to $19,421 thousand and $60,651 thousand, respectively, for the years ended December 31, 2020 and 2019.

Except for Systex Infopro Co., GenSys Technology (International) Ltd., Sanfran Technology Inc., Mohist Wet Technology Co., Ltd., Retail System Co., Shengesen Cloud Technology, and Frog-jump Information Co., Ltd. for the years ended December 31, 2020 and 2019, the Corporation's share of profit (loss) and other comprehensive income (loss) from associates using the equity method were recognized based on each associate's audited financial statements. Management believes the financial statements that have not been audited would not have material impact on the investments accounted for using the equity method or the Corporation's share of profit (loss) and other comprehensive income (loss) in the financial statements.

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Computer Equipment	Transportation Equipment	Lease Equipment	Leasehold Improvements	Other Equipment	Total
Cost								
Balance at January 1, 2019	$ 795,378	$ 1,161,115	$ 138,834	$ 11,162	$ 21,379	$ 31,227	$ 40,007	$ 2,199,102
Additions	-	-	31,416	-	4,749	7,165	15,261	58,591
Disposals	-	-	(41,087)	-	(10,501)	(5,286)	(14,998)	(71,872)
Reclassifications	-	-	(144)	-	(470)	-	-	(614)
Balance at December 31, 2019	$ 795,378	$ 1,161,115	$ 129,019	$ 11,162	$ 15,157	$ 33,106	$ 40,270	$ 2,185,207
Accumulated depreciation and impairment								
Balance at January 1, 2019	$ 7,693	$ 445,755	$ 68,563	$ 4,153	$ 13,505	$ 17,737	$ 20,751	$ 578,157
Depreciation expenses	-	16,600	31,001	1,860	5,009	6,537	6,924	67,931
Disposals	-	-	(41,032)	-	(10,501)	(5,286)	(14,998)	(71,817)
Reclassifications	-	-	24	-	(459)	-	-	(435)
Balance at December 31, 2019	$ 7,693	$ 462,355	$ 58,556	$ 6,013	$ 7,554	$ 18,988	$ 12,677	$ 573,836
Carrying amounts at December 31, 2019	$ 787,685	$ 698,760	$ 70,463	$ 5,149	$ 7,603	$ 14,118	$ 27,593	$ 1,611,371
Cost								
Balance at January 1, 2020	$ 795,378	$ 1,161,115	$ 129,019	$ 11,162	$ 15,157	$ 33,106	$ 40,270	$ 2,185,207
Additions	-	-	56,909	-	2,954	6,724	29,444	96,031
Disposals	-	-	(27,782)	(485)	(3,493)	(13,118)	(4,331)	(49,209)
Reclassifications	-	-	(35)	-	(558)	-	-	(593)
Balance at December 31, 2020	$ 795,378	$ 1,161,115	$ 158,111	$ 10,677	$ 14,060	$ 26,712	$ 65,383	$ 2,231,436
Accumulated depreciation and impairment								
Balance at January 1, 2020	$ 7,693	$ 462,355	$ 58,556	$ 6,013	$ 7,554	$ 18,988	$ 12,677	$ 573,836
Depreciation expenses	-	16,600	34,225	1,813	3,958	5,093	8,990	70,679
Disposals	-	-	(27,543)	(485)	(3,493)	(13,118)	(4,331)	(48,970)
Reclassifications	-	-	-	-	(402)	-	-	(402)
Balance at December 31, 2020	$ 7,693	$ 478,955	$ 65,238	$ 7,341	$ 7,617	$ 10,963	$ 17,336	$ 595,143
Carrying amounts at December 31, 2020	$ 787,685	$ 682,160	$ 92,873	$ 3,336	$ 6,443	$ 15,749	$ 48,047	$ 1,636,293

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings	60 years
Computer equipment and other equipment	3-7 years
Transportation equipment	5-6 years
Lease equipment	2-5 years
Leasehold improvements	2-5 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amounts		
Buildings	$ 111,766	$ 136,444
Machinery	85,198	111,613
	$ 196,964	$ 248,057

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 53,478	$ 79,744
Depreciation charge for right-of-use assets		
Buildings	$ 62,794	$ 64,027
Machinery	40,417	44,401
	$ 103,211	$ 108,428

Except for the additions and depreciation charge listed above, there is no subleasing or impairment loss of right-of-use assets for the years ended December 31, 2020 and 2019.

b. Lease liabilities

	December 31	
	2020	2019
Carrying amounts		
Current	$ 95,208	$ 90,657
Non-current	$ 103,751	$ 158,705

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Buildings	1.00%-1.25%	1.25%
Machinery	1.25%	1.25%

c. Material leasing on activities and terms

The Corporation leased buildings for the use of offices and equipment for the use of operation with lease terms of 1 to 7 years. The Corporation does not have bargain purchase options to acquire the leasehold buildings and equipment at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases and low-value asset leases	$ 41,170	$ 32,380
Total cash outflow for leases	$ 146,900	$ 142,876

The Corporation leases certain office equipment which qualify as short-term leases and low-value asset leases. The Corporation has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

The amount of lease commitments for short-term leases for which the recognition exemption was applied was $14,067 thousand and $14,474 thousand, respectively, as of December 31, 2020 and 2019.

14. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. These entities contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Corporation has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Corporation's defined benefit plans were as follows:

	December 31	
	2020	2019
Present value of defined benefit obligation	$ 519,107	$ 492,134
Fair value of plan assets	(306,743)	(258,418)
Net defined benefit liability	$ 212,364	$ 233,716

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2019	$ 452,220	$ (221,270)	$ 230,950
Service cost			
Current service cost	1,168	-	1,168
Net interest expense (income)	4,690	(2,505)	2,185
Recognized in profit or loss	5,858	(2,505)	3,353
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,336)	(7,336)
Actuarial loss - changes in financial assumptions	21,983	-	21,983
Actuarial loss - experience adjustments	25,805	-	25,805
Recognized in other comprehensive income	47,788	(7,336)	40,452
Contributions from the employer	-	(41,675)	(41,675)
Benefits paid	(14,368)	14,368	-
Transferred from subsidiaries	636	-	636
Balance at December 31, 2019	492,134	(258,418)	233,716
Service cost			
Current service cost	927	-	927
Net interest expense (income)	3,640	(2,076)	1,564
Recognized in profit or loss	4,567	(2,076)	2,491
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(8,453)	(8,453)
Actuarial loss - changes in financial assumptions	22,315	-	22,315
Actuarial loss - experience adjustments	12,088	-	12,088
Recognized in other comprehensive income	34,403	(8,453)	25,950
Contributions from the employer	-	(49,793)	(49,793)
Benefits paid	(11,997)	11,997	-
Balance at December 31, 2020	$ 519,107	$ (306,743)	$ 212,364

Through the defined benefit plans under the Labor Standards Law, the Corporation is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan’s debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2020	**2019**
Discount rates	0.35%	0.75%
Expected rates of salary increase	1.10%	1.10%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2020	**2019**
Discount rates		
0.5% increase	$ (27,693)	$ (27,270)
0.5% decrease	$ 29,814	$ 29,438
Expected rates of salary increase		
0.5% increase	$ 29,433	$ 29,182
0.5% decrease	$ (27,626)	$ (27,309)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2020	**2019**
The expected contributions to the plan for the next year	$ 36,408	$ 44,568
The average duration of the defined benefit obligation	11 years	12 years

15. EQUITY

a. Share capital

	December 31	
	2020	**2019**
Number of shares authorized (in thousands)	400,000	400,000
Share capital authorized	$ 4,000,000	$ 4,000,000
Number of shares issued (in thousands)	269,393	269,393
Share capital issued	$ 2,693,933	$ 2,693,933

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	December 31	
	2020	2019
<u>May be used to offset a deficit, distribute as cash dividends, or transfer to share capital (1)</u>		
Issuance of shares	$ 4,641,487	$ 4,641,487
The difference between the consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition	39	-
Donations	544	544
Treasury share transactions	1,837,963	1,730,914
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interest in subsidiaries (2)	8,576	8,576
Share of changes in associates accounted for by using equity method	654	21,207
Gain on sale of property and equipment	4,493	4,493
	$ 6,493,756	$ 6,407,221

1) Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year).

2) Such capital surplus arises from the effect of changes in ownership interest in subsidiary resulted from equity transactions other than actual disposal on acquisition, or from changes in capital surplus of subsidiaries accounted for by using the equity method.

c. Retained earnings and dividends policy

Under the dividend policy as set forth in the Corporation's Articles ("Articles"), where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration of directors, please refer to Note 17 c. for employees' compensation and remuneration of directors in.

For the goal of sustainable operation and development, the Corporation considers the overall environment and the nature of industry growth along with the long-term financial planning, and applies the dividend policy for residual earnings. The Corporation evaluates the annual funding requirements according to its future capital budget and retains the required fund from the earnings, and distributes the residual earnings as follows:

1) Determine the optimal capital budget.

2) Determine the funding requirements to meet the optimal capital budget.

3) Determine the funding requirements to be met by unappropriated earnings (the remaining may be met through capital increase by cash or issuance of bonds).

4) The residual earnings, less an appropriate portion for the operation requirements, may be distributed to shareholders.

The Corporation's dividends may be distributed in cash or shares. The distribution of profits shall be made preferably by way of cash dividends. The distribution could also be made by way of stock dividends, which should not exceed 50% of the total distributed earnings in principle. In addition, dividend policy depends on criteria such as the Corporation's current and future investment environment, cash requirements, domestic and international competition, capital budget, etc. Further, the Corporation also takes into consideration shareholders' interests, balances of dividends and its long-term financial goals. Annually, the board of directors prepares a proposal on earnings appropriation for approval at the shareholders' meeting.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. Legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Under the local regulations, an amount equals to the net debit balance of total other equity items shall be appropriated as a special reserve. The special reserve may be reversed to the extent of the decrease in the net debit balance.

If the Corporation's shares are held by its subsidiaries at the end of the year and the market value of the shares held are lower than their carrying amounts, the Corporation should appropriate a special reserve equal to the difference between the carrying amounts and market value multiplied by its percentages of ownership in the subsidiaries. The special reserve can be reversed in proportion to the percentages of ownership in the subsidiaries when the market value of the shares increased.

The appropriations of earnings for 2019 and 2018 had been approved in the shareholders' meetings held on June 18, 2020 and June 13, 2019, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2019	**2018**	**2019**	**2018**
Legal reserve	$ 180,803	$ 105,142	$ -	$ -
Special reserve	195,624	(69,485)	-	-
Cash dividends	1,346,967	1,023,695	5.0	3.8

The shareholders resolved the distribution in cash of the capital surplus arising from issuance of shares in the shareholders' meeting held on June 13, 2019. The distribution amounted to $323,272 thousand (at NT$1.2 per share).

The appropriations of 2020 earnings will be resolved by the shareholders in their meeting scheduled for May 2021.

Information about the appropriations of earnings and distribution of capital surplus are available at the Market Observation Post System website of the Taiwan Stock Exchange.

e. Others equity items

1) Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2020	**2019**
Balance at January 1	$ (435,908)	$ (407,326)
Share of exchange difference of subsidiaries and associates accounted for using the equity method	(145,577)	(28,582)
Balance at December 31	$ (581,485)	$ (435,908)

2) Unrealized (loss) gain on financial assets as at FVTOCI

	For the Year Ended December 31	
	2020	**2019**
Balance at January 1	$ (143,558)	$ 23,484
Recognized for the year		
Unrealized gain (loss) on equity investments	(62,970)	(247)
Share from subsidiaries and associates accounted for using the equity method	(53,407)	(176,850)
Disposal of associates accounted for using the equity method	(8,255)	-
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings by subsidiaries	80,964	10,055
Balance at December 31	$ (187,226)	$ (143,558)

f. Treasury shares (in thousand)

Purpose of Treasury Share	**Number of Shares at January 1**	**Increase During the Year**	**Decrease During the Year**	**Number of Shares at December 31**
2020				
Reclassification of the Corporation's shares held by subsidiaries from equity-method investments into treasury share	21,410	-	-	21,410
2019				
Reclassification of the Corporation's shares held by subsidiaries from equity-method investments into treasury share	23,410	-	2,000	21,410

The Corporation's shares held by subsidiaries at the end of reporting period were as follows:

	December 31	
	2020	2019
Hanmore		
Share (in thousand)	21,317	21,317
Investments cost	$ 755,480	$ 755,480
Market value	$ 1,869,473	$ 1,609,409
Ching Pu		
Share (in thousand)	10,982	10,982
Investments cost	$ 246,093	$ 246,093
Market value	$ 963,075	$ 829,101

For the Corporation's shares held by Hanmore, the investment cost at 48.92% (the ownership percentage owned by the Corporation) was transferred from investment accounted for using equity method to treasury shares, amounting to both $515,618 (10,428 thousand shares) as of December 31, 2020 and 2019.

The Corporation's shares held by its subsidiaries are recorded as treasury shares, with the subsidiaries having the same rights as other common shareholders on these shares, except that the subsidiaries which are owned by the parent company for over 50% will not have the right to participate in any share issuance for cash or to vote.

16. OPERATING REVENUE

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Revenue from the sale of goods	$ 3,872,474	$ 3,427,738
Revenue from the rendering of services	3,105,044	3,097,167
Other operating revenue	40,019	44,115
	$ 7,017,537	$ 6,569,020

Contract Balances

	December 31	
	2020	2019
Notes and accounts receivable	$ 1,011,756	$ 819,441
Contract liabilities	$ 646,718	$ 477,667

Please refer to note 9 for the information on notes and accounts receivable. The changes in the balance of contract liabilities primarily result from the timing difference between the Corporation's satisfaction of performance obligations and the respective customer's payment.

17. NET PROFIT

a. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	$ 70,679	$ 67,931
Right-of-use assets	103,211	108,428
Intangible assets	14,467	19,755
	$ 188,357	$ 196,114
An analysis of depreciation by function		
Operating costs	$ 85,527	$ 85,706
Operating expenses	88,363	90,653
	$ 173,890	$ 176,359
An analysis of amortization by function		
Operating costs	$ 892	$ 2,929
Operating expenses	13,575	16,826
	$ 14,467	$ 19,755

b. Employee benefits expenses (recognized as operating expenses)

	For the Year Ended December 31	
	2020	2019
Post-employment benefits		
Defined contribution plans	$ 80,352	$ 74,508
Defined benefits plans (Note 14)	2,491	3,353
	82,843	77,861
Payroll	1,752,547	1,697,944
Labor and health insurance	142,597	131,617
Remuneration of directors	35,494	39,255
Other employee benefits	47,425	85,919
	$ 2,060,906	$ 2,032,596

For the years ended December 31, 2020 and 2019, the Corporation had 1,847 and 1,785 employees on average, respectively; the number of board of directors who did not serve concurrently as employees amounted to 11 for both years.

For the years ended December 31, 2020 and 2019, the average employee benefits expenses amounted to $1,103 thousand and $1,117 thousand, respectively, and the average payroll expenses amounted to $955 thousand and $957 thousand, respectively. The average payroll expenses decreased by 0.21%.

The Corporation's policies for employee benefits expenses are as follows.

The directors are remunerated in accordance with the Corporation's current Articles. The Corporation has also established the "Regulations on Directors' Remuneration" to calculate their remuneration based on the base numbers established by directors' contribution to the Corporation and whether they are independent directors.

Directors' remuneration includes remuneration, salary, travel expenses, etc. Independent directors are paid in fixed amounts of remuneration every quarter in accordance with the resolutions in the board of directors' meetings. Travel expenses are paid each time directors attend board of directors or functional committee meetings in person.

Managerial officers' remuneration is paid in accordance with the Corporation's human resources policies. Their remuneration mainly includes basic salary, rewards, and employee remuneration. Rewards and bonuses are distributed based on the overall operating performance of the Corporation and shall be in accordance with the "Regulations on the Distribution of Year-End Bonuses".

The Corporation has established a remuneration committee to be in charge of the performance evaluation of directors and managerial officers, set and reviewing the remuneration policies, system standards and structure, and conduct periodic reviews on the accomplishment of performance targets in order to build a comprehensive remuneration system for the Corporation's directors and managerial officers.

The Corporation has set up a well-established performance management and remuneration system which connected the target of organization with personal performance. The Corporation ensures performance examination, feedback, and assessment are completed regularly. Bonuses are paid based on the overall performance of the Corporation, department performance, personal performance and contribution in order to achieve the Corporation's goal of high performance, high contribution, and high reward.

c. Employees' compensation and remuneration of directors

The Corporation accrued employees' compensation and remuneration of directors at the rates no less than 0.1% and no higher than 2%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019 which have been approved by the Corporation's board of directors on February 24, 2021 and March 19, 2020, respectively, were as follows:

	For the Year Ended December 31	
	2020	**2019**
	Cash	**Cash**
Employees' compensation	$ 53,241	$ 58,883
Remuneration of directors	35,494	39,255

If there is a change in the proposed amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the financial statements for the year ended December 31, 2019.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Gain on sale of investments, net

	For the Year Ended December 31	
	2020	2019
Disposals of financial assets at FVTPL	$ 79,521	$ 156,590
Disposals of investments accounted for using the equity method	84,308	-
	$ 163,829	$ 156,590

18. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expenses are as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	$ 5,290	$ -
Additional income tax on unappropriated earnings	1,650	48,524
Additional income tax under the Alternative Minimum Tax Act	14,197	8,072
Investment tax credit deduction	(1,650)	(24,263)
Adjustments for prior years' tax	(1,591)	(1,527)
	17,896	30,806
Deferred tax		
In respected of the current year	7,483	22,686
Adjustments for prior years' tax	(5,761)	3,090
	1,722	25,776
Income tax expense recognized in profit or loss	$ 19,618	$ 56,582

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2020	2019
Profit before tax	$ 1,685,963	$ 1,864,624
Income tax expense calculated at the statutory rate	$ 337,193	$ 372,925
Additional income tax on unappropriated earnings	1,650	48,524
Permanent difference	(326,070)	(374,502)
Additional income tax under the Alternative Minimum Tax Act	14,197	8,072
Adjustments for prior years' tax	(7,352)	1,563
Income tax expense recognized in profit or loss	$ 19,618	$ 56,582

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%.

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Corporation only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

b. Current tax assets and liabilities

	December 31	
	2020	**2019**
Current tax liabilities		
Income tax payable	$ 22,970	$ 17,227

Prepaid income tax of $1,137 thousand and $15,106 thousand have been deducted, respectively, from income tax payable as of December 31, 2020 and 2019.

c. The movements of deferred tax assets and liabilities

For the year ended December 31, 2020

	Opening Balance	**Recognized in Profit or Loss**	**Closing Balance**
Deferred tax assets			
Temporary differences			
Payable for annual leave	$ 1,269	$ 382	$ 1,651
Allowance for loss on inventories	3,733	34	3,767
Others	7,332	(1,705)	5,627
	12,334	(1,289)	11,045
Investment credits	191	(191)	-
	$ 12,525	$ (1,480)	$ 11,045
Deferred tax liabilities			
Temporary differences			
Exchange differences on foreign operations	$ 5,846	$ -	$ 5,846
Others	-	242	242
	$ 5,846	$ 242	$ 6,088

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Payable for annual leave	$ 1,231	$ 38	$ 1,269
Allowance for loss on inventories	4,678	(945)	3,733
Others	11,176	(3,844)	7,332
	17,085	(4,751)	12,334
Investment credits	21,216	(21,025)	191
	$ 38,301	$ (25,776)	$ 12,525
Deferred tax liabilities			
Temporary differences			
Exchange differences on foreign operations	$ 5,846	$ -	$ 5,846

d. Income tax assessments

Income tax returns through 2018 and undistributed earnings through 2017 of the Corporation has been assessed by the tax authorities.

19. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

	For the Year Ended December 31 2020	2019
Net income for the year	$ 1,666,345	$ 1,808,042
Number of shares (thousand)		
Weighted average number of ordinary shares in the computation of basic earnings per share	247,983	247,296
Effect of potentially dilutive ordinary shares: Employees' compensation	785	892
Weighted average number of ordinary shares in the computation of diluted earnings per share	248,768	248,188
Earnings per share (NT$)		
Basic earnings per share	$6.72	$7.31
Diluted earnings per share	$6.70	$7.28

If the Corporation can settle bonus to employees in cash or shares, the Corporation should assume the entire amount of the bonus will be settled in shares and the resulting potential shares, if dilutive, should be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

The pro-forma net income and earnings per share, assuming the Corporation's share held by subsidiaries were treated as investment instead of treasury shares, were as follows:

	For the Year Ended December 31	
	2020	**2019**
Net income for the year	$ 1,773,394	$ 1,889,399
Number of shares (thousand)		
Weighted average number of ordinary shares in the computation of pro forma basic earnings per shares	269,393	269,393
Effect of potentially dilutive ordinary shares:		
Employees' compensation	785	892
Weighted average number of ordinary shares in the computation of pro forma diluted earnings per shares	270,178	270,285
Earnings per share (NT$)		
Basic earnings per share	$6.58	$7.01
Diluted earnings per share	$6.56	$6.99

20. CAPITAL MANAGEMENT

The capital structure of the Corporation consists of debt and equity of the Corporation (comprising issued capital, capital surplus, retained earnings and other equity).

Key management personnel of the Corporation review the capital structure on a periodic basis. As part of this review, the Corporation considers the cost of capital and the risks associated with each class of capital. In order to balance the overall capital structure, the Corporation may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

21. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

   The management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Financial assets at FVTPL				
Unlisted shares	$ -	$ -	$ 1,352,228	$ 1,352,228
Mutual funds	232,701	-	-	232,701
	$ 232,701	$ -	$ 1,352,228	$ 1,584,929
Financial assets at FVTOCI				
Listed shares	$ 193,708	$ -	$ -	$ 193,708
Unlisted shares	-	-	1,001	1,001
	$ 193,708	$ -	$ 1,001	$ 194,709
December 31, 2019				
Financial assets at FVTPL				
Unlisted shares	$ -	$ -	$ 1,267,686	$ 1,267,686
Mutual funds	592,471	-	-	592,471
	$ 592,471	$ -	$ 1,267,686	$ 1,860,157
Financial assets at FVTOCI				
Unlisted shares	$ -	$ -	$ 1,181	$ 1,181

There were no transfers between Levels 1 and 2 in 2020 and 2019.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2020

Financial Assets	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1	$ 1,267,686	$ 1,181	$ 1,268,867
Recognized in profit or loss	306,342	-	306,342
Recognized in other comprehensive income	-	722	722
Capital reduction	-	(902)	(902)
Disposals	(221,800)	-	(221,800)
Balance at December 31	$ 1,352,228	$ 1,001	$ 1,353,229
Unrealized gain/(loss) for the current year included in profit or loss relating to assets held at the end of the year	$ 229,149		$ 229,149

For the year ended December 31, 2019

Financial Assets	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1	$ 1,538,017	$ 2,158	$ 1,540,175
Recognized in profit or loss	(259,464)	-	(259,464)
Recognized in other comprehensive income	-	(247)	(247)
Capital reduction	-	(730)	(730)
Disposals	(10,867)	-	(10,867)
Balance at December 31	$ 1,267,686	$ 1,181	$ 1,268,867
Unrealized gain/(loss) for the current year included in profit or loss relating to assets held at the end of the year	$ (248,232)		$ (248,232)

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Taiwan Futures Exchange	The market approach is used to arrive at their fair values for which the recent financial activities of investees, the market transaction prices of the similar companies and market conditions are considered. Significant unobservable inputs are discounted considering marketability.
Unlisted shares and others	The assets approach is used to the individual assets and individual liabilities to reflect the overall value of the investment target. Significant unobservable inputs are discounted considering marketability.

c. Categories of financial instruments

	December 31 2020	 2019
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 1,584,929	$ 1,860,157
Financial assets at amortized cost (1)	1,721,969	1,519,534
Financial assets at FVTOCI	194,709	1,181
Financial liabilities		
Amortized cost (2)	1,835,319	1,769,832

1) The balances include financial assets at amortized cost, which comprise cash, notes receivable, accounts receivable, receivables from related parties, refundable deposits, other receivables, lease receivables - current (included in other current assets), long-term receivables, pledged time deposits - non-current (included in other non-current assets) and lease receivables - non-current (included in other non-current assets).

2) The balances included financial liabilities measured at amortized cost, which comprise notes and accounts payable, payables to related parties, other payables and guarantee deposits received (included in other non-current liabilities).

d. Financial risk management objectives and policies

The Corporation's main target of financial risk management is to manage the market risk related to operating activity (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. To reduce the potential and detrimental influence of the fluctuations in market on the Corporation's financial performance, the Corporation endeavors to identify, estimate and hedge the uncertainties of the market.

The Corporation's significant financial activity is reviewed and approved by the board of directors and audit committee in compliance with related regulations and internal control policy, and the authority and responsibility are delegated according to the operating procedures.

1) Market risk

a) Foreign currency risk

The Corporation has foreign currency sales, purchases and borrowings, which were exposed to foreign currency risk. The Corporation designated a person to monitor exchange rate fluctuations in timely manner and change foreign currency position to control and mitigate such risks as soon as possible.

The sensitivity analysis focused on outstanding foreign currency denominated monetary assets and monetary liabilities (mainly USD) at the end of the reporting period. A positive number below indicates an increase/decrease in pre-tax gain associated with New Taiwan dollars strengthening/weakening 5% against the relevant currency.

	For the Year Ended December 31	
	2020	**2019**
Increase/decrease	$ 2,222	$ 1,986

b) Interest rate risk

The carrying amounts of the Corporation's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	December 31	
	2020	**2019**
Fair value interest rate risk		
Financial assets	$ 111,449	$ 116,422
Cash flow interest rate risk		
Financial assets	285,949	239,616

The Corporation acquires better interest rate through long-term cooperation with banks; therefore, the effect of interest rate fluctuations is immaterial.

The sensitivity analyses below were determined based on financial assets and financial liabilities with floating interest rates at the end of reporting period. If interest rates had been 10 basis points (0.1%) higher/lower, the Corporation's pre-tax net income effect would have been as follows:

	For the Year Ended December 31	
	2020	**2019**
Increase/decrease	$ 286	$ 240

c) Other price risk

The Corporation was exposed to price risk through its investments in shares, corporate bonds and mutual funds. The Corporation established a real-time control system for the price risk, and management does not anticipate any material loss due to this risk.

The sensitivity analyses of the above investment were determined based on financial assets which were measured at fair value at the end of reporting period. If market prices had been 5% higher/lower, the effects on the Corporation's pre-tax net income and other comprehensive income would have been as follows:

	For the Year Ended December 31	
	2020	**2019**
Pre-tax net income		
Increase/decrease	$ 79,246	$ 93,008
Other comprehensive income		
Increase/decrease	9,735	59

2) Credit risk

Credit risk represents the potential loss that would be incurred by the Corporation if the counterparties breached contracts. Generally, the maximum exposures to credit risk for financial assets at the balance sheet date are their carrying amounts.

The Corporation designated a department to manage accounts receivable, establish management policies and develop credit limit management procedures to ensure its benefit. The corporation also choose creditworthy financial institutions with good credit rating as counterparties to reduce credit risk.

Since the counterparties are creditworthy financial institutions and enterprises and the concentration of credit risk is not significant, the credit risk is anticipated to be immaterial.

3) Liquidity risk

The Corporation puts in place inventory management system, procedures for collections and payments, and develops cash flow forecast to ensure the liquidity of operating capital. In addition, the Corporation invests idle funds in short-term investments under consideration of liquidity, security and profitability. The Corporation also maintains banking facilities to ensure the liquidity of cash.

The Corporation has sufficient working capital to meet the cash needs for their operations. Thus, no material liquidity risk is anticipated.

In addition, the Corporation's investments in mutual funds and listed shares are traded in active markets and can readily be sold in the market at their approximate fair values. However, the Corporation also invested in unlisted stocks, subordinate debenture bonds and convertible bonds with significant liquidity risks because these assets do not have quoted market prices in an active market.

22. TRANSACTIONS WITH RELATED PARTIES

Except for those disclosed in other notes, transactions between the Corporation and related parties are disclosed below.

a. Related parties and their relationship with the Corporation

Related Parties	Relationship with the Corporation
Taifon Computer Co., Ltd. (Taifon)	Subsidiary
Systex Solutions Corporation (Systex Solutions)	Subsidiary
Syspower Corporation (Syspower)	Subsidiary
Medincom Technology Corp. (Medincom)	Subsidiary (Note 1)
Concord System Management Corporation (CSMC)	Subsidiary
Etu Corporation (Etu)	Subsidiary
Nexsys Corporation (Nexsys)	Subsidiary
Ching Pu Investment Corporation (Ching Pu)	Subsidiary
Golden Bridge Corporation (GBC)	Subsidiary
Hanmore Investment Corporation (Hanmore)	Subsidiary
Kimo.com (BVI) Corporation (Kimo BVI)	Subsidiary
Naturint Corporation (Naturint)	Subsidiary
Systex Software & Service Corporation (SSSC)	Subsidiary
Softmobile Technology Corporation (Softmobile)	Subsidiary
Syscore Corporation (Syscore)	Subsidiary
Syslink Corporation (Syslink)	Subsidiary
Syswiser Technology Corporation (Syswiser)	Subsidiary
Smartsys Technology Corporation (Smartsys)	Subsidiary
Top Information Technologies Co., Ltd. (Top Information)	Subsidiary
E-service Information Corporation (E-service)	Subsidiary
Taiwan Information Service Technology Corporation (TIST)	Subsidiary
Systex Information (HK) Ltd. (Systex HK)	Subsidiary
Rainbow Tech Information (HK) Ltd. (Rainbow HK)	Subsidiary
Systek Information (Shanghai) Ltd. (Systek)	Subsidiary
Sysware Shenglong Information Systems Co., Ltd. (Sysware Shenglong)	Subsidiary
Systex Ucom (Shanghai) Information Ltd. Co. (Systex Ucom)	Subsidiary
Sysware Singapore Pte. Ltd. (Sysware Singapore)	Subsidiary
Systex Solutions (HK) Limited (SSHK)	Subsidiary
Systex Rainbow Tech Inc. (Systex Rainbow)	Subsidiary
Systex Rainbow (Guangzhou) Tech Inc. (Rainbow Guangzhou)	Subsidiary
Systex Group (China) Limited (Systex China)	Subsidiary
Investment Media Ltd. (IM)	Associate
Sanfran Technologies Inc. (Sanfran)	Associate
Systemweb Technologies Co., Ltd. (Systemweb)	Associate
Shengsen Cloud Technology (Shengsen)	Associate

(Continued)

Related Parties	Relationship with the Corporation
Frog-jump Information Co., Ltd. (Frog-jump)	Associate
Dawning Technology Inc. (Dawning)	Associate
Retail System Co., Ltd. (Retail System)	Associate
Neweb Information Co., Ltd. (Neweb)	Associate
Gensys Technology International. Ltd. (Gensys)	Associate
Fuco Technology Co., Ltd. (Fuco)	Associate
AIWin Technology Co., Ltd. (AIWin)	Associate
Genesis Technology Inc. (Genesis)	Associate (Note 2)
Mohist Web Technology Co., Ltd. (Mohist)	Associate
FinRobo Advisor Securities Investment Consulting Co., Ltd. (FinRobo)	Associate
Bao Ruh Electronic Co., Ltd. (Bao Ruh)	Associate

(Concluded)

Note 1: Medincom merged with Syspower in January 2019, and the surviving company is Syspower.

Note 2: Genesis was no longer related party since July 2020.

b. Operating revenue

Line Items	Related Party Categories	For the Year Ended December 31 2020	2019
Sales	Subsidiary	$ 92,827	$ 84,738
	Associate	13,840	3,011
		$ 106,667	$ 87,749
Service revenue	Subsidiary	$ 188,613	$ 210,143
	Associate	6,400	2,893
		$ 195,013	$ 213,036
Other operating income	Subsidiary		
	Medincom	$ -	$ 13
	Others	-	255
		$ -	$ 268

c. Purchases of goods

Related Party Categories	For the Year Ended December 31 2020	2019
Subsidiary		
SSSC	$ 487,954	$ 643,623
Others	331,508	67,661
Associate	94,628	98,945
	$ 914,090	$ 810,229

d. Receivables from related parties

Line Items	Related Party Categories	December 31 2020	December 31 2019
Receivables from related parties	Subsidiary		
	Systex Solutions	$ 10,027	$ 21,284
	CSMC	37,452	38,119
	Sysware Singapore	-	28,070
	SSSC	45,315	29,071
	Syspower	22,450	20,411
	Others	18,114	37,575
	Associate	1,589	6,093
		$ 134,947	$ 180,623

e. Payables to related parties

Line Items	Related Party Categories	December 31 2020	December 31 2019
Payables to related parties	Subsidiary		
	SSSC	$ 103,180	$ 45,652
	Syspower	94,256	42,893
	Others	18,958	15,836
	Associate		
	Others	29,977	22,332
		$ 246,371	$ 126,713

The product/service sales and purchase transactions with related parties were conducted underpricing terms similar to those with third parties, i.e., for purchases or sales of similar products/services, except those transactions on products/services with special specifications. Settlement terms for related-party transactions were similar to those for third parties.

f. Acquisition of property, plant and equipment and computer software

Related Party Categories	Purchase Price For the Year Ended December 31 2020	Purchase Price For the Year Ended December 31 2019
Subsidiary		
SSSC	$ 13,898	$ 1,777
Others	4,356	115
Associate	3,330	-
	$ 21,584	$ 1,892

g. Disposal of property, plant and equipment and computer software

Related Party Categories	Proceeds For the Year Ended December 31		Gain (Loss) on Disposal For the Year Ended December 31	
	2020	2019	2020	2019
Subsidiary				
Systex Solutions	$ 20	$ 120	$ -	$ -
Syspower	209	-	-	-
CSMC	-	85	-	-
SSSC	10	69	-	-
Nexsys	-	125	-	-
Others	-	38	-	-
	$ 239	$ 437	$ -	$ -

h. Other transactions with related parties

Line Items	Related Party Categories	For the Year Ended December 31 2020	2019
Service cost	Subsidiary	$ 63,234	$ 72,315
	Associate	20,343	19,313
		$ 83,577	$ 91,628
Operating expenses	Subsidiary	$ 2,850	$ 4,125
	Associate	1,251	1,519
		$ 4,101	$ 5,644
Other income	Subsidiary		
	Nexsys	$ 3,484	$ 3,416
	Others	2,157	2,186
	Associate	222	240
		$ 5,863	$ 5,842
Revenue of management fee (Recognized as deduction of operating expenses)	Subsidiary	$ 115,195	$ 119,856

i. Compensation of key management personnel

	For the Year Ended December 31 2020	2019
Short-term employee benefits	$ 119,312	$ 120,256
Post-employment benefits	2,879	2,771
	$ 122,191	$ 123,027

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

23. PLEDGED ASSETS

The following assets were pledged as the Corporation's collateral for contract guarantees, guarantees for gift certificates and gift cards issued and import duty guarantee:

	December 31	
	2020	**2019**
Pledged time deposits - current (included in other receivables)	$ 88,198	$ 91,850
Pledged time deposits - non-current (included in other non-current assets)	22,032	24,572
	$ 110,230	$ 116,422

24. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Corporation as of December 31, 2020 and 2019 were as follows:

a. Unused letters of credit of the Corporation in aggregate amount were as follows:

December 31	
2020	**2019**
$ 707	$ 726

b. Outstanding sales contracts of the Corporation in the amount were as follows:

December 31	
2020	**2019**
$ 2,946,127	$ 2,807,817

c. Please refer to Table 1 for information that the Corporation provided endorsements for others.

d. The Corporation issues gift certificates and gift cards. For the handling of advance receipts from customers for sold gift certificates and gift cards, the Corporation entered into a trust agreement with E.SUN Commercial Bank according to the "Provision to be Included in Standard Form Contract of All Sorts of Gift Certificates of Retail Companies" issued by the Ministry of Economic Affairs. According to the trust agreement, the Corporation opened a trust account in E.SUN Commercial Bank. Advance receipts from customers for sold gift certificates are deposited in the trust account and amounts for services already provided to customers are paid to the Corporation on a monthly basis. The balance in the trust account should be not lower than the amount of outstanding gift certificates and gift cards. As of December 31, 2020, the Corporation's assets in the trust account amounted to $13,273 thousand (included in other receivables and other non-current assets).

25. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, some of the Corporation's subsidiaries, clients and suppliers in certain locations are subject to quarantine and traveling restriction policies. The Corporation has considered the overall operating and financial impacts to be immaterial. There is no doubt on the Corporation's ability to continue as a going concern, and there is no impairment of assets or financing risk recognized.

26. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Corporation's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 3,546	28.48	$ 100,988
Non-monetary items			
Investment accounted for using equity method			
USD	220,643	28.48	6,283,902
Financial liabilities			
Monetary item			
USD	1,985	28.48	56,546

December 31, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 3,096	29.98	$ 92,830
Non-monetary items			
Investment accounted for using equity method			
USD	212,658	29.98	6,375,495
Financial liabilities			
Monetary item			
USD	1,772	29.98	53,114

The significant unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2020		2019	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	28.48	$ (186)	29.98	$ (983)

SYSTEX CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Systex Corporation	Systex Information (H,K.) Limited	Direct/indirect subsidiary	$ 3,377,281	$ 235,920	$ 227,840	$ 107,318	$ -	1.69	$ 6,754,562	Y	N	N	(Notes a and b)
		Rainbow Tech. Information (H.K.) Limited	Direct/indirect subsidiary	3,377,281	136,125	128,160	2,592	-	0.95	6,754,562	Y	N	N	(Notes a and b)
		Systex Group (China) Limited	Direct/indirect subsidiary	3,377,281	1,738,508	1,683,712	590,729	-	12.46	6,754,562	Y	N	Y	(Notes a and b)
		Systek Information (Shanghai) Ltd.	Direct/indirect subsidiary	3,377,281	15,125	14,240	-	-	0.11	6,754,562	Y	N	Y	(Notes a and b)
		Systex Rainbow Tech Inc.	Direct/indirect subsidiary	3,377,281	45,375	42,720	-	-	0.32	6,754,562	Y	N	Y	(Notes a and b)
		Systex Ucom (Shanghai) Information Ltd. Co.	Direct/indirect subsidiary	3,377,281	131,496	130,944	58,723	-	0.97	6,754,562	Y	N	Y	(Notes a and b)
		Systex Software & Service Corporation	Direct/indirect subsidiary	3,377,281	1,000,000	1,000,000	478,115	-	7.40	6,754,562	Y	N	N	(Notes a and b)
1	Ucom Information Ltd. (Shanghai)	Systex Group (China) Limited	Affiliate	288,023	109,580	-	-	-	-	288,023	N	N	Y	(Notes c and d)
2	Systek Information (Shanghai) Ltd.	Systex Group (China) Limited	Affiliate	537,895	218,980	218,240	194,386	218,240	81.15	537,895	N	N	Y	(Notes c and d)

Note a: Limits on endorsements/guarantees amount shall not exceed 25% of the net worth of the provider.

Note b: The maximum balance for the period shall not exceed 50% of the net worth of the provider.

Note c: Limits on endorsements/guarantees amount shall not exceed 200% of the net worth in previous year end of the provider.

Note d: The maximum balance for the period shall not exceed 200% of the net worth in previous year end of the provider.

SYSTEX CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

STATEMENT 1

SYSTEX CORPORATION

STATEMENT OF CASH
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Amount
Cash on hand	$ 224
Cash in banks	
Checking accounts and demand deposits	198,306
Foreign currency deposits (including GBP2.79 exchanged at GBP1:NT$38.90, US$3,033,698.93 exchanged at US$1:NT$28.48, JPY583,750 exchanged at JPY1:NT$0.28, HK$31,884.95 exchanged at HK$1:NT$3.67, EUR8,170.58 exchanged at EUR1:NT$35.02, SGD8,069.68 exchanged at SGD1:NT$21.56, RMB94,736.98 exchanged at RMB1:NT$4.36, AUD2,836.42 exchanged at AUD1:NT$21.95 and THB30,563.21 exchanged at THB1:NT$0.96)	87,643
	$ 286,173

STATEMENT 2

SYSTEX CORPORATION

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Client Name	Amount
A	$ 242,374
Others (Note)	761,697
Less: Long-term receivables (less unrealized interest income of $33 thousand)	971
Less: Loss allowance	9,829
	$ 993,271

Note: The amount of individual client included in others does not exceed 5% of the account balance.

STATEMENT 3

SYSTEX CORPORATION

STATEMENT OF INVENTORIES
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realizable Value
Merchandise	$ 799,240	$ 835,255
Maintenance parts	16,832	7,948
	816,072	$ 843,203
Less: Write-down of inventories	18,836	
	$ 797,236	

SYSTEX CORPORATION

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FVTPL - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Name of Securities	Balance, January 1, 2020 Shares	Balance, January 1, 2020 Amount	Increase in Investment Shares	Increase in Investment Amount	Decrease in Investment Shares	Decrease in Investment Amount	Balance, December 31, 2020 Shares	Balance, December 31, 2020 Amount	Collateral	Note
Far Eastern Electronic Toll Collection Co., Ltd.	25,263,076	$ 154,557	-	$ 31,312	-	$ -	25,263,076	$ 185,869	None	1
Taiwan Futures Exchange	14,629,810	1,082,153	465,192	273,183	3,000,000	221,467	12,095,002	1,133,869	〃	2
SysJust Co., Ltd.	1,108,592	17,701	-	1,522	-	333	1,108,592	18,890	〃	3
Youfull Investments Co., Ltd.	268,000	-	-	-	268,000	-	-	-	〃	4
3Probe Technologies Corp.	300,000	2,003	-	191	-	-	300,000	2,194	〃	5
Gemini Data	3,404,000	-	-	-	-	-	3,404,000	-	〃	-
Saho Corporation	795,895	-	-	-	-	-	795,895	-	〃	-
GCH System	56,226	-	-	-	-	-	56,226	-	〃	-
Da Ho Marketing Co., Ltd.	1,260,000	11,272	-	134	-	-	1,260,000	11,406	〃	6
WeGoLuck Co., Ltd.	471,700	-	-	-	-	-	471,700	-	〃	-
Princo Corp.	808,415	-	-	-	-	-	808,415	-	〃	-
Yankey Information Co., Ltd.	150,000	-	-	-	-	-	150,000	-	〃	-
		$ 1,267,686		$ 306,342		$ 221,800		$ 1,352,228		

Note 1: Increase in investment includes gain on fair value adjustments of $31,312 thousand.

Note 2: Increase in investment includes gain on fair value adjustments of $273,183 thousand and distribution of share dividends of 465,192 shares. Decrease in investment includes disposal of $221,467 thousand (3,000,000 shares).

Note 3: Increase in investment includes gain on fair value adjustments of $1,522 thousand. Decrease in investment was resulted from cash dividends received from capital surplus of $333 thousand.

Note 4: Decrease in investment includes liquidation and derecognition of 268,000 shares.

Note 5: Increase in investment includes gain on fair value adjustments of $191 thousand.

Note 6: Increase in investment includes gain on fair value adjustments of $134 thousand.

SYSTEX CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Balance, January 1, 2020		Increase in 2020		Decrease in 2020		Investment Gain (Loss) and Impairment Loss	Balance, December 31, 2020			Net Assets Value	
Investee	Shares	Amount	Shares	Amount	Shares	Amount	(Note 23)	Shares	%	Amount	(Note 24)	Note
Unlisted corporation												
Systex Capital Group Inc.	550	$ 2,230,030	-	$ 1,532	-	$ 69,235	$ 207,244	550	100.00	$ 2,369,571	$ 2,370,781	1
Kimo.com (BVI) Corporation	10,500,000	4,145,465	-	79,048	10,000,000	531,855	221,673	500,000	100.00	3,914,331	3,915,933	2
Ching Pu Investment Corporation	15,000,000	437,073	15,750,000	55,204	-	48,000	21,718	30,750,000	100.00	465,995	1,431,971	3
Taifon Computer Co., Ltd.	20,000,000	251,745	-	-	-	1,659	14,329	20,000,000	100.00	264,415	265,349	4
Concord System Management Corporation	23,113,372	339,761	-	38	-	27,064	77,473	23,113,372	100.00	390,208	390,805	5
Nexsys Corporation	19,995,000	345,412	-	25	-	55,186	69,888	19,995,000	100.00	360,139	360,247	6
Systex Software & Service Corporation	54,450,000	901,106	-	-	-	245,570	365,785	54,450,000	100.00	1,021,321	1,026,395	7
Golden Bridge Corporation	23,000,000	261,357	-	339	-	16,100	28,339	23,000,000	100.00	273,935	273,935	8
Syspower Corporation	900,000	17,878	-	36	-	2,673	2,842	900,000	4.50	18,083	18,189	9
Systemweb Technologies Co., Ltd.	2,450,000	35,203	-	-	-	4,410	4,970	2,450,000	33.33	35,763	35,763	10
Hanmore Investment Corporation	9,640,680	10,268	-	52,142	-	43,384	(1,737)	9,640,680	48.92	17,289	931,862	11
Sanfran Technologies Inc.	2,114,594	42,796	217,803	1,590	-	10,598	13,246	2,332,397	12.76	47,034	47,034	12
Systex Infopro Co., Ltd.	20,000	60	-	19	-	-	(79)	20,000	20.00	-	(813)	13
Systex Solutions Corporation	26,000,000	331,060	-	-	-	57,200	36,883	26,000,000	100.00	310,743	311,583	14
Etu Corporation	9,682,000	4,839	-	-	-	-	(567)	9,682,000	84.19	4,272	4,272	-
Naturint Corporation	2,000,000	21,447	-	-	-	-	(100)	2,000,000	100.00	21,347	21,347	-
Mohist Wet Technology Co., Ltd.	300,000	5,467	-	-	-	2,100	1,858	300,000	30.00	5,225	5,225	15
FinRobo Advisor Securities Investment Consulting Co., Ltd.	1,500,000	-	30,000	1,500	513,707	-	715	1,016,293	30.00	2,215	13,060	16
Shengsen Cloud Technology	607,272	10,361	-	-	-	222	462	607,272	30.00	10,601	10,601	17
Retail System Co., Ltd.	780,000	29,249	-	-	-	-	(5,917)	780,000	30.00	23,332	23,332	-
Frog-jump Information Co., Ltd.	513,202	19,205	70,000	-	-	1,127	(7,757)	583,202	10.00	10,321	10,321	18
Gensys Technology International. Ltd.	8,000,000	-	-	-	-	-	-	8,000,000	40.00	-	20,935	-
Genesis Technology Inc.	3,900,000	157,149	-	9,614	3,900,000	177,899	11,136	-	0.00	-	-	19
E-Service Information Co.	-	-	4,700,000	44,700	-	-	3,982	4,700,000	58.75	48,682	41,300	20
Taiwan Information Service Technology Co., Ltd.	-	-	13,630	74,965	-	-	-	13,630	62.87	74,965	30,602	21
Bao Ruh Electronic Co., Ltd.	-	-	3,975,000	119,250	-	-	252	3,975,000	30.00	119,502	50,810	22
		$ 9,596,931		$ 440,002		$ 1,294,282	$ 1,066,638			$ 9,809,289	$ 11,610,839	

Note 1: Increase in 2020 includes increase in retained earnings due to subsidiaries' disposal of financial instruments at FVTOCI and investments accounted for using the equity method amounted to $1,532 thousand. Decrease in 2020 includes decrease in other equity due to subsidiaries' disposal of financial instruments at FVTOCI and investments accounted for using the equity method amounted to $1,532 thousand, decrease in retained earnings due to subsidiaries' share of changes in associates accounted for using equity method amounted to $42 thousand, loss on equity investments at FVTOCI amounted to $5,705 thousand, and exchange differences of $61,956 thousand.

Note 2: Increase in 2020 includes increase in other equity due to subsidiaries' disposal of financial instruments at FVTOCI and investments accounted for using the equity method amounted to $79,048 thousand. Decrease in 2020 includes decrease in retained earnings due to subsidiaries' disposal of financial instruments at FVTOCI and investments accounted for using the equity method amounted to $79,048 thousand, decrease in retained earnings due to subsidiaries' share of changes in associates accounted for using equity method amounted to $41 thousand, loss on equity investments at FVTOCI amounted to $54,099 thousand, exchange differences of $104,167 thousand, and cash refund capital reduction of $294,500 thousand.

Note 3: Increase in 2020 includes increase in capital surplus due to cash dividends received by subsidiaries from the Corporation regarded as treasury share, which amounted to $54,907 thousand and remeasurement of defined benefit plans amounted to $297 thousand. Decrease in 2020 includes cash dividends received of $48,000 thousand.

Note 4: Decrease in 2020 includes remeasurement of defined benefit plans of $1,659 thousand.

Note 5: Increase in 2020 includes increase in capital surplus due to changes in share of investments, which amounted to $38 thousand. Decrease in 2020 includes remeasurement of defined benefit plans of $484 thousand and cash dividends received of $26,580 thousand.

Note 6: Increase in 2020 includes remeasurement of defined benefit plans of $25 thousand. Decrease in 2020 includes cash dividends received of $55,186 thousand.

Note 7: Decrease in 2020 includes cash dividends received of $245,570 thousand.

(Continued)

Note 8: Increase in 2020 includes remeasurement of defined benefit plans of $339 thousand. Decrease in 2020 includes cash dividends received of $16,100 thousand.

Note 9: Increase in 2020 includes remeasurement of defined benefit plans of $36 thousand. Decrease in 2020 includes cash dividends received of $2,673 thousand.

Note 10: Decrease in 2020 includes cash dividends received of $4,410 thousand.

Note 11: Increase in 2020 includes increase in capital surplus due to cash dividends received by subsidiaries from the Corporation regarded as treasury share, which amounted to $52,142 thousand. Decrease in 2020 includes cash dividends received of $43,384 thousand.

Note 12: Increase in 2020 includes gain on equity investments at FVTOCI amounted to $1,590 thousand. Decrease in 2020 includes cash dividends received of $10,573 thousand and decrease in capital surplus due to changes in share of investments in associates accounted for using the equity method amounted to $25 thousand.

Note 13: Increase in 2020 includes exchange differences of $19 thousand.

Note 14: Decrease in 2020 includes cash dividends received of $57,200 thousand.

Note 15: Decrease in 2020 includes cash dividends received of $2,100 thousand.

Note 16: Increase in 2020 includes acquisition $1,500 thousand. Decrease in 2020 includes capital reduction to write off accumulated losses of 513,707 shares.

Note 17: Decrease in 2020 includes cash dividends received of $222 thousand.

Note 18: Decrease in 2020 includes cash dividends received of $1,127 thousand.

Note 19: Increase in 2020 includes gain on equity investments at FVTOCI $4,807 thousand, and increase in retained earnings due to disposals of investments amounted to $4,807 thousand. Decrease in 2020 includes decrease in other equity due to disposals of investments, which amounted to $4,807 thousand and reclassified to investments at FVTOCI $173,092 thousand.

Note 20: Increase in 2020 includes acquisition of $44,700 thousand.

Note 21: Increase in 2020 includes acquisition of $74,965 thousand.

Note 22: Increase in 2020 includes acquisition of $119,250 thousand.

Note 23: Except for Systex Infopro Co., Ltd., GenSys Technology (International) Ltd., Sanfran Technologies Inc., Mohist Wet Technology Co., Ltd., Retail System Co., Ltd., Shengsen Cloud Technology, Frog-jump Information Co., Ltd., and Taiwan Information Services Technology, Ltd., the share of profit or loss of investments accounted for using the equity method for the year ended December 31, 2020 was calculated based on the financial statements that have been audited.

Note 24: Net assets value was calculated based on the financial statements of investee and share percentage held by the Corporation.

(Concluded)

STATEMENT 6

SYSTEX CORPORATION

STATEMENT OF NOTES PAYABLE AND ACCOUNTS PAYABLE
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
A	$ 119,282
B	77,868
C	68,558
Others (Note)	582,444
	$ 848,152

Note: The amount included in others does not exceed 5% of the account balance.

STATEMENT 7

SYSTEX CORPORATION

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Sales	$ 3,884,724
Less: Sales returns and allowances	12,250
Net sales	3,872,474
Service revenue	
Maintenance revenue	1,155,496
Data processing revenue	561,249
Value-added internet service revenue	386,709
Education and training revenue	524,863
Other service revenue	476,727
	3,105,044
Other operating revenue	40,019
	$ 7,017,537

SYSTEX CORPORATION

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Merchandise, beginning of year	$ 864,475
Add:	
Merchandise purchased	3,193,955
Write-down of inventories	3,363
Less:	
Merchandise, end of year	799,240
Internal usage and others	21,680
Cost of goods sold	3,240,873
Service cost	
Maintenance cost	501,116
Data processing cost	312,175
Education and training cost	265,417
Value-added internet service cost	158,583
Other service cost	139,203
Total service cost	1,376,494
Other operating cost	3,969
	$ 4,621,336

SYSTEX CORPORATION

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

	Amount			
	Selling Expenses	**General and Administrative Expenses**	**Research and Development Expenses**	**Total**
Payroll and post-employment benefits	$ 1,338,878	$ 227,709	$ 268,803	$ 1,835,390
Labor and health insurance	99,619	18,073	24,905	142,597
Depreciation	65,207	17,661	5,495	88,363
Others (Note)	179,082	31,766	20,512	231,360
	$ 1,682,786	$ 295,209	$ 319,715	$ 2,297,710

Note: The amount included in others does not exceed 5% of the account balance.