

# **Systemx Corporation and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2021 and 2020 and  
Independent Auditors' Report**

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2021 are all the same as the companies required to be included in the consolidated financial statements of the parent company and its subsidiaries as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of the parent company and its subsidiaries. Hence, we have not prepared a separate set of consolidated financial statements of affiliates for the year ended December 31, 2021.

Very truly yours,

SYSTEX CORPORATION

By:

---

February 23, 2022

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Systex Corporation

### **Opinion**

We have audited the accompanying consolidated financial statements of Systex Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, based on our audits and the reports of other independent auditors (refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **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 Consolidated Financial Statements section of our report. We are independent of the Group 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. Based on our audits and the reports of other auditors, 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 consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated 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 Group's consolidated financial statements for the year ended December 31, 2021 is stated as follows:

#### Valuation of Receivables

As of December 31, 2021, notes receivable and accounts receivable amounted to \$4,856,074 thousand. When assessing the impairment of receivables, the management of the Group 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 consolidated 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 as of and for the year ended December 31, 2021 of Rainbow Tech Information (HK) Ltd., Systex Information (HK) Ltd. and Dawning Technology Inc. and as of and for the year ended December 31, 2020 of Rainbow Tech Information (HK) Ltd. and Systex Information (HK) Ltd., which were all subsidiaries of the Group included in the consolidated financial statements. The aggregate assets of these subsidiaries as of December 31, 2021 and 2020 amounted to \$2,270,741 thousand and \$869,551 thousand, respectively, or 8.55% and 3.95%, respectively, of the consolidated assets. The aggregate net operating revenues of these subsidiaries in 2021 and 2020 were \$4,151,506 thousand and \$1,248,204 thousand, respectively, or 14.06% and 5.26%, respectively, of the consolidated net operating revenues. We also did not audit the financial statements as of and for the year ended December 31, 2021 of Genesis Technology Inc., Collaboration Co., Ltd., Neo Trend Tech Corporation and CKmates International Co., Ltd. and as of and for the year ended December 31, 2020 of Dawning Technology Inc. and Fuco Technology Co., Ltd., which investments were accounted for using the equity method in the accompanying consolidated financial statements. The aggregate carrying amounts of which investments accounted for using the equity method were \$1,334,848 thousand and \$249,997 thousand, respectively, or 5.03% and 1.13%, respectively, of the consolidated assets as of December 31, 2021 and 2020. The aggregate amounts of the share in their (loss) profit and other comprehensive (loss) income in 2021 and 2020 were \$(31,363) thousand and \$10,158 thousand, respectively, or (2.51%) and 0.73%, respectively, of the consolidated comprehensive income. The financial statements of the abovementioned subsidiaries and investees were audited by other auditors whose reports have been provided to us and, our opinion, insofar as it relates to the amounts included for these subsidiaries and investees, is based solely on the reports of the other auditors.

We have also audited the parent corporation only financial statements of Systex Corporation as of and for the years ended December 31, 2021 and 2020 on which we have both issued an unqualified report with other matter paragraph.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group 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 Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group 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 consolidated financial statements for the year ended December 31, 2021 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

February 23, 2022

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated 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 consolidated financial statements shall prevail.*

# SYSTEX CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 4,068,254	15	\$ 3,590,004	16
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	4,564,229	17	3,243,392	15
Notes receivable, net (Notes 4, 11 and 21)	92,840	1	53,295	-
Accounts receivable, net (Notes 4, 5, 11, 21 and 29)	4,763,234	18	3,741,776	17
Other receivables (Notes 23, 30 and 31)	328,766	1	212,144	1
Inventories (Notes 4 and 12)	3,250,755	12	3,166,140	14
Prepayments	1,754,766	7	1,237,222	6
Non-current assets held for sale (Notes 4 and 15)	298	-	15,254	-
Refundable deposits - current	404,210	2	308,912	2
Other current assets	45,670	-	58,329	-
Total current assets	<u>19,273,022</u>	<u>73</u>	<u>15,626,468</u>	<u>71</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	1,700,303	6	1,575,388	7
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	301,551	1	682,527	3
Financial assets at amortized cost - non-current (Notes 4, 9 and 10)	500,000	2	500,000	2
Investments accounted for using equity method (Notes 4 and 14)	1,781,833	7	655,557	3
Property, plant and equipment (Notes 4, 15 and 30)	2,088,417	8	2,098,670	10
Right-of-use assets (Notes 4 and 16)	276,655	1	259,789	1
Intangible assets (Notes 4 and 22)	136,147	-	131,440	1
Deferred tax assets (Notes 4 and 23)	60,848	-	76,082	-
Refundable deposits - non-current	234,075	1	214,817	1
Long-term receivables (Notes 4 and 11)	12,906	-	7,964	-
Other non-current assets (Notes 30 and 31)	194,433	1	200,533	1
Total non-current assets	<u>7,287,168</u>	<u>27</u>	<u>6,402,767</u>	<u>29</u>
<b>TOTAL</b>	<u>\$ 26,560,190</u>	<u>100</u>	<u>\$ 22,029,235</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term loans (Notes 17 and 30)	\$ 1,253,994	5	\$ 790,247	4
Contract liabilities (Notes 4 and 21)	1,545,903	6	1,476,379	7
Notes and accounts payable	4,319,605	16	3,553,699	16
Payable to related parties (Note 29)	21,776	-	85,374	-
Other payables (Note 29)	1,496,836	6	1,426,467	6
Current tax liabilities (Notes 4 and 23)	125,443	-	140,545	1
Lease liabilities - current (Notes 4 and 16)	134,442	1	127,513	1
Current portion of long-term borrowings payable (Notes 17 and 30)	5,893	-	6,980	-
Other current liabilities	355,965	1	235,783	1
Total current liabilities	<u>9,259,857</u>	<u>35</u>	<u>7,842,987</u>	<u>36</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Note 18)	2,994,442	11	-	-
Long-term borrowings (Notes 17 and 30)	87,578	-	100,209	-
Deferred tax liabilities (Notes 4 and 23)	6,084	-	34,073	-
Lease liabilities - non-current (Notes 4 and 16)	146,168	1	135,323	1
Net defined benefit liabilities - non-current (Notes 4 and 19)	249,455	1	258,644	1
Other non-current liabilities	5,439	-	8,552	-
Total non-current liabilities	<u>3,489,166</u>	<u>13</u>	<u>536,801</u>	<u>2</u>
Total liabilities	<u>12,749,023</u>	<u>48</u>	<u>8,379,788</u>	<u>38</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4 and 20)</b>				
Share capital	2,693,933	10	2,693,933	12
Capital surplus	6,606,321	25	6,493,756	29
Retained earnings				
Legal reserve	1,457,250	5	1,300,634	6
Special reserve	768,711	3	579,466	2
Unappropriated earnings	3,634,691	14	4,138,488	19
Total retained earnings	5,860,652	22	6,018,588	27
Other equity	(729,124)	(3)	(768,711)	(3)
Treasury shares	(928,443)	(3)	(928,443)	(4)
Total equity attributable to owners of the Corporation	13,503,339	51	13,509,123	61
<b>NON-CONTROLLING INTERESTS (Notes 20 and 26)</b>	<u>307,828</u>	<u>1</u>	<u>140,324</u>	<u>1</u>
Total equity	<u>13,811,167</u>	<u>52</u>	<u>13,649,447</u>	<u>62</u>
<b>TOTAL</b>	<u>\$ 26,560,190</u>	<u>100</u>	<u>\$ 22,029,235</u>	<u>100</u>

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

(With Deloitte & Touche audit report dated February 23, 2022)

# SYSTEX CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
<b>OPERATING REVENUES (Notes 4, 21 and 29)</b>				
Sales	\$ 22,900,941	77	\$ 17,610,513	74
Less: Sales returns and allowances	<u>96,887</u>	<u>-</u>	<u>100,872</u>	<u>-</u>
Net sales	22,804,054	77	17,509,641	74
Service revenue	6,659,187	23	6,162,401	26
Other operating revenue	<u>63,716</u>	<u>-</u>	<u>63,048</u>	<u>-</u>
Total operating revenues	<u>29,526,957</u>	<u>100</u>	<u>23,735,090</u>	<u>100</u>
<b>OPERATING COSTS (Notes 4, 12, 22 and 29)</b>				
Cost of goods sold	19,745,444	67	15,013,181	63
Service cost	3,110,939	10	2,959,676	13
Other operating cost	<u>15,188</u>	<u>-</u>	<u>10,787</u>	<u>-</u>
Total operating costs	<u>22,871,571</u>	<u>77</u>	<u>17,983,644</u>	<u>76</u>
<b>GROSS PROFIT</b>	<u>6,655,386</u>	<u>23</u>	<u>5,751,446</u>	<u>24</u>
<b>OPERATING EXPENSES (Notes 19, 22 and 29)</b>				
Selling expenses	4,417,709	15	3,796,734	16
General and administrative expenses	597,452	2	501,795	2
Research and development expenses	478,731	2	478,534	2
Expected credit loss	<u>28,042</u>	<u>-</u>	<u>49,510</u>	<u>-</u>
Total operating expenses	<u>5,521,934</u>	<u>19</u>	<u>4,826,573</u>	<u>20</u>
<b>PROFIT FROM OPERATIONS</b>	<u>1,133,452</u>	<u>4</u>	<u>924,873</u>	<u>4</u>
<b>NON-OPERATING INCOME AND EXPENSES</b>				
Share of profit of associates (Notes 4 and 14)	71,580	-	98,093	1
Interest income (Note 4)	28,279	-	27,538	-
Dividend income (Note 4)	50,163	-	48,561	-
Other income, net (Note 29)	54,827	-	49,724	-
Gain (loss) on disposal of property, plant and equipment, net (Note 4)	5,624	-	(56)	-
Gain on sale of investments, net (Note 22)	43,877	-	261,728	1
Gain on sale of non-current assets held for sale	909	-	-	-
Foreign exchange gain, net (Notes 4 and 33)	16,757	-	49,495	-
Gain on financial assets at fair value through profit or loss, net (Note 4)	283,650	1	480,140	2
Interest expense	(44,448)	-	(31,868)	-
Other expenses	(23,270)	-	(10,280)	-

(Continued)



## SYSTEX CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Loss on disposal of intangible assets (Note 4)	\$ (2,116)	-	\$ -	-
Impairment loss on assets (Notes 4, 14 and 22)	<u>(167,669)</u>	<u>-</u>	<u>(46,769)</u>	<u>-</u>
Total non-operating income and expenses	<u>318,163</u>	<u>1</u>	<u>926,306</u>	<u>4</u>
INCOME BEFORE INCOME TAX	1,451,615	5	1,851,179	8
INCOME TAX EXPENSE (Notes 4 and 23)	<u>228,519</u>	<u>1</u>	<u>175,457</u>	<u>1</u>
NET INCOME	<u>1,223,096</u>	<u>4</u>	<u>1,675,722</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAX				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 19)	(35,988)	-	(27,384)	-
Unrealized gain (loss) on equity instruments at fair value through other comprehensive income	201,132	-	(126,221)	-
Share of the other comprehensive (loss) income of associates accounted for using the equity method	(29,165)	-	9,844	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 23)	<u>3,783</u>	<u>-</u>	<u>115</u>	<u>-</u>
	<u>139,762</u>	<u>-</u>	<u>(143,646)</u>	<u>-</u>
Items that may be reclassified subsequently to profit:				
Exchange differences on translating foreign operations	(111,270)	-	(144,949)	(1)
Share of the other comprehensive loss of associates accounted for using the equity method	<u>(873)</u>	<u>-</u>	<u>(628)</u>	<u>-</u>
	<u>(112,143)</u>	<u>-</u>	<u>(145,577)</u>	<u>(1)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>27,619</u>	<u>-</u>	<u>(289,223)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,250,715</u>	<u>4</u>	<u>\$ 1,386,499</u>	<u>6</u>

(Continued)

# SYSTEX CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
NET INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,213,916	4	\$ 1,666,345	7
Non-controlling interests	<u>9,180</u>	<u>-</u>	<u>9,377</u>	<u>-</u>
	<u>\$ 1,223,096</u>	<u>4</u>	<u>\$ 1,675,722</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,243,277	4	\$ 1,376,995	6
Non-controlling interests	<u>7,438</u>	<u>-</u>	<u>9,504</u>	<u>-</u>
	<u>\$ 1,250,715</u>	<u>4</u>	<u>\$ 1,386,499</u>	<u>6</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 4.90</u>		<u>\$ 6.72</u>	
Diluted	<u>\$ 4.88</u>		<u>\$ 6.70</u>	

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

(With Deloitte & Touche audit report dated February 23, 2022)

(Concluded)

**SYSTEX CORPORATION AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars, Dividends Per Share in New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation (Notes 4 and 20)											
	Retained Earnings						Other Equity		Treasury Shares	Total	Non-controlling Interests (Note 20)	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of Foreign Operations	Unrealized (Loss) Gain on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE AT JANUARY 1, 2020	\$ 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	\$ 89,490	\$ 13,482,133
Appropriation of 2019 earnings	-	-	180,803	-	(180,803)	-	-	-	-	-	-	-
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)	-	(1,346,967)
Share of changes in associates accounted for using the equity method	-	(20,705)	-	-	(83)	(83)	-	-	-	(20,788)	-	(20,788)
Net income for 2020	-	-	-	-	1,666,345	1,666,345	-	-	-	1,666,345	9,377	1,675,722
Other comprehensive (loss) income for 2020	-	-	-	-	(27,396)	(27,396)	(145,577)	(116,377)	-	(289,350)	127	(289,223)
Total comprehensive income (loss) for 2020	-	-	-	-	1,638,949	1,638,949	(145,577)	(116,377)	-	1,376,995	9,504	1,386,499
Cash dividends received by subsidiaries from the Corporation	-	107,049	-	-	-	-	-	-	-	107,049	-	107,049
Disposal of investments accounted for using the equity method	-	152	-	-	8,255	8,255	-	(8,255)	-	152	-	152
Differences between equity purchase price and carrying amount arising from actual acquisition of subsidiaries	-	39	-	-	-	-	-	-	-	39	(2,055)	(2,016)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	43,385	43,385
Disposal of investments 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	140,324	13,649,447
Appropriation of 2020 earnings	-	-	156,616	-	(156,616)	-	-	-	-	-	-	-
Legal reserve	-	-	156,616	-	(156,616)	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	189,245	(189,245)	-	-	-	-	-	-	-
Cash dividends - NT\$5 per share	-	-	-	-	(1,346,967)	(1,346,967)	-	-	-	(1,346,967)	-	(1,346,967)
Share of changes in associates accounted for using the equity method	-	5,202	-	-	-	-	-	-	-	5,202	1,191	6,393
Net income for 2021	-	-	-	-	1,213,916	1,213,916	-	-	-	1,213,916	9,180	1,223,096
Other comprehensive (loss) income for 2021	-	-	-	-	(32,075)	(32,075)	(110,531)	171,967	-	29,361	(1,742)	27,619
Total comprehensive income (loss) for 2021	-	-	-	-	1,181,841	1,181,841	(110,531)	171,967	-	1,243,277	7,438	1,250,715
Cash dividends received by subsidiaries from the Corporation	-	107,049	-	-	-	-	-	-	-	107,049	-	107,049
Differences between equity purchase price and carrying amount arising from actual acquisition of subsidiaries	-	1,831	-	-	(14,659)	(14,659)	-	-	-	(12,828)	14,477	1,649
Share of changes in equity of subsidiaries	-	(1,517)	-	-	-	-	-	-	-	(1,517)	1,517	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	142,881	142,881
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	21,849	21,849	-	(21,849)	-	-	-	-
BALANCE AT DECEMBER 31, 2021	<u>\$ 2,693,933</u>	<u>\$ 6,606,321</u>	<u>\$ 1,457,250</u>	<u>\$ 768,711</u>	<u>\$ 3,634,691</u>	<u>\$ 5,860,652</u>	<u>\$ (692,016)</u>	<u>\$ (37,108)</u>	<u>\$ (928,443)</u>	<u>\$ 13,503,339</u>	<u>\$ 307,828</u>	<u>\$ 13,811,167</u>

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

(With Deloitte & Touche audit report dated February 23, 2022)

# SYSTEX CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,451,615	\$ 1,851,179
Adjustments for :		
Depreciation expenses	297,453	260,740
Amortization expenses	49,377	29,658
Expected credit loss recognized	28,042	49,510
Gain on financial assets at fair value through profit or loss, net	(283,650)	(480,140)
Interest expense	44,448	31,868
Interest income	(28,279)	(27,538)
Dividend income	(50,163)	(48,561)
Share of profit of associates	(71,580)	(98,093)
(Gain) loss on disposal of property, plant and equipment, net	(5,624)	56
Loss on disposal of intangible assets	2,116	-
Gain on sale of non-current assets held for sale	(909)	-
Gain on sale of investments, net	-	(157,037)
Impairment loss on financial assets	69,873	36,077
Impairment loss on non-financial assets	97,796	10,692
Write-down of inventories	48,052	139,932
Unrealized loss on foreign currency exchange, net	69	13
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(1,185,304)	460,562
Notes receivable	(39,955)	(17,081)
Accounts receivable	(661,255)	(70,449)
Other receivables	(64,539)	1,727
Inventories	37,622	(255,410)
Prepayments	(519,581)	(345,952)
Other current assets	19,642	(15,606)
Contract liabilities	62,117	181,159
Notes and accounts payable	558,228	(150,244)
Accounts payable to related parties	(63,602)	9,410
Other payables	24,568	31,683
Other current liabilities	120,150	24,558
Net defined benefit liabilities	(45,177)	(51,596)
Cash (used in) generated from operations	(108,450)	1,401,117
Interest paid	(44,342)	(34,291)
Income tax paid	(242,719)	(261,734)
Net cash (used in) generated from operating activities	<u>(395,511)</u>	<u>1,105,092</u>

(Continued)

# SYSTEX CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	\$ (302,874)	\$ (56,290)
Disposal of financial assets at fair value through other comprehensive income	212,449	1,109,119
Return of capital from capital reduction of financial assets at fair value through other comprehensive income	889	902
Acquisition of investments accounted for using the equity method	(727,865)	(170,022)
Proceeds from sale of investments accounted for using the equity method	-	61,642
Net cash outflow from acquisition of subsidiaries (Note 25)	(58,890)	(59,173)
Proceeds from sale of non-current assets held for sale	15,865	-
Payments for property, plant and equipment	(121,257)	(123,327)
Proceeds from disposal of property, plant and equipment	25,334	5,631
(Increase) decrease in refundable deposits	(116,214)	8,140
Payments for intangible assets	(83,927)	(32,286)
Proceeds from disposal of intangible assets	5	12
(Increase) decrease in long-term receivables	(4,942)	3,610
(Increase) decrease in pledged time deposits	(56,004)	52,090
Decrease (increase) in other non-current assets	11,366	(6,538)
Interest received	28,357	28,519
Dividends received	50,163	48,561
Dividends received from associates	<u>36,286</u>	<u>101,901</u>
Net cash (used in) generated from investing activities	<u>(1,091,259)</u>	<u>972,491</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	431,618	232,201
Proceeds from issuance of corporate bonds	2,994,218	-
Repayment of long-term borrowings	(13,718)	(6,259)
Decrease in guarantee deposits received	(3,086)	(3,060)
Repayment of the principal portion of lease liabilities	(165,157)	(140,058)
Dividends paid	(1,346,967)	(1,346,967)
Acquisition of interests in subsidiaries	(44,800)	(2,016)
Proceeds from disposal of the Corporation's share by subsidiaries	46,449	-
Increase (decrease) in non-controlling interests	38,370	(315)
Cash dividends received by subsidiaries from the Corporation	<u>107,049</u>	<u>107,049</u>
Net cash generated from (used in) financing activities	<u>2,043,976</u>	<u>(1,159,425)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>(78,956)</u>	<u>(103,497)</u>

(Continued)

# SYSTEX CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

---

	2021	2020
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 478,250	\$ 814,661
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,590,004</u>	<u>2,775,343</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,068,254</u>	<u>\$ 3,590,004</u>

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

(With Deloitte & Touche audit report dated February 23, 2022)

(Concluded)

# SYSTEX CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (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 consolidated financial statements are presented in the Corporation’s functional currency, the New Taiwan dollars.

### 2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on February 23, 2022.

### 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 Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: 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 2: 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 3: 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 4: 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 consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of above standards and interpretations will have on the Group'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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
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 IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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 will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of above standards and interpretations will have on the Group'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 consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

##### b. Basis of preparation

The consolidated 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.

##### 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 consolidated financial statements are authorized for issue; and
- 2) Liabilities for which the Group 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. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

See Note 13 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquirer's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value.

f. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity'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 consolidated financial statements, the assets and liabilities of the Group'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 attributed to the owners of the Corporation and non-controlling interests as appropriate.

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 attributable to the owners of the Corporation 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 re-attributed to non-controlling interests of the subsidiary and 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.

g. 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.

h. Investment in associates

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

The Group 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 Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates.

Any excess of the cost of acquisition over the Group'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 Group'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 Group 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 Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Group's share of equity of associates. If the Group'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 Group'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 Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group 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 Group 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 Group 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 a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

i. Property, plant and equipment

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

Except for freehold land which is not depreciated, the depreciation of 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.

j. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Such assets classified as held for sale are not depreciated.

k. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

l. 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) Intangible assets acquired in a business combination

Intangible assets (technological expertise and client relationship) acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) 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.

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

At the end of each reporting period, the Group 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 Group 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.

n. Financial instruments

Financial assets and financial liabilities are recognized when a group entity 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.

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.

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.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group 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 Group'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 Group recognizes a loss allowance for expected credit losses ("ECLs") on financial assets at amortized cost (including accounts receivable) and lease receivables.

The Group always recognizes lifetime ECLs for accounts receivable and lease receivables. For all other financial instruments, the Group 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 Group 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 Group 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 Group 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

Debts 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.

o. Revenue recognition

The Group 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 to the customers 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. As the Group provides services, customers simultaneously receive and consume the benefits provided by the Group's performance. Consequently, the related revenue is recognized when services are rendered. Service revenue other than 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.

p. Leases

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

1) The Group 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 Group's net investment outstanding in respect of leases.

Lease payments from operating leases 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 Group as lessee

The Group 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), and less any lease incentives received. 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 consolidated 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 Group 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 Group 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 consolidated balance sheets.

The Group 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, 2022, that results in the revised consideration for the lease. There is no substantive change to other terms and conditions. The Group 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 Group 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.

q. 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, or when the plan amendment or curtailment occurs/when the settlement occurs. 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 Group'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.

r. Taxation

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

1) Current tax

Income tax payable is based on taxable profit 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 Group 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 Group 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 Group'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 Group considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. 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 Group uses judgment in making these assumptions and in selecting the inputs to the impairment valuation, based on the Group'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

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
Cash on hand	\$ 590	\$ 428
Checking accounts and demand deposits	4,067,664	3,386,117
Cash equivalents		
Time deposits with original maturities of less than 3 months	<u>-</u>	<u>203,459</u>
	<u>\$ 4,068,254</u>	<u>\$ 3,590,004</u>
Market interest rate interval		
Time deposits with original maturities of less than 3 months	-	0.23%-0.35%

## 7. FINANCIAL ASSETS AT FVTPL

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
<u>Current</u>		
Financial assets mandatorily classified as at FVTPL		
Mutual funds	\$ 4,412,309	\$ 3,104,918
Listed shares	<u>151,920</u>	<u>138,474</u>
	<u>\$ 4,564,229</u>	<u>\$ 3,243,392</u>
<u>Non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Unlisted shares	\$ 1,502,631	\$ 1,448,432
Unlisted preferred shares	96,020	93,977
Others	<u>101,652</u>	<u>32,979</u>
	<u>\$ 1,700,303</u>	<u>\$ 1,575,388</u>

## 8. FINANCIAL ASSETS AT FVTOCI - NON-CURRENT

### Investments in Equity Instruments

	<u>December 31</u>	
	2021	2020
Unlisted shares	\$ 250,066	\$ 169,565
Unlisted preferred shares	51,485	-
Listed shares	<u>-</u>	<u>512,962</u>
	<u>\$ 301,551</u>	<u>\$ 682,527</u>

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 as 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 Group's strategy of holding these investments for long-term purposes.

For the years ended December 31, 2021 and 2020, the Group sold part of investment at fair value because of investment strategy and its related unrealized valuation loss of \$40,594 thousand and \$80,964 thousand, respectively, were transferred from other equity to retained earnings.

In the first quarter of 2021, the Group increased its interests in Genesis Technology Inc. (Genesis) and achieved significant influence over Genesis; therefore, investment in Genesis was reclassified from financial assets at FVTOCI to investments accounted for using the equity method in the amount of \$664,687 thousand, and its related unrealized valuation gain of \$62,443 thousand was transferred from other equity to retained earnings.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	2021	2020
<u>Non-current</u>		
Domestic corporate bonds	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Interest rate	3.5%	3.5%

## 10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified as at amortized cost.

	<u>December 31</u>	
	2021	2020
Gross carrying amount	\$ 500,000	\$ 500,000
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 500,000</u>	<u>\$ 500,000</u>

The Group's exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

The Group considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecast to estimate 12-month or lifetime expected credit losses. The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate	Gross Carrying Amount at December 31	
				2021	2020
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECL	0%	\$ 500,000	\$ 500,000

#### 11. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND LONG-TERM RECEIVABLES, NET

	December 31	
	2021	2020
Notes receivable	\$ 93,071	\$ 53,526
Less: Allowance for doubtful accounts	<u>(231)</u>	<u>(231)</u>
	<u>\$ 92,840</u>	<u>\$ 53,295</u>
Accounts receivable	\$ 4,973,420	\$ 3,924,186
Less: Allowance for doubtful accounts	<u>(210,186)</u>	<u>(182,410)</u>
	<u>\$ 4,763,234</u>	<u>\$ 3,741,776</u>
Long-term receivables	\$ 13,777	\$ 8,494
Less: Unrealized interest income	<u>(871)</u>	<u>(530)</u>
	<u>\$ 12,906</u>	<u>\$ 7,964</u>

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

The Group 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 the past default experience of the debtor, the debtor's current financial position, economic condition of the industry in which the debtor operates, as well as the GDP forecasts and industry outlook. As the Group'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 Group's different customer base.

The Group 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 Group 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 Group's provision matrix.

December 31, 2021

	<b>Not Past Due</b>	<b>Less than 90 Days</b>	<b>91 to 180 Days</b>	<b>181 to 270 Days</b>	<b>Over 271 Days</b>	<b>Total</b>
Gross carrying amount	\$ 4,365,783	\$ 328,318	\$ 106,096	\$ 44,462	\$ 221,832	\$ 5,066,491
Loss allowance (Lifetime ECL)	<u>(6,470)</u>	<u>(2,023)</u>	<u>(7,913)</u>	<u>(2,661)</u>	<u>(191,350)</u>	<u>(210,417)</u>
Amortized cost	<u>\$ 4,359,313</u>	<u>\$ 326,295</u>	<u>\$ 98,183</u>	<u>\$ 41,801</u>	<u>\$ 30,482</u>	<u>\$ 4,856,074</u>

December 31, 2020

	<b>Not Past Due</b>	<b>Less than 90 Days</b>	<b>91 to 180 Days</b>	<b>181 to 270 Days</b>	<b>Over 271 Days</b>	<b>Total</b>
Gross carrying amount	\$ 3,269,968	\$ 296,638	\$ 181,528	\$ 42,072	\$ 187,506	\$ 3,977,712
Loss allowance (Lifetime ECL)	<u>(592)</u>	<u>(1,411)</u>	<u>(993)</u>	<u>(12,030)</u>	<u>(167,615)</u>	<u>(182,641)</u>
Amortized cost	<u>\$ 3,269,376</u>	<u>\$ 295,227</u>	<u>\$ 180,535</u>	<u>\$ 30,042</u>	<u>\$ 19,891</u>	<u>\$ 3,795,071</u>

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

	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 182,641	\$ 155,686
Add: Net remeasurement of loss allowance	28,042	49,510
Add: Acquisition of subsidiaries	871	207
Less: Amount written off	(226)	(25,826)
Effect of exchange rate changes	<u>(911)</u>	<u>3,064</u>
Balance at December 31	<u>\$ 210,417</u>	<u>\$ 182,641</u>

**12. INVENTORIES**

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Merchandise	\$ 3,223,794	\$ 3,137,003
Maintenance parts	<u>26,961</u>	<u>29,137</u>
	<u>\$ 3,250,755</u>	<u>\$ 3,166,140</u>

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 were \$19,745,444 thousand and \$15,013,181 thousand, respectively. The cost of goods sold included inventory write-downs of \$48,052 thousand and \$139,932 thousand, respectively.

### 13. SUBSIDIARIES

#### Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Main Business	% of Ownership		Remark
			2021	2020	
The Corporation	Concord System Management Corporation (CSMC)	Design, assessment and planning of computer system and application software and data-processing system, sale and lease of computer hardware, peripheral equipment and spare parts, and repairs and maintenance services	100.00	100.00	
The Corporation	System Capital Group, Inc. (SCGI)	Investment activities including financial trust and holding	100.00	100.00	
The Corporation	Hanmore Investment Corporation (Hanmore)	General investment activities	48.92	48.92	a)
The Corporation	System Software & Service Corporation (SSSC)	Sale and development of computer software, data-processing services	100.00	100.00	
The Corporation	Golden Bridge Corporation (GBC)	General investment activities	100.00	100.00	
The Corporation	Taifon Computer Co., Ltd. (Taifon)	Design of computer hardware and software equipment system, computer room installation, and maintenance, sale, lease and consultation	100.00	100.00	
The Corporation	Ching Pu Investment Corporation (Ching Pu)	General investment activities	100.00	100.00	
The Corporation	Kimo.Com (BVI) Corporation (Kimo BVI)	Investment activities including financial trust and holding	100.00	100.00	
The Corporation, Ching Pu and GBC	Syspower Corporation (Syspower)	Design, setup and maintenance of computer information and communication engineering, and design and sale of computer system software	84.07	84.07	
The Corporation	Nexsys Corporation (Nexsys)	Manufacturing of wire communication equipment and apparatus, electronic parts and components, and computers and peripheral equipment, installation of computer, and wholesale and retailing of computer and business machinery equipment	100.00	100.00	
The Corporation	System Solutions Corporation (Systex Solutions)	Design, construction and sale of telecom instrument, electronic calculator and computer	100.00	100.00	
The Corporation	Etu Corporation (Etu)	Software design and data processing, retailing and service of software	84.19	84.19	b)
The Corporation	Naturint Corporation (Naturint)	Installation, sale, information software, data processing and other consultation on computer software and related equipment, network certification and software publication	100.00	100.00	
The Corporation	E-Service Information Corporation (E-Service)	Information software service, intellectual property rights, printing and data storage media manufacturing and copying	100.00	58.75	c)
The Corporation	Taiwan Information Service Technology Co., Ltd. (TIST)	Installation, sale, information software, data processing and other consultation on computer software and related equipment	67.38	62.87	d)
The Corporation	UniXecure Corporation (UniXecure)	Design, construction and sale of telecom instrument, electronic calculator and computer	100.00	-	e)
GBC	Softmobile Technology Corporation (Softmobile)	Manufacturing of wire communication equipment and apparatus, electronic parts and components, and computers and peripheral equipment, installation of computer, and wholesale and retailing of computer and business machinery equipment	100.00	100.00	
Ching Pu	Taiwan Electronic Data Processing Corporation (TEDP)	Design, installation, maintenance, lease and consultation on computer software and hardware equipment system, computer room engineering, network equipment system integration, and wholesale and retailing of medical appliances	69.59	69.59	b)

(Continued)



Investor	Investee	Main Business	% of Ownership		Remark
			2021	2020	
Syspower	Palsys Digital Technology Corporation (Palsys)	Sale of computer peripheral equipment and office machines, design of computer system and professional repairs services	92.14	-	f)
CSMC	Condong Co., Ltd. (Condong)	Installation, sale, information software, data processing and other consultation on computer software and related equipment	-	-	g)
CSMC	Top Information Technologies Co., Ltd. (Top Information)	Sale of computer peripheral equipment and office machines, design of computer system and professional repairs services	100.00	100.00	g)
Kimo BVI	Sysware Singapore Pte. Ltd. (Sysware Singapore)	Computer system integration service and software	-	-	h)
Kimo BVI	Systex Information (HK) Ltd. (Systex HK)	Sale of computer and peripheral equipment, retailing and processing of information of software	100.00	100.00	
Kimo BVI	Sysware Shenglong Information Systems Co., Ltd. (Sysware Shenglong)	Design of computer system, information processing service provider, retailing of computer and peripheral equipment	100.00	100.00	
Kimo BVI	Ucom Information Ltd. (Shanghai) (Ucom Shanghai)	Service, wholesale and retailing of information software	-	-	i)
Kimo BVI	Systek Information (Shanghai) Ltd. (Systek)	Sale of computer and peripheral equipment, retailing and processing of information software	100.00	100.00	i)
Kimo BVI	Rainbow Tech Information (HK) Ltd. (RTIHK)	Sale of computer and peripheral equipment, retailing and processing of information software	49.00	100.00	j)
Kimo BVI	Systex Solutions (HK) Limited (SSHK)	Investment activities including financial trust and holding	100.00	100.00	
Kimo BVI and SCGI	Syscore Corporation (Syscore)	General investment activities	100.00	100.00	
Syscore	Syslink Corporation (Syslink)	General Investment activities	100.00	100.00	
Syscore	Syslong Corporation (Syslong)	General Investment activities	100.00	-	k)
Syslink	Syswiser Technology Corporation (Syswiser)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	100.00	100.00	
Syslink	Dawning Technology Inc. (Dawning)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	74.43	46.67	l)
Syslink and SSSC	Smartsys Technology Corporation (Smartsys)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	100.00	100.00	
Systex HK	Systex Group (China) Ltd. (Systex China)	Management consultation, marketing and sale, and capital and operation financial management	100.00	100.00	
Systek	Systex Rainbow Tech Inc. (Systex Rainbow)	Research, development, installation and wholesale of software and hardware technique and internet system	100.00	100.00	
Systex China	Systex Ucom (Shanghai) Information Ltd. Co. (Systex Ucom)	Software design and data processing, retailing and service of software	100.00	100.00	
Systex Rainbow and Systex Ucom	Systex Rainbow (Guangzhou) Tech Inc. (Rainbow Guangzhou)	Research, development, installation and wholesale of software and hardware technique and internet system	100.00	100.00	

(Concluded)

- a. The Group holds a 48.92% interest in Hanmore. The directors of the Corporation considered that the Group has the practical ability to direct the relevant activities of Hanmore and, therefore, has control over Hanmore.
- b. Etu and TEDP have been under dissolution and liquidation processes since the approval of shareholders in the shareholders' meeting in December 2020.

- c. The Corporation acquired a 58.75% interest of E-service in January 2020 and included the accounts in the consolidated financial statements since the acquisition date. In addition, the Corporation purchased a 41.25% interest of E-service from non-controlling interests in February 2021 and increased its interest in E-service to 100%.
- d. The Corporation acquired a 62.87% interest of TIST in December 2020 and included the accounts in the consolidated financial statements since the acquisition date. In addition, the Corporation subscribed to new shares of TIST at a percentage different from its original ownership in January 2021 and increased its interest in TIST to 67.38%.
- e. UniXecure was incorporated in December 2021.
- f. Palsys was incorporated in January 2021.
- g. Conding was incorporated in May 2020. The board of directors of Conding approved to issue new shares in exchange of all Top Information's shares owned by the original shareholders at an agreed rate in June 2020. The effect of the proceeding transaction decreased CSMC's interest in Conding from 100% to 98.99%. After the completion of the proceeding transaction, CSMC acquired a 1.01% interest of Conding from non-controlling interests and Conding was merged into CSMC in September 2020. After the merger, CSMC has been the surviving company and Conding was the dissolved company.
- h. Sysware Singapore completed liquidation and dissolution in July 2020.
- i. The Corporation's board of directors approved the merger of Systek and Ucom Shanghai on March 22, 2018. The merger process was completed in January 2020. After the merger, Systek has been the surviving company and Ucom Shanghai was the dissolved company.
- j. The board of directors of RTIHK approved to issue new shares in August 2021. Kimo BVI subscribed to new shares of RTIHK at a percentage different from its original ownership and decreased its interest in RTIHK to 85%. Kimo BVI then disposed of a 36% interest in RTIHK and decreased its interest in RTIHK to 49%. The directors of the Corporation considered that the Group has the practical ability to direct the relevant activities of RTIHK and, therefore, has control over RTIHK.
- k. Syslong was incorporated in November 2021.
- l. Syslink held a 46.67% interest in Dawning in December 2020. Syslink purchased a 27.76% interest of Dawning in January 2021 and increased its interest in Dawning to 74.43%; Dawning is included in the consolidated financial statements since the acquisition date.

All accounts of subsidiaries were included in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Among all subsidiaries included in the consolidated financial statements, the financial statements of TIST for the year ended December 31, 2020 were not audited. Management believes that the financial statements of the subsidiary that have not been audited would not have material impact on the consolidated financial statements.

#### 14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Investments in associates</u>		
Associates that are not individually material	\$ <u>1,781,833</u>	\$ <u>655,557</u>

Aggregate information of associates that are not individually material

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
The Group's share of:		
Net profit for the year	\$ 71,580	\$ 98,093
Other comprehensive (loss) income	<u>(30,038)</u>	<u>9,216</u>
 Total comprehensive income for the year	 <u>\$ 41,542</u>	 <u>\$ 107,309</u>

In 2021 and 2020, the impairment loss was \$69,873 thousand and \$36,077 thousand, respectively by associates that are not individually material.

Except for Systemweb Technologies Co., Ltd., Neweb Information Co., Ltd., Sanfran Technologies Inc., Fuco Technology Co., Ltd., Retail System Co., Ltd., Mohist Web Technology Co., Ltd., Frog-jump Information Co., Ltd., Shengsen Cloud Technology, Shanghai Mudao Financial Information Service Co., Ltd., FinRobo Advisor Securities Investment Consulting Co., Ltd., Gensys Technology (International) Ltd., Systex Infopro Co., Ltd., AIWin Technology Co., Ltd. and Sunlight-tech Inc. for the year ended December 31, 2021, Sanfran Technologies Inc., Retail System Co., Ltd., Mohist Web Technology Co., Ltd., Frog-jump Information Co., Ltd., Shengsen Cloud Technology, Shanghai Mudao Financial Information Service Co., Ltd., Gensys Technology (International) Ltd., Systex Infopro Co., Ltd., AIWin Technology Co., Ltd. and Sunlight-tech Inc. for the year ended December 31, 2020, investments accounted for using the equity method and the share of profit or loss and other comprehensive income were calculated based on the financial statements that have been audited. Management believes the financial statements that have not been audited would not have material impact on the investments under the equity method or the share of profit or loss and other comprehensive income in the consolidated financial statements.

## 15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Computer Equipment	Transportation Equipment	Lease Equipment	Leasehold Improvements	Other Equipment	Total
<u>Cost</u>								
Balance at January 1, 2020	\$ 812,812	\$ 1,433,654	\$ 219,207	\$ 12,754	\$ 50,387	\$ 67,456	\$ 75,680	\$ 2,671,950
Additions	-	-	74,263	-	3,133	15,887	30,044	123,327
Disposals	-	-	(38,675)	(485)	(4,563)	(19,341)	(19,085)	(82,149)
Acquisitions through business combinations	154,804	28,599	1,729	2,261	-	-	11,698	199,091
Reclassified as held for sale	(12,112)	(6,011)	-	-	-	-	-	(18,123)
Reclassification	-	-	(993)	-	55	(235)	(12,584)	(13,757)
Effect of foreign currency exchange differences	-	4,096	(447)	25	33	(264)	(86)	3,357
Balance at December 31, 2020	<u>\$ 955,504</u>	<u>\$ 1,460,338</u>	<u>\$ 255,084</u>	<u>\$ 14,555</u>	<u>\$ 49,045</u>	<u>\$ 63,503</u>	<u>\$ 85,667</u>	<u>\$ 2,883,696</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2020	\$ 7,694	\$ 529,834	\$ 109,088	\$ 6,491	\$ 19,927	\$ 28,357	\$ 40,910	\$ 742,301
Depreciation expenses	-	22,774	53,268	2,098	17,198	11,754	12,609	119,701
Disposals	-	-	(37,704)	(486)	(4,563)	(14,694)	(19,015)	(76,462)
Acquisitions through business combination	-	4,137	906	1,322	-	-	8,834	15,199
Reclassified as held for sale	-	(2,869)	-	-	-	-	-	(2,869)
Reclassification	-	-	(115)	-	(402)	(235)	(12,584)	(13,336)
Effect of foreign currency exchange differences	-	1,077	(464)	13	33	(93)	(74)	492
Balance at December 31, 2020	<u>\$ 7,694</u>	<u>\$ 554,953</u>	<u>\$ 124,979</u>	<u>\$ 9,438</u>	<u>\$ 32,193</u>	<u>\$ 25,089</u>	<u>\$ 30,680</u>	<u>\$ 785,026</u>
Carrying amounts at December 31, 2020	<u>\$ 947,810</u>	<u>\$ 905,385</u>	<u>\$ 130,105</u>	<u>\$ 5,117</u>	<u>\$ 16,852</u>	<u>\$ 38,414</u>	<u>\$ 54,987</u>	<u>\$ 2,098,670</u>

(Continued)

	Land	Buildings	Computer Equipment	Transportation Equipment	Lease Equipment	Leasehold Improvements	Other Equipment	Total
<u>Cost</u>								
Balance at January 1, 2021	\$ 955,504	\$ 1,460,338	\$ 255,084	\$ 14,555	\$ 49,045	\$ 63,503	\$ 85,667	\$ 2,883,696
Additions	-	-	74,035	462	2,968	32,605	24,158	134,228
Disposals	(4,584)	(2,974)	(55,766)	(10,677)	(27,940)	(2,030)	(4,882)	(108,853)
Acquisitions through business combinations	-	-	13,574	-	-	-	-	13,574
Reclassification	-	-	18	-	532	-	-	550
Effect of foreign currency exchange differences	-	(1,320)	(687)	(9)	(11)	(187)	(64)	(2,278)
Balance at December 31, 2021	<u>\$ 950,920</u>	<u>\$ 1,456,044</u>	<u>\$ 286,258</u>	<u>\$ 4,331</u>	<u>\$ 24,594</u>	<u>\$ 93,891</u>	<u>\$ 104,879</u>	<u>\$ 2,920,917</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2021	\$ 7,694	\$ 554,953	\$ 124,979	\$ 9,438	\$ 32,193	\$ 25,089	\$ 30,680	\$ 785,026
Depreciation expenses	-	22,912	61,938	1,781	11,203	18,512	17,091	133,437
Disposals	-	(1,927)	(44,370)	(8,230)	(27,940)	(2,030)	(4,646)	(89,143)
Acquisitions through business combination	-	-	4,260	-	-	-	-	4,260
Reclassification	-	-	15	-	(15)	-	-	-
Effect of foreign currency exchange differences	-	(272)	(572)	(4)	(11)	(90)	(131)	(1,080)
Balance at December 31, 2021	<u>\$ 7,694</u>	<u>\$ 575,666</u>	<u>\$ 146,250</u>	<u>\$ 2,985</u>	<u>\$ 15,430</u>	<u>\$ 41,481</u>	<u>\$ 42,994</u>	<u>\$ 832,500</u>
Carrying amounts at December 31, 2021	<u>\$ 943,226</u>	<u>\$ 880,378</u>	<u>\$ 140,008</u>	<u>\$ 1,346</u>	<u>\$ 9,164</u>	<u>\$ 52,410</u>	<u>\$ 61,885</u>	<u>\$ 2,088,417</u>

(Concluded)

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

Buildings	19-60 years
Computer equipment and other equipment	3-7 years
Transportation equipment	5-6 years
Lease equipment	2-5 years
Leasehold improvements	2-5 years

As described in Note 13, TEDP, subsidiary of the Group, was dissolved in December 2020 by the resolution of the shareholders' meeting. Since TEDP intends to dispose of its land and buildings, those land and buildings were reclassified as non-current assets held for sale, and were presented separately in the Group's consolidated balance sheets. The proceeds from disposal were expected to exceed the carrying amount of the related net assets and, accordingly, no impairment losses was recognized in the Group's consolidated comprehensive income statement.

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 30.

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Carrying amounts</u>		
Buildings	\$ 219,158	\$ 174,159
Machinery	53,592	85,198
Transportation equipment	<u>3,905</u>	<u>432</u>
	<u>\$ 276,655</u>	<u>\$ 259,789</u>

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Additions to right-of-use assets	<u>\$ 154,165</u>	<u>\$ 88,278</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 127,080	\$ 100,309
Machinery	36,042	40,417
Transportation equipment	<u>894</u>	<u>313</u>
	<u>\$ 164,016</u>	<u>\$ 141,039</u>

Except for the additions and depreciation expenses disclosed above, the right-of-use assets of the Group had no material sublease agreement or impairment for the years ended December 31, 2021 and 2020.

b. Lease liabilities

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Carrying amounts</u>		
Current	<u>\$ 134,442</u>	<u>\$ 127,513</u>
Non-current	<u>\$ 146,168</u>	<u>\$ 135,323</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Buildings	1.00%-5.00%	1.00%-5.00%
Machinery	1.00%-1.25%	1.25%
Transportation equipment	1.00%-1.25%	1.25%

c. Material lease on activities and terms

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

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 55,778</u>	<u>\$ 64,711</u>
Total cash outflow for leases	<u>\$ 224,491</u>	<u>\$ 209,175</u>

The Group's leases of certain office equipment qualify as short-term leases and low-value asset leases. The Group 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 were \$17,365 thousand and \$13,445 thousand, respectively, as of December 31, 2021 and 2020.

## 17. BANK LOANS

### a. Short-term loans

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Unsecured loans	\$ 886,270	\$ 404,800
Secured loans	<u>367,724</u>	<u>385,447</u>
	<u>\$ 1,253,994</u>	<u>\$ 790,247</u>
Annual interest rate		
Unsecured loans	1.00%-1.90%	1.05%-2.35%
Secured loans	4.00%	1.65%-4.20%

Refer to Note 30 for the carrying amounts of property, plant and equipment - land and buildings and the Corporation's shares provided as collaterals for the above secured bank loans.

### b. Long-term loans

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Secured loans	\$ 93,471	\$ 107,189
Less: Current portion	<u>(5,893)</u>	<u>(6,980)</u>
	<u>\$ 87,578</u>	<u>\$ 100,209</u>
Annual interest rate		
Secured loans	1.40%-1.68%	1.41%-1.47%

Refer to Note 30 for the carrying amounts of property, plant and equipment - land and buildings provided as collaterals for the above secured bank loans.

## 18. BONDS PAYABLE

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Unsecured domestic bonds	\$ 3,000,000	\$ -
Less: Discount on bonds payable	<u>(5,558)</u>	<u>-</u>
	<u>\$ 2,994,442</u>	<u>\$ -</u>

In September 2021, the Corporation issued 3,000 units (each unit at par value of \$1,000 thousand), 0.82% NTD-denominated unsecured bonds, in an aggregate principal amount of \$3,000,000 thousand. The five-year bonds will mature in September 2026. Interest is paid annually and the principal will be repaid in full on the maturity date. The funds raised by the issuance of bonds will be used to repay the bank loan and replenish the working capital.

## 19. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Corporation and its domestic subsidiaries 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.

The employees of Systex HK, RTIHK, Systek, Ucom Shanghai, Sysware Shenglong, Systex Rainbow, Systex China, Systex Ucom, Rainbow Guangzhou and Sysware Singapore are members of state-managed retirement benefit plans operated by the governments of their respective jurisdictions. The subsidiaries are required to contribute specific percentages of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

### b. Defined benefit plans

The defined benefit plan adopted by the Corporation and several of its domestic subsidiaries 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 Group 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 Group 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 Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group’s defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Present value of defined benefit obligation	\$ 681,495	\$ 678,430
Fair value of plan assets	<u>(432,040)</u>	<u>(419,786)</u>
Net defined benefit liability	<u>\$ 249,455</u>	<u>\$ 258,644</u>

Movements in net defined benefit liability were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability</b>
Balance at January 1, 2020	<u>\$ 648,286</u>	<u>\$ (365,430)</u>	<u>\$ 282,856</u>
Service cost			
Current service cost	1,686	-	1,686
Net interest expense (income)	<u>4,885</u>	<u>(2,776)</u>	<u>2,109</u>
Recognized in profit or loss	<u>6,571</u>	<u>(2,776)</u>	<u>3,795</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(11,814)	(11,814)
Actuarial loss - changes in demographic assumptions	1,051	-	1,051
Actuarial loss - changes in financial assumptions	27,567	-	27,567
Actuarial loss - experience adjustments	<u>10,580</u>	<u>-</u>	<u>10,580</u>
Recognized in other comprehensive income (loss)	<u>39,198</u>	<u>(11,814)</u>	<u>27,384</u>
Contributions from the employer	-	(53,915)	(53,915)
Benefits paid	<u>(15,625)</u>	<u>14,149</u>	<u>(1,476)</u>
Balance at December 31, 2020	<u>678,430</u>	<u>(419,786)</u>	<u>258,644</u>
Service cost			
Current service cost	1,905	-	1,905
Net interest expense (income)	<u>2,274</u>	<u>(1,441)</u>	<u>833</u>
Recognized in profit or loss	<u>4,179</u>	<u>(1,441)</u>	<u>2,738</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(5,600)	(5,600)
Actuarial loss - changes in demographic assumptions	17,665	-	17,665
Actuarial gain - changes in financial assumptions	(9,204)	-	(9,204)
Actuarial loss - experience adjustments	<u>33,127</u>	<u>-</u>	<u>33,127</u>
Recognized in other comprehensive income (loss)	<u>41,588</u>	<u>(5,600)</u>	<u>35,988</u>
Contributions from the employer	-	(45,700)	(45,700)
Benefits paid	<u>(42,702)</u>	<u>40,487</u>	<u>(2,215)</u>
Balance at December 31, 2021	<u>\$ 681,495</u>	<u>\$ (432,040)</u>	<u>\$ 249,455</u>

Through the defined benefit plans under the Labor Standards Law, the Group 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:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rates	0.50%-0.70%	0.35%
Expected rates of salary increase	1.20%-2.00%	1.10%-2.00%

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:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rates		
0.25%-0.5% increase	<u>\$ (30,553)</u>	<u>\$ (31,624)</u>
0.25%-0.5% decrease	<u>\$ 32,642</u>	<u>\$ 33,890</u>
Expected rates of salary increase		
0.25%-0.5% increase	<u>\$ 32,209</u>	<u>\$ 33,348</u>
0.25%-0.5% decrease	<u>\$ (30,439)</u>	<u>\$ (31,421)</u>

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.

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
The expected contributions to the plan for the next year	<u>\$ 47,777</u>	<u>\$ 44,369</u>
The average duration of the defined benefit obligation	10 years	11 years

## 20. EQUITY

### a. Share capital

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Number of shares authorized (in thousands)	<u>400,000</u>	<u>400,000</u>
Share capital authorized	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>
Number of shares issued (in thousands)	<u>269,393</u>	<u>269,393</u>
Share capital issued	<u>\$ 2,693,933</u>	<u>\$ 2,693,933</u>

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<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	1,869	39
Donations	544	544
Treasury share transactions	1,945,013	1,837,963
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interest in subsidiaries (2)	7,048	8,576
Share of changes in associates accounted for using the equity method	5,867	654
Gain on sale of property, plant and equipment	<u>4,493</u>	<u>4,493</u>
	<u>\$ 6,606,321</u>	<u>\$ 6,493,756</u>

- 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

The shareholders of the Corporation held their regular meeting on June 18, 2020 and in that meeting, resolved the amendments to the Corporation's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the amended Articles, where the Corporation made a 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 the distribution of dividends and bonuses to shareholders, except that the board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

Under the dividend policy as set forth in the Articles before the amendments, 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 to shareholders.

For the policies on distribution of compensation of employees and remuneration of directors, please refer to Note 22 c. for details.

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.

For the distribution of dividends, if the distribution is in cash, the board of directors shall be authorized to resolve the proposal by the vote of at least half of the directors present, provided the number of directors present shall be at least two-thirds of the entire board of directors, and report the distribution to the shareholders' meeting. The Corporation may distribute all or part of the reserve in accordance with laws or the regulations of the competent authority. If it is distributed in cash, the Company authorizes the board of directors to make resolutions in accordance with Article 241 of the Company Act and report to 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 2020 and 2019 that had been resolved by the shareholders in their meetings on August 27, 2021 and June 18, 2020, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>For the Year Ended December 31</b>		<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Legal reserve	\$ 156,616	\$ 180,803	\$ -	\$ -
Special reserve	189,245	195,624	-	-
Cash dividends	1,346,967	1,346,967	5.0	5.0

The appropriation of earnings for 2021 will be resolved by the shareholders in their meeting in May 2022.

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.

d. Other equity items

1) Exchange differences on translation of foreign operations

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ (581,485)	\$ (435,908)
Exchange differences on translation of foreign operations	(109,658)	(144,949)
Share of exchange differences of associates accounted for using the equity method	<u>(873)</u>	<u>(628)</u>
Balance at December 31	<u>\$ (692,016)</u>	<u>\$ (581,485)</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ (187,226)	\$ (143,558)
Recognized for the year		
Unrealized gain (loss) on equity investments	201,132	(126,221)
Share of associates accounted for using the equity method	(29,165)	9,844
Disposal of associates accounted for using the equity method	-	(8,255)
Cumulative unrealized (loss) gain of equity instruments transferred to retained earnings due to disposal	<u>(21,849)</u>	<u>80,964</u>
Balance at December 31	<u>\$ (37,108)</u>	<u>\$ (187,226)</u>

e. 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
<u>2021</u>				
Reclassification of the Corporation's shares held by subsidiaries from equity-method investments into treasury share	<u>21,410</u>	-	-	<u>21,410</u>
<u>2020</u>				
Reclassification of the Corporation's shares held by subsidiaries from equity-method investments into treasury share	<u>21,410</u>	-	-	<u>21,410</u>

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Hanmore</u>		
Share (in thousand)	<u>21,317</u>	<u>21,317</u>
Investments cost	<u>\$ 755,480</u>	<u>\$ 755,480</u>
Market value	<u>\$ 1,807,654</u>	<u>\$ 1,869,473</u>
<u>Ching Pu</u>		
Share (in thousand)	<u>10,982</u>	<u>10,982</u>
Investments cost	<u>\$ 246,093</u>	<u>\$ 246,093</u>
Market value	<u>\$ 931,229</u>	<u>\$ 963,075</u>

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, both amounting to \$515,617 thousand (10,428 thousand shares) as of December 31, 2021 and 2020. The remaining was treated as recoveries from Hanmore's non-controlling interests, accounted for deduction to non-controlling interests in balance sheets.

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.

f. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 140,324	\$ 89,490
Attributable to non-controlling interests:		
Share of profit for the year	9,180	9,377
Remeasurement on defined benefit plans	(130)	127
Exchange differences on translation of foreign operations	(1,612)	-
Non-controlling interests arising from acquisition of subsidiaries (Note 25)	104,511	43,700
Non-controlling interests arising from cash dividends received by subsidiary (Hanmore) from the Corporation	54,441	54,441
Equity transactions with non-controlling interests (Note 26)	35,015	(2,055)
Cash dividends received from subsidiaries	(53,106)	(54,756)
Changes in percentage of ownership interests in subsidiaries	18,014	-
Adjustments relating to changes in capital surplus of associates accounted for using the equity method	<u>1,191</u>	<u>-</u>
Balance at December 31	<u>\$ 307,828</u>	<u>\$ 140,324</u>

**21. REVENUE**

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 22,804,054	\$ 17,509,641
Revenue from the rendering of services	6,659,187	6,162,401
Other operating revenue	<u>63,716</u>	<u>63,048</u>
	<u>\$ 29,526,957</u>	<u>\$ 23,735,090</u>

**Contract Balances**

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Notes and accounts receivable	<u>\$ 4,856,074</u>	<u>\$ 3,795,071</u>
Contract liabilities	<u>\$ 1,545,903</u>	<u>\$ 1,476,379</u>

Please refer to Note 11 for information about notes and accounts receivable. The changes in the balance of contract liabilities primarily result from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment.

## 22. NET PROFIT

### a. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Property, plant and equipment	\$ 133,437	\$ 119,701
Right-of-use assets	164,016	141,039
Intangible assets	<u>49,377</u>	<u>29,658</u>
	<u>\$ 346,830</u>	<u>\$ 290,398</u>
An analysis of depreciation by function		
Operating costs	\$ 89,074	\$ 99,310
Operating expenses	<u>208,379</u>	<u>161,430</u>
	<u>\$ 297,453</u>	<u>\$ 260,740</u>
An analysis of amortization by function		
Operating costs	\$ 938	\$ 892
Operating expenses	<u>48,439</u>	<u>28,766</u>
	<u>\$ 49,377</u>	<u>\$ 29,658</u>

### b. Employee benefits expenses

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Post-employment benefits		
Defined contribution plans	\$ 189,346	\$ 151,167
Defined benefits plans (Note 19)	<u>2,738</u>	<u>3,795</u>
	192,084	154,962
Payroll	3,879,025	3,347,389
Labor and health insurance	317,238	275,488
Other employee benefits	<u>173,189</u>	<u>128,820</u>
Total employee benefits expense	<u>\$ 4,561,536</u>	<u>\$ 3,906,659</u>
An analysis of employee benefits expenses by function		
Operating costs	\$ 198,893	\$ 134,474
Operating expenses	<u>4,362,643</u>	<u>3,772,185</u>
	<u>\$ 4,561,536</u>	<u>\$ 3,906,659</u>

As of December 31, 2021 and 2020, the Group had 4,228 and 3,761 employees, respectively.

c. Compensation of employees and remuneration of directors

The Corporation accrued compensation of employees and remuneration of directors at the rates no less than 0.1% and no higher than 2%, respectively, of net profit before income tax, compensation of employees and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2021 and 2020 which have been approved by the Corporation's board of directors on February 23, 2022 and February 24, 2021, respectively, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 38,635	\$ 53,241
Remuneration of directors	25,756	35,494

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

There was no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2020.

Information on the compensation of employees and remuneration of directors resolved by the Corporation's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Gain on sale of investments, net

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Disposal of financial assets at FVTPL	\$ 43,877	\$ 177,419
Disposal of investments accounted for using the equity method	<u>-</u>	<u>84,309</u>
	<u>\$ 43,877</u>	<u>\$ 261,728</u>

e. Impairment losses recognized

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Investments accounted for using the equity method	\$ 69,873	\$ 36,077
Intangible assets	<u>97,796</u>	<u>10,692</u>
	<u>\$ 167,669</u>	<u>\$ 46,769</u>



## 23. INCOME TAXES

### a. Income tax recognized in profit or loss

The major components of tax expenses are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax		
In respect of the current year	\$ 183,245	\$ 179,070
Additional income tax on unappropriated earnings	11,382	4,521
Additional income tax under the Alternative Minimum Tax Act	16,280	16,340
Investment tax credit deduction	-	(1,650)
Enterprise income tax on securities	19,201	103,075
Adjustments for prior years' tax	<u>(1,694)</u>	<u>(4,243)</u>
	<u>228,414</u>	<u>297,113</u>
Deferred tax		
In respected of the current year	8,402	(113,586)
Adjustments for prior years' tax	<u>(8,297)</u>	<u>(8,070)</u>
	<u>105</u>	<u>(121,656)</u>
Income tax expense recognized in profit or loss	<u>\$ 228,519</u>	<u>\$ 175,457</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit before tax	<u>\$ 1,451,615</u>	<u>\$ 1,851,179</u>
Income tax expense calculated at the statutory rate (20%)	\$ 290,323	\$ 370,236
Permanent difference	(11,447)	(100,768)
Additional income tax on unappropriated earnings	11,382	4,521
Unrecognized loss carryforwards used	(7,542)	(10,137)
Land value increment tax	710	-
Effect of different tax rate of group entities operating in other jurisdictions	(80,397)	(195,497)
Adjustments for prior years' tax	(9,991)	(12,313)
Enterprise Income Tax on securities	19,201	103,075
Additional income tax under the Alternative Minimum Tax Act	<u>16,280</u>	<u>16,340</u>
Income tax expense recognized in profit or loss	<u>\$ 228,519</u>	<u>\$ 175,457</u>

System Solution (HK) Limited sold investments accounted for using equity method and financial assets at FVTOCI in 2021 and 2020 and incurred Enterprise Income Tax of \$19,201 thousand and \$103,075 thousand, respectively, according to the related tax laws in its jurisdiction.

The applicable tax rate used by subsidiaries in China is 25%. SCGI and KIMO are exempt from income tax under their local government regulations. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

In accordance with Rule No. 10904558730 issued by the Ministry of Finance of Taiwan, the Group has deducted the amount of dividends distributed in 2020 attributable to the increase in the beginning retained earnings for 2018 as a result of initial adoption of IFRS 9 when calculating the tax on unappropriated earnings for 2018.

b. Income tax recognized in other comprehensive income

**For the Year Ended December 31**

Deferred tax

	<b>2021</b>	<b>2020</b>
Remeasurement on defined benefit plan	<u>\$ 3,783</u>	<u>\$ 115</u>

c. Current tax assets and liabilities

**December 31**

	<b>2021</b>	<b>2020</b>
Current tax assets (recognized in other receivables)		
Tax refund receivable	<u>\$ 4,658</u>	<u>\$ 5,885</u>
Current tax liabilities		
Income tax payable	<u>\$ 125,443</u>	<u>\$ 140,545</u>

d. The movements of deferred tax assets and liabilities

For the year ended December 31, 2021

	Opening Balance	Assign on Acquisition	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>						
Temporary differences						
Allowance for loss on inventories	\$ 59,600	\$ 8,289	\$ (26,426)	\$ -	\$ -	\$ 41,463
Payable for annual leave	2,781	-	320	-	-	3,101
Others	<u>12,868</u>	<u>394</u>	<u>(897)</u>	<u>3,783</u>	<u>-</u>	<u>16,148</u>
	75,249	8,683	(27,003)	3,783	-	60,712
Loss carryforwards	<u>833</u>	<u>-</u>	<u>(697)</u>	<u>-</u>	<u>-</u>	<u>136</u>
	<u>\$ 76,082</u>	<u>\$ 8,683</u>	<u>\$ (27,700)</u>	<u>\$ 3,783</u>	<u>\$ -</u>	<u>\$ 60,848</u>
<u>Deferred tax liabilities</u>						
Temporary differences						
Exchange differences on foreign operations	\$ 5,846	\$ -	\$ -	\$ -	\$ -	\$ 5,846
Gain on disposal of investments	27,742	-	(27,214)	-	(528)	-
Others	<u>485</u>	<u>134</u>	<u>(381)</u>	<u>-</u>	<u>-</u>	<u>238</u>
	<u>\$ 34,073</u>	<u>\$ 134</u>	<u>\$ (27,595)</u>	<u>\$ -</u>	<u>\$ (528)</u>	<u>\$ 6,084</u>

For the year ended December 31, 2020

	Opening Balance	Assign on Acquisition	Recognized in Profit or Loss	Recognized in Other Com- prehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>						
Temporary differences						
Allowance for loss on inventories	\$ 38,530	\$ -	\$ 21,070	\$ -	\$ -	\$ 59,600
Payable for annual leave	2,089	-	692	-	-	2,781
Others	<u>15,290</u>	<u>-</u>	<u>(2,537)</u>	<u>115</u>	<u>-</u>	<u>12,868</u>
	55,909	-	19,225	115	-	75,249
Loss carryforwards	1,164	-	(331)	-	-	833
Investment credits	<u>191</u>	<u>-</u>	<u>(191)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 57,264</u>	<u>\$ -</u>	<u>\$ 18,703</u>	<u>\$ 115</u>	<u>\$ -</u>	<u>\$ 76,082</u>
<u>Deferred tax liabilities</u>						
Temporary differences						
Exchange differences on foreign operations	\$ 5,846	\$ -	\$ -	\$ -	\$ -	\$ 5,846
Gain on disposal of investments	133,229	-	(103,075)	-	(2,412)	27,742
Others	<u>363</u>	<u>-</u>	<u>122</u>	<u>-</u>	<u>-</u>	<u>485</u>
	<u>\$ 139,438</u>	<u>\$ -</u>	<u>\$ (102,953)</u>	<u>\$ -</u>	<u>\$ (2,412)</u>	<u>\$ 34,073</u>

- e. Unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Loss carryforwards		
Expiry in 2021	\$ -	\$ 4,316
Expiry in 2022	40,064	40,064
Expiry in 2023	46,107	324
Expiry in 2024	20,507	1,143
Expiry in 2025	89,922	65,906
Expiry in 2026	103,322	88,929
Expiry in 2027	6,476	6,476
Expiry in 2028	8,013	8,175
Expiry in 2029	117,522	101,404
Expiry in 2030	831	831
Expiry in 2031	<u>1,415</u>	<u>-</u>
	<u>\$ 434,179</u>	<u>\$ 317,568</u>

f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2021 comprised:

<b>Expiry Year</b>	<b>Total Credit</b>
2022	\$ 40,064
2023	46,107
2024	20,507
2025	89,922
2026	103,322
2027	6,476
2028	8,013
2029	117,819
2030	1,035
2031	<u>1,594</u>
	<u>\$ 434,859</u>

g. Income tax assessments

Income tax returns through 2019 and undistributed earnings through 2018 of the Corporation, SSSC, Nexsys, Taifon, CSMC, Ching Pu, Hanmore, GBC, Naturint, Syswiser, Syslink, Smartsys, Dawning, Syspower, Softmobile, Systex Solution, Syscore, Top Information, E-service and TIST; income tax returns through 2020 and undistributed earnings through 2019 of TEDP and Etu have been assessed by the tax authorities.

## 24. EARNINGS PER SHARE

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

	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
<u>Net income for the year</u>		
Net income for the year attributable to owners of the Corporation	<u>\$ 1,213,916</u>	<u>\$ 1,666,345</u>
<u>Number of shares (in thousands)</u>		
Weighted average number of ordinary shares in the computation of basic earnings per share	247,983	247,983
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>549</u>	<u>785</u>
Weighted average number of ordinary shares in the computation of diluted earnings per share	<u>248,532</u>	<u>248,768</u>
<u>Earnings per share (NT\$)</u>		
Basic earnings per share	<u>\$4.90</u>	<u>\$6.72</u>
Diluted earnings per share	<u>\$4.88</u>	<u>\$6.70</u>

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:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
<u>Net income for the year</u>		
Net income for the year attributable to owners of the Corporation	<u>\$ 1,320,965</u>	<u>\$ 1,773,394</u>
<u>Number of shares (in thousands)</u>		
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:		
Compensation of employees	<u>549</u>	<u>785</u>
Weighted average number of ordinary shares in the computation of pro forma diluted earnings per shares	<u>269,942</u>	<u>270,178</u>
<u>Earnings per share (NT\$)</u>		
Basic earnings per share	<u>\$4.90</u>	<u>\$6.58</u>
Diluted earnings per share	<u>\$4.89</u>	<u>\$6.56</u>

## 25. BUSINESS COMBINATIONS

### a. Subsidiaries acquired

<b>Subsidiary</b>	<b>Principal Activity</b>	<b>Date of Acquisition</b>	<b>Proportion of Voting Equity Interests Acquired (%)</b>
E-Service	Information software service, intellectual property rights, printing and data storage media manufacturing and copying	January 2020	58.75
TIST	Installation, sale, information software, data processing and other consultation on computer software and related equipment	December 2020	62.87
Dawning	Computer system integration service and computer software industry	January 2021	74.43

E-Service, TIST and Dawning were acquired in 2021 and 2020 in order to continue the expansion of the Group's operations.

b. Consideration transferred

	<b>E-Service</b>	<b>TIST</b>	<b>Dawning</b>
Cash	\$ 44,700	\$ 74,965	\$ 166,594

c. Assets acquired and liabilities assumed at the date of acquisition

	<b>E-Service</b>	<b>TIST</b>	<b>Dawning</b>
<b>Current assets</b>			
Cash and cash equivalents	\$ 44,757	\$ 15,735	\$ 107,704
Accounts receivable	20,448	42,553	430,469
Other receivables	1,622	35	-
Inventories	-	-	177,319
Prepayments	135	456	-
Other current assets	746	64	7,319
<b>Non-current assets</b>			
Property, plant and equipment	159,262	24,630	9,314
Right-of-use assets	-	-	46,750
Other intangible assets	8,202	34,272	44,403
Refundable deposits	6,099	9,282	-
Deferred tax assets	-	-	8,683
Other non-current assets	-	-	3,044
<b>Current liabilities</b>			
Short-term loans	45,630	7,500	43,022
Financial liabilities at FVTPL	-	-	330
Contract liabilities	-	-	3,050
Notes and accounts payable	7,103	2,755	239,643
Other payables	9,486	13,805	52,354
Lease liabilities - current	-	-	14,697
Advance receipts	-	-	6,907
Other current liabilities	1,286	1,814	582
<b>Non-current liabilities</b>			
Long-term loans	104,720	8,728	-
Lease liabilities - non-current	-	-	21,120
Guarantee deposits	300	76	-
Other non-current liabilities	2,420	9,402	133
	<u>\$ 70,326</u>	<u>\$ 82,947</u>	<u>\$ 453,167</u>

d. Goodwill recognized on acquisitions

	<b>E-Service</b>	<b>TIST</b>	<b>Dawning</b>
Consideration transferred	\$ 44,700	\$ 74,965	\$ 166,594
Add: Fair value of the interest originally held by the group at the date of acquisition	-	-	208,064
Add: Non-controlling interests	25,626	18,074	104,511
Less: Fair value of identifiable net assets acquired	<u>(70,326)</u>	<u>(82,947)</u>	<u>(453,167)</u>
Goodwill recognized on acquisitions	<u>\$ -</u>	<u>\$ 10,092</u>	<u>\$ 26,002</u>

e. Net cash inflow (outflow) on the acquisition of subsidiaries

	<b>E-Service</b>	<b>TIST</b>	<b>Dawning</b>
Cash and cash equivalent acquired	\$ 44,757	\$ 15,735	\$ 107,704
Less: Consideration paid in cash	<u>44,700</u>	<u>74,965</u>	<u>166,594</u>
	<u>\$ 57</u>	<u>\$ (59,230)</u>	<u>\$ (58,890)</u>

f. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates, which are included in the consolidated financial statements, do not have significant impact on the results of the Group.

## 26. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

a. As described in Note 13g, the Group acquired a 1.01% interest in Conding from the non-controlling shareholders of in the third quarter of 2020.

The above transactions were accounted for as equity transactions, since the Group did not change the control over the subsidiary.

	<b>Amount</b>
Consideration paid in cash	\$ (2,016)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	<u>2,055</u>
Differences recognized from equity transaction (recognized as capital surplus)	<u>\$ 39</u>

b. In February 2021, the Group purchased shares of E-Service from the non-controlling shareholders and increased its interest in E-Service from 58.75% to 100.00%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over the subsidiary.

	<b>Amount</b>
Consideration paid in cash	\$ (44,800)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	<u>30,102</u>
Differences recognized from equity transaction	(14,698)
Carrying amount of capital surplus deducted	<u>39</u>
Adjustment to retained earnings	<u>\$ (14,659)</u>

c. As described in Note 13j, the Group subscribed to new shares issued by RTIHK at a percentage different from its original ownership in August 2021 and decreased its interest in RTIHK from 100% to 85%; therefore, the Group recognized a \$378 thousand increase in capital surplus-changes in percentage of ownership interest in subsidiaries.

The Group then disposed of a 36% interest in RTIHK and decreased its interest in RTIHK from 85% to 49%. The above transactions were accounted for as equity transactions, since the Group did not cease to have control over the subsidiary.

	<b>Amount</b>
Consideration received in cash	\$ 46,449
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>(44,579)</u>
Differences recognized from equity transaction (recognized as capital surplus)	<u>\$ 1,870</u>

## 27. CAPITAL MANAGEMENT

The capital structure of the Group consists of debt and equity of the Group (comprising issued capital, legal reserve, 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.

## 28. 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 consolidated 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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>December 31, 2021</u>				
Financial assets at FVTPL				
Listed shares	\$ 151,920	\$ -	\$ -	\$ 151,920
Unlisted shares	-	-	1,502,631	1,502,631
Unlisted preferred shares	-	-	96,020	96,020
Mutual funds	4,412,309	-	-	4,412,309
Others	<u>-</u>	<u>-</u>	<u>101,652</u>	<u>101,652</u>
	<u>\$ 4,564,229</u>	<u>\$ -</u>	<u>\$ 1,700,303</u>	<u>\$ 6,264,532</u>
Financial assets at FVTOCI				
Unlisted shares	\$ -	\$ -	\$ 250,066	\$ 250,066
Unlisted preferred shares	<u>-</u>	<u>-</u>	<u>51,485</u>	<u>51,485</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 301,551</u>	<u>\$ 301,551</u>

(Continued)



	Level 1	Level 2	Level 3	Total
<u>December 31, 2020</u>				
Financial assets at FVTPL				
Listed shares	\$ 138,474	\$ -	\$ -	\$ 138,474
Unlisted shares	-	-	1,448,432	1,448,432
Unlisted preferred shares	-	-	93,977	93,977
Mutual funds	3,104,918	-	-	3,104,918
Others	<u>-</u>	<u>-</u>	<u>32,979</u>	<u>32,979</u>
	<u>\$ 3,243,392</u>	<u>\$ -</u>	<u>\$ 1,575,388</u>	<u>\$ 4,818,780</u>
Financial assets at FVTOCI				
Listed shares	\$ 512,962	\$ -	\$ -	\$ 512,962
Unlisted shares	<u>-</u>	<u>-</u>	<u>169,565</u>	<u>169,565</u>
	<u>\$ 512,962</u>	<u>\$ -</u>	<u>\$ 169,565</u>	<u>\$ 682,527</u>
				(Concluded)

There were no transfers between Levels 1 and 2 for the years ended December 31, 2021 and 2020.

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

For the year ended December 31, 2021

Financial Assets	<u>Financial Assets at FVTPL Equity Instruments</u>	<u>Financial Assets at FVTOCI Equity Instruments</u>	Total
Balance at January 1	\$ 1,575,388	\$ 169,565	\$ 1,744,953
Recognized in profit or loss	65,794	-	65,794
Recognized in other comprehensive income	-	61,927	61,927
Purchases	71,018	76,697	147,715
Capital surplus distributed as cash dividends	(477)	-	(477)
Net exchange differences	(655)	(5,749)	(6,404)
Return of capital from capital reduction	<u>(10,765)</u>	<u>(889)</u>	<u>(11,654)</u>
Balance at December 31	<u>\$ 1,700,303</u>	<u>\$ 301,551</u>	<u>\$ 2,001,854</u>
Unrealized gain (loss) for the current year recognized in profit or loss relating to assets held at the end of the year	<u>\$ 65,794</u>		<u>\$ 65,794</u>

For the year ended December 31, 2020

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
	Equity Instruments	Equity Instruments	
Balance at January 1	\$ 1,498,961	\$ 113,272	\$ 1,612,233
Recognized in profit or loss	288,610	-	288,610
Recognized in other comprehensive income	-	8,167	8,167
Purchases	10,000	56,290	66,290
Capital surplus distributed as cash dividend	(716)	-	(716)
Disposals	(222,467)	-	(221,467)
Net exchange differences	-	(7,262)	(7,262)
Return of capital from capital reduction	-	(902)	(902)
Balance at December 31	<u>\$ 1,575,388</u>	<u>\$ 169,565</u>	<u>\$ 1,744,953</u>
Unrealized gain (loss) for the current year recognized in profit or loss relating to assets held at the end of the year	<u>\$ 211,416</u>		<u>\$ 211,416</u>

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 stock 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	
	2021	2020
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 6,264,532	\$ 4,818,780
Financial assets at amortized cost (1)	10,590,195	8,821,253
Financial assets at FVTOCI	301,551	682,527
<u>Financial liabilities</u>		
Amortized cost (2)	10,185,561	5,970,654

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, 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), lease receivables - non-current (included in other non-current assets) and debt investment (included in financial assets at amortized cost - non-current).
  - 2) The balances included financial liabilities measured at amortized cost, which comprise short-term loans, notes and accounts payable, accounts payable to related parties, other payables, guarantee deposits received (included in other non-current liabilities), bonds payable, current portion of long-term borrowings and long-term borrowings.
- d. Financial risk management objectives and policies

The Group'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 Group's financial performance, the Group endeavors to identify, estimate and hedge the uncertainties of the market.

The Group'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 Group has foreign currency sales, purchases and borrowings, which were exposed to foreign currency risk. The Group designated a department 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 and RMB) at the end of the reporting period. A positive number below indicates an increase/decrease in pre-tax net income associated with New Taiwan dollars strengthening/weakening 5% against the relevant currency.

	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
<u>USD</u>		
Increase/decrease	\$ 66,500	\$ 58,469
<u>RMB</u>		
Increase/decrease	708	22,688

b) Interest rate risk

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Fair value interest rate risk		
Financial assets	\$ 884,580	\$ 1,032,035
Financial liabilities	4,529,046	1,053,083
Cash flow interest rate risk		
Financial assets	4,067,664	3,386,117
Financial liabilities	93,471	107,189

The Group 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 Group's pre-tax net income effect would have been as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Increase/decrease	\$ 3,974	\$ 3,279

c) Other price risk

The Group was exposed to price risk through its investments in listed shares, corporate bonds and mutual funds. The Group 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 Group's pre-tax net income and other comprehensive income would have been as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Pre-tax net income		
Increase/decrease	\$ 313,227	\$ 240,939
Other comprehensive income		
Increase/decrease	15,078	34,126

2) Credit risk

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

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 Group 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 Group invests idle funds in short-term investments under consideration of liquidity, security and profitability. The Group also maintains banking facilities to ensure the liquidity of cash.

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

In addition, the Group'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 Group 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.

## 29. TRANSACTIONS WITH RELATED PARTIES

Balances, transactions, revenue and expense between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

### a. Related parties and their relationship with the Group

<u>Related Parties</u>	<u>Relationship with the Group</u>
Systemweb Technologies Co., Ltd.	Associate
Sanfran Technologies Inc.	Associate
Investment Media Ltd.	Associate
Mohist Web Technology Co., Ltd.	Associate
FinRobo Advisor Securities Investment Consulting Co., Ltd.	Associate
Shengsen Cloud Technology	Associate
Frog-jump Information Co., Ltd.	Associate
Dawning Technology Inc.	Associate (1)
Neweb Information Co., Ltd.	Associate
Retail System Co., Ltd.	Associate
Gensys Technology International. Ltd.	Associate
Fuco Technology Co., Ltd.	Associate
AIWin Technology Co., Ltd.	Associate
Genesis Technology Inc.	Associate
Bao Ruh Electronic Co., Ltd.	Associate
CKmates International Co., Ltd.	Associate
Collaboration Co., Ltd.	Associate
Teamplus Technology Inc.	Associate
Asiavest Capital Co., Ltd.	Other related parties
Ms. Luo	Director of subsidiary (2)
Mr. Hsieh	Director of subsidiary

Note 1: Dawning Technology Inc. has become a subsidiary to the Group since January 2021.

Note 2: Ms. Luo was no longer a related party to the Group since February 2021.

b. Operating revenue

Line Items	Related Party Categories	For the Year Ended December 31	
		2021	2020
Sales	Associates	\$ 144,276	\$ 49,430
Service revenue	Associates	\$ 8,416	\$ 7,013
Other operating revenue	Associates	\$ 432	\$ 800

c. Purchases of goods

Related Party Categories	For the Year Ended December 31	
	2021	2020
Associates	\$ 51,061	\$ 219,401

d. Receivables from related parties

Line Items	Related Party Categories	December 31	
		2021	2020
Notes and accounts receivable	Associates	\$ 49,905	\$ 26,824

e. Payables to related parties

Line Items	Related Party Categories	December 31	
		2021	2020
Accounts payable	Associates	\$ 21,776	\$ 85,374
Other payables	Director of subsidiary	\$ 9,402	\$ 11,822

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

Related Party Categories	For the Year Ended December 31	
	2021	2020
Associates	\$ -	\$ 4,878

g. Disposal of property, plant and equipment

Related Party Categories	Disposal Consideration		Gain (Loss) on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
Other related parties	\$ 1,619	\$ -	\$ 62	\$ -

h. Other transactions with related parties

Line Items	Related Party Categories	For the Year Ended December 31	
		2021	2020
Service cost	Associates	\$ 21,527	\$ 22,057
Operating expenses	Associates	\$ 1,354	\$ 1,251
Rent revenue (recognized as other income, net)	Associates	\$ 204	\$ 222

i. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 198,758	\$ 175,713
Post-employment benefits	4,141	4,113
	<u>\$ 202,899</u>	<u>\$ 179,826</u>

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

### 30. PLEDGED ASSETS

The following assets were pledged as the Group's collateral for bank loans, contract guarantees and import duty guarantee, and etc.:

	December 31	
	2021	2020
Property, plant and equipment - land and buildings, net	\$ 346,888	\$ 375,332
Pledged time deposits - current (included in other receivables)	241,079	187,493
Pledged time deposits - non-current (included in other non-current assets)	143,501	141,083
The shares of the Corporation (Note)	<u>424,000</u>	<u>438,500</u>
	<u>\$ 1,155,468</u>	<u>\$ 1,142,408</u>

Note: Hanmore pledged 5,000 thousand shares of the Corporation as of December 31, 2021 and 2020, and it was eliminated on consolidation.

### 31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Group as of December 31, 2021 and 2020 were as follows:

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

December 31	
2021	2020
<u>\$ 695</u>	<u>\$ 707</u>

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

<u>December 31</u>	
<u>2021</u>	<u>2020</u>
<u>\$ 12,582,510</u>	<u>\$ 10,154,802</u>

c. The Group provided endorsements for others in Table 3.

d. The Group issues gift certificates and gift cards. For the handling of advance receipts from customers for sold gift certificates and gift cards, the Group 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 Group 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 Group 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, 2021, the Group’s assets in the trust account amounted to \$47,866 thousand (included in other receivables and other non-current assets).

### 32. OTHER ITEMS

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

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

The Group’s consolidated entities’ 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, 2021

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 57,029	27.68	\$ 1,578,563
RMB	3,738	4.34	16,229
Non-monetary items			
Financial assets at FVTPL			
HKD	14,248	3.55	50,566
<u>Financial liabilities</u>			
Monetary item			
USD	8,980	27.68	248,566
RMB	478	4.34	2,075



December 31, 2020

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 51,809	28.48	\$ 1,475,520
RMB	108,676	4.36	474,349
Non-monetary items			
Financial assets at FVTOCI			
RMB	52,683	4.36	229,950
<u>Financial liabilities</u>			
Monetary item			
USD	10,749	28.48	306,132
RMB	4,716	4.36	20,584

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange gains were \$16,757 thousand and \$49,495 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group entities.

#### **34. SEGMENT INFORMATION**

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on financial information. The Group's reportable segments were as follows:

Financial business integration provides financial technologies and develops smart finance, centered on FinTech, to assist financial customers (mainly engaged in large-scale financial customers) in digital transformation, including transformation services in mobile applications, integration services for investor and wealth management upgrade services.

Customer market integration mainly focus on new retail, provides full-channel and full payment services, and assists customers, especially digital e-commerce customer, in operating O2O business to realize digital transformation.

Digital ecosystem integration provides comprehensive Data Technology product portfolio and solution to drive business intelligence growth of customers, acts as the Data Enabler for customers and actively introduces domestic and foreign leading digital technology to provide solution to customer in digital transformation.

The business software integration service mainly provides sales of various domestic and foreign original software and hardware, learning cloud-related technologies and applications, and provides a variety of IT integration services and comprehensive IT ecosystem information services.

China Group, in the way of alliance with local suppliers, expands self-employed business, develops independent products, provides system integration and value-added services, and provides commercial software and cloud platform tools in China.

Investment department engages in investment activities.

The chief operating decision-maker of the Group divided the domestic information service business into four operating segments according to industry level and customer's service requirements and has taken China Group as a reportable segment due to regional specialties. In addition, the financial investment business is considered as an investment department that should be reported separately. Financial business integration included domestic departments which provide a cross-border financial transaction cloud, APP and customized development, community services for investors, and ITDM services of securities or futures trading in Greater China. Customer market integration included domestic departments which provide mobile payments, O2O integration services, data processing services, precision marketing solution, government official website, service platform, and e-commerce platform. Digital ecosystem integration included domestic departments which provide big data platform and value-added innovation, commercial software, cloud value-added services, Cyber-security, IT development training courses, and book publishing into a reportable department. The commercial software service integration mainly categorizes the domestic departments which provide commercial software, technology value-added services of Microsoft product, cloud construction and application, and Mobile APP development into a reportable department.

a. Consolidated revenues and results

	Financial Business Integration	Consumer Market Integration	Digital Ecosystem Integration	Commercial Software Service Integration	China Group	Investment Department	Adjustment and Elimination	Total
<u>2021</u>								
Sales to customers	\$ 4,489,298	\$ 4,199,135	\$ 6,540,825	\$ 8,649,732	\$ 5,647,967	\$ -	\$ -	\$ 29,526,957
Sales to other segments	<u>637,713</u>	<u>111,409</u>	<u>483,536</u>	<u>1,323,778</u>	<u>647,031</u>	<u>-</u>	<u>(3,203,467)</u>	<u>-</u>
Total sales	<u>\$ 5,127,011</u>	<u>\$ 4,310,544</u>	<u>\$ 7,024,361</u>	<u>\$ 9,973,510</u>	<u>\$ 6,294,998</u>	<u>\$ -</u>	<u>\$ (3,203,467)</u>	<u>\$ 29,526,957</u>
Segment (loss) income	<u>\$ 464,888</u>	<u>\$ 346,801</u>	<u>\$ 129,012</u>	<u>\$ 619,780</u>	<u>\$ 71,630</u>	<u>\$ 248,598</u>	<u>\$ -</u>	\$ 1,880,709
Corporate general expenses								<u>(429,094)</u>
Income before income tax								<u>\$ 1,451,615</u>
Segment depreciation and amortization expenses	<u>\$ 57,733</u>	<u>\$ 35,081</u>	<u>\$ 78,589</u>	<u>\$ 9,441</u>	<u>\$ 47,662</u>	<u>\$ -</u>		\$ 218,506
Non-segment depreciation and amortization expenses								<u>128,325</u>
Total depreciation and amortization expenses								<u>\$ 346,830</u>
Segment assets	<u>\$ 3,881,048</u>	<u>\$ 2,787,217</u>	<u>\$ 1,891,707</u>	<u>\$ 4,287,692</u>	<u>\$ 2,825,722</u>	<u>\$ 9,723,156</u>		\$ 25,396,592
General assets								<u>1,163,598</u>
Total assets								<u>\$ 26,560,190</u>
<u>2020</u>								
Sales to customers	\$ 3,791,197	\$ 3,984,488	\$ 4,831,505	\$ 6,389,288	\$ 4,738,612	\$ -	\$ -	\$ 23,735,090
Sales to other segments	<u>552,611</u>	<u>163,082</u>	<u>208,640</u>	<u>571,196</u>	<u>567,004</u>	<u>-</u>	<u>(2,062,533)</u>	<u>-</u>
Total sales	<u>\$ 4,343,808</u>	<u>\$ 4,147,570</u>	<u>\$ 5,040,145</u>	<u>\$ 6,960,484</u>	<u>\$ 5,305,616</u>	<u>\$ -</u>	<u>\$ (2,062,533)</u>	<u>\$ 23,735,090</u>
Segment (loss) income	<u>\$ 360,291</u>	<u>\$ 367,971</u>	<u>\$ 118,812</u>	<u>\$ 570,779</u>	<u>\$ 30,553</u>	<u>\$ 816,501</u>	<u>\$ -</u>	\$ 2,264,907
Corporate general expenses								<u>(413,728)</u>
Income before income tax								<u>\$ 1,851,179</u>
Segment depreciation and amortization expenses	<u>\$ 57,285</u>	<u>\$ 35,495</u>	<u>\$ 79,053</u>	<u>\$ 3,490</u>	<u>\$ 41,087</u>	<u>\$ -</u>		\$ 166,410
Non-segment depreciation and amortization expenses								<u>123,988</u>
Total depreciation and amortization expenses								<u>\$ 290,398</u>
Segment assets	<u>\$ 3,029,400</u>	<u>\$ 2,572,481</u>	<u>\$ 1,436,431</u>	<u>\$ 3,255,776</u>	<u>\$ 2,847,279</u>	<u>\$ 7,713,473</u>		\$ 20,854,839
General assets								<u>1,174,396</u>
Total assets								<u>\$ 22,029,235</u>

Segment (loss) income refers to the profits and losses incurred by each segment, excluding headquarter management cost, remuneration of directors, rental revenue, interest income, gain or loss on disposal of property, plant and equipment, foreign exchange gain, interest expense and income tax expense.

b. Geographical information

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets is detailed below.

	<b>Revenue from External Customers</b>	
	<b>2021</b>	<b>2020</b>
Domestic	\$ 23,912,039	\$ 19,040,428
Asia	<u>5,614,918</u>	<u>4,694,662</u>
	<u>\$ 29,526,957</u>	<u>\$ 23,735,090</u>

	<b>Non-current Assets</b>	
	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Domestic	\$ 6,600,983	\$ 5,705,899
Asia	356,861	546,304
Others	<u>329,324</u>	<u>150,564</u>
	<u>\$ 7,287,168</u>	<u>\$ 6,402,767</u>

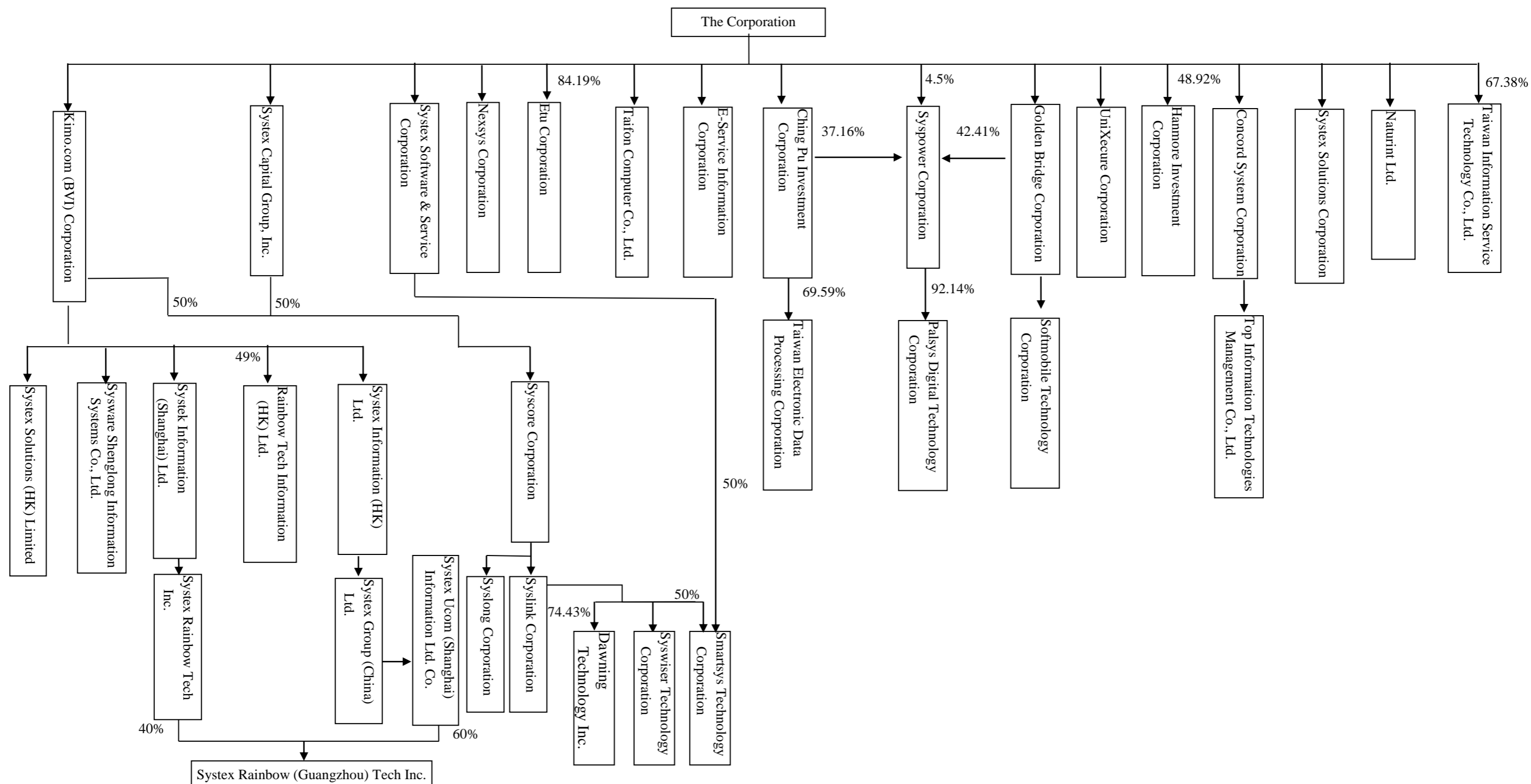
c. Major customers

No revenue from any individual customer exceeded 10% of the Group's total operating revenue for the years ended December 31, 2021 and 2020.

**TABLE 1**

**SYSTEX CORPORATION AND SUBSIDIARIES**

**THE RELATIONSHIP AND PERCENTAGE OF OWNERSHIP OF COMPANIES IN THE GROUP  
DECEMBER 31, 2021**



Note: Percentage of ownership is 100% unless noted on the chart.

**SYSTEX CORPORATION AND SUBSIDIARIES**

**FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed (Note 21)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 2)	Note
													Item	Value			
0	Systex Corporation	Systex Software & Service Corporation	Receivables from related parties	Y	\$ 800,000	\$ 800,000	\$ 80,000	1.25	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 5,401,336	\$ 5,401,336	(Note 3)
		Systex Solutions Corporation	Receivables from related parties	Y	300,000	300,000	80,000	1.25	Short-term financing	-	Operating capital	-	-	-	5,401,336	5,401,336	(Note 4)
		Concord System Management Corporation	Receivables from related parties	Y	200,000	200,000	140,000	1.25	Short-term financing	-	Operating capital	-	-	-	5,401,336	5,401,336	(Note 5)
1	Systex Group (China) Ltd.	Systek Information (Shanghai) Ltd.	Receivables from related parties	Y	131,619	130,245	4,342	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,700,668	5,401,336	(Note 6)
		Systex Rainbow Tech Inc.	Receivables from related parties	Y	219,365	217,075	47,757	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,700,668	5,401,336	(Note 7)
		Sysware Shenglong Information Systems Co., Ltd.	Receivables from related parties	Y	21,937	21,708	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,700,668	5,401,336	(Note 8)
		Systex Ucom (Shanghai) Information Ltd. Co.	Receivables from related parties	Y	219,365	217,075	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,700,668	5,401,336	(Note 9)
2	Systek Information (Shanghai) Ltd.	Systex Group (China) Ltd.	Receivables from related parties	Y	263,238	260,490	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,700,668	5,401,336	(Note 10)
		Systex Rainbow Tech Inc.	Receivables from related parties	Y	43,701	43,415	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,700,668	5,401,336	(Note 11)
		Sysware Shenglong Information Systems Co., Ltd.	Receivables from related parties	Y	43,701	43,415	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,700,668	5,401,336	(Note 12)
3	Systex Rainbow Tech Inc.	Systex Group (China) Ltd.	Receivables from related parties	Y	87,746	86,830	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,700,668	5,401,336	(Note 13)
		Systek Information (Shanghai) Ltd.	Receivables from related parties	Y	43,701	43,415	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,700,668	5,401,336	(Note 14)
4	Sysware Shenglong Information Systems Co., Ltd.	Systex Group (China) Ltd.	Receivables from related parties	Y	43,873	43,415	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,700,668	5,401,336	(Note 15)
		Systek Information (Shanghai) Ltd.	Receivables from related parties	Y	43,701	43,415	43,415	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,700,668	5,401,336	(Note 16)
5	Syscore Corporation	Systex Software & Service Corporation	Receivables from related parties	Y	500,000	-	-	1.5	Short-term financing	-	Operating capital	-	-	-	977,147	977,147	(Note 17)
6	Systex Solutions (HK) Limited	Systex Group (China) Ltd.	Receivables from related parties	Y	228,280	-	-	1	Short-term financing	-	Operating capital	-	-	-	2,700,668	5,401,336	(Note 18)
7	Syspower Corporation	Palsys Digital Technology Corporation	Receivables from related parties	Y	160,000	160,000	160,000	1.75	Short-term financing	-	Operating capital	-	-	-	180,239	180,239	(Note 19)
8	Concord System Management Corporation	Palsys Digital Technology Corporation	Receivables from related parties	Y	50,000	50,000	50,000	1.75	Business Relations	63,548	Operating capital	-	-	-	176,095	176,095	(Note 20)

Note 1: Financing Limit for the Corporation, Syscore Corporation, Syspower Corporation, and Concord System Management Corporation shall not exceed 40% of their net equity, others shall not exceed 20% of their net equity. If it is for short-term financing between foreign companies in which the Corporation holds a 100% interest, the financing limit is not subject to the prior limitation but shall not exceed 20% of the Corporation's net equity.

Note 2: Total loans shall not exceed 40% of the lender's net equity. If it is for short-term financing between foreign companies in which the Corporation holds a 100% interest, the total loans is not subject to the prior limitation but shall not exceed 20% of the Corporation's net equity.

Note 3: The highest balance for the period is NT\$800,000 thousand. The ending balance is NT\$800,000 thousand, including NT\$720,000 thousand which has not been withdrawn.

Note 4: The highest balance for the period is NT\$300,000 thousand. The ending balance is NT\$300,000 thousand, including NT\$220,000 thousand which has not been withdrawn.

Note 5: The highest balance for the period is NT\$200,000 thousand. The ending balance is NT\$200,000 thousand, including NT\$60,000 thousand which has not been withdrawn.

(Continued)

- Note 6: The highest balance for the period is NT\$131,619 thousand (RMB30,000 thousand). The ending balance is NT\$130,245 thousand (RMB30,000 thousand), including NT\$125,903 thousand (RMB29,000 thousand) which has not been withdrawn.
- Note 7: The highest balance for the period is NT\$219,365 thousand (RMB50,000 thousand). The ending balance is NT\$217,075 thousand (RMB50,000 thousand), including NT\$169,318 thousand (RMB39,000 thousand) which has not been withdrawn.
- Note 8: The highest balance for the period is NT\$21,937 thousand (RMB5,000 thousand). The ending balance is NT\$21,708 thousand (RMB5,000 thousand) which has not been withdrawn.
- Note 9: The highest balance for the period is NT\$219,365 thousand (RMB50,000 thousand). The ending balance is NT\$217,075 thousand (RMB50,000 thousand) which has not been withdrawn.
- Note 10: The highest balance for the period is NT\$263,238 thousand (RMB60,000 thousand). The ending balance is NT\$260,490 thousand (RMB60,000 thousand) which has not been withdrawn.
- Note 11: The highest balance for the period is NT\$43,701 thousand (RMB10,000 thousand). The ending balance is NT\$43,415 thousand (RMB10,000 thousand) which has not been withdrawn.
- Note 12: The highest balance for the period is NT\$43,701 thousand (RMB10,000 thousand). The ending balance is NT\$43,415 thousand (RMB10,000 thousand) which has not been withdrawn.
- Note 13: The highest balance for the period is NT\$87,746 thousand (RMB20,000 thousand). The ending balance is NT\$86,830 thousand (RMB20,000 thousand) which has not been withdrawn.
- Note 14: The highest balance for the period is NT\$43,701 thousand (RMB10,000 thousand). The ending balance is NT\$43,415 thousand (RMB10,000 thousand) which has not been withdrawn.
- Note 15: The highest balance for the period is NT\$43,873 thousand (RMB10,000 thousand). The ending balance is NT\$43,415 thousand (RMB10,000 thousand) which has not been withdrawn.
- Note 16: The highest balance for the period is NT\$43,701 thousand (RMB10,000 thousand). The ending balance is NT\$43,415 thousand (RMB10,000 thousand) which has been withdrawn.
- Note 17: The highest balance for the period is NT\$500,000 thousand.
- Note 18: The highest balance for the period is NT\$228,280 thousand (US\$8,000 thousand).
- Note 19: The highest balance for the period is NT\$160,000 thousand. The ending balance is NT\$160,000 thousand which has been withdrawn.
- Note 20: The highest balance for the period is NT\$50,000 thousand. The ending balance is NT\$50,000 thousand which has been withdrawn.
- Note 21: The ending balance of actual amount borrowed has been eliminated in the consolidated financial statements.

(Concluded)

**SYSTEX CORPORATION AND SUBSIDIARIES**

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

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 (HK) Ltd.	Direct/indirect subsidiary	\$ 3,375,835	\$ 346,000	\$ 346,000	\$ 66,598	\$ -	2.56	\$ 6,751,670	Y	N	N	(Notes a and b)	
		Rainbow Tech. Information (HK) Ltd.	Direct/indirect subsidiary	3,375,835	128,408	-	-	-	-	6,751,670	Y	N	N	(Notes a and b)	
		Systex Group (China) Ltd.	Direct/indirect subsidiary	3,375,835	1,685,287	1,655,285	594,109	-	-	12.26	6,751,670	Y	N	Y	(Notes a and b)
		Systek Information (Shanghai) Ltd.	Direct/indirect subsidiary	3,375,835	14,268	13,840	-	-	-	0.10	6,751,670	Y	N	Y	(Notes a and b)
		Systex Rainbow Tech Inc.	Direct/indirect subsidiary	3,375,835	42,803	41,520	-	-	-	0.31	6,751,670	Y	N	Y	(Notes a and b)
		Systex Ucom (Shanghai) Information Ltd. Co.	Direct/indirect subsidiary	3,375,835	131,619	130,245	53,971	-	-	0.96	6,751,670	Y	N	Y	(Notes a and b)
		Systex Software & Service Corporation	Direct/indirect subsidiary	3,375,835	1,000,000	1,000,000	414,735	-	-	7.41	6,751,670	Y	N	N	(Notes a and b)
1	Systek Information (Shanghai) Ltd.	Systex Group (China) Ltd.	Affiliate	848,455	219,365	217,075	143,400	217,075	51.17	848,455	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 AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note	
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value		
Holding company - System Corporation	<u>Ordinary shares</u>								
	GCH Systems		Financial assets at FVTPL - non-current	56,226	\$ -	0.74	\$ -		
	Taiwan Futures Exchange Corporation		"	13,788,302	1,151,753	3.28	1,151,753		
	Saho Corporation		"	795,895	-	1.79	-		
	Far Eastern Electronic Toll Collection Co., Ltd.		"	25,263,076	211,491	8.42	211,491		
	Sysjust Co., Ltd.		"	1,108,592	20,922	4.22	20,922		
	3Probe Technologies Co., Ltd.		"	300,000	2,521	6.42	2,521		
	Da Ho Marketing Co., Ltd.		"	1,260,000	10,853	14.63	10,853		
	Princo Co., Ltd.		"	808,415	-	0.20	-		
	Wegoluck Co., Ltd.		"	471,700	-	3.27	-		
	Yankey Inc.		"	150,000	-	3.57	-		
	Germini Data Inc.		"	3,404,000	-	2.14	-		
	Prudence Capital Management Co., Ltd.			Financial assets at FVTOCI - non-current	52,184	949	0.50	949	
	Alpha Core Philosophy Co., Ltd.			"	55,556	15,000	1.80	15,000	
	iSpan International Inc.			"	600,000	9,600	6.12	9,600	
	<u>Preference shares</u>								
	Gemini Data, Inc.			Financial assets at FVTOCI - non-current	7,720,167	-	4.86	-	
	<u>Mutual funds</u>								
	Taishin Ta Chong Money Market Fund			Financial assets at FVTPL - current	13,387,966	192,123	-	192,123	
	Capital Money Market Fund			"	9,210,164	150,099	-	150,099	
	Fubon Chi-Hsiang Money Market Fund			"	6,954,402	110,080	-	110,080	
	CTBC Hua Win Money Market Fund			"	7,195,117	80,061	-	80,061	
	GIM Prudential Financial Money Market Fund			"	5,004,441	80,029	-	80,029	
	Fuh Hwa Money Market Fund			"	13,185,153	192,040	-	192,040	
	Yuanta De-Li Money Market Fund			"	14,578,709	240,117	-	240,117	
	FSITC Money Market Fund			"	527,166	95,004	-	95,004	
	UPAMC James Bond Money Market Fund			"	8,896,596	150,106	-	150,106	
Jih Sun Money Market Fund			"	5,343,038	80,077	-	80,077		
KGI EM Trend ETF Fund of Funds			"	300,000	2,514	-	2,514		

(Continued)



Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Subordinate company - Ching Pu Investment Corporation	<u>Ordinary shares</u> Systex Corporation Castles Technology Co., Ltd. Enova Technology Corp. Princo Co., Ltd. WI Harper Global Funding Investment Co., Ltd. Sysjust Co., Ltd. ECM Co., Ltd. Jasper Display Corp. Axtronics Inc. Universal EC Inc. Taiwan Electronic Packaging Co., Ltd.  <u>Mutual funds</u> Fuh Hwa Legend Fund VI PGIM Prudential Financial Money Market Fund Yuanta Taiwan High-Yield Leading Company Fund (A) Pinebridge Taiwan Money Market Fund	The Parent Company	Financial assets at FVTOCI - non-current	10,981,476	\$ 931,229	4.08	\$ 931,229	(Note 2)
			Financial assets at FVTPL - current	2,532,887	97,516	2.83	97,516	
			Financial assets at FVTPL - non-current	1,177,629	-	6.57	-	
			"	8,558,064	-	2.08	-	
			"	126,666	-	2.22	-	
			"	1,276,448	24,090	4.85	24,090	
			"	1,700,000	-	9.19	-	
			"	28,964	-	0.04	-	
			"	64,063	-	0.37	-	
			"	111,829	-	0.22	-	
			"	326,000	-	0.54	-	
			Financial assets at FVTPL - current	3,000,000	94,238	-	94,238	
			"	2,675,858	42,791	-	42,791	
			"	300,000	4,752	-	4,752	
"	581,717	8,016	-	8,016				
Subordinate company - Taiwan Information Service	<u>Ordinary shares</u> Changzhou Xinguotai Information Equipment Co., Ltd. Taione International Ltd. Drpacific-Greater China, Inc.		Financial assets at FVTPL - non-current	80,000	-	13.11	-	
			"	630,000	-	4.50	-	
			"	-	-	5.06	-	
Subordinate company - Golden Bridge Corporation	<u>Mutual funds</u> FSITC Money Market Fund		Financial assets at FVTPL - current	168,522	30,370	-	30,370	
Subordinate company - Taifon Computer Co., Ltd.	<u>Mutual funds</u> FSITC Money Market Fund Taishin Ta-Chong Money Market Fund Hua Nan Phoenix Money Market Fund		Financial assets at FVTPL - current	321,915	58,015	-	58,015	
			"	6,979,504	100,159	-	100,159	
			"	2,578,672	42,340	-	42,340	
Subordinate company - Softmobile Technology Corporation	<u>Mutual funds</u> Capital Money Market Fund		Financial assets at FVTPL - current	2,469,497	40,246	-	40,246	
Subordinate company - Nexsys Corporation	<u>Mutual funds</u> Yuanta Wan Tai Money Market Fund Jih Sun Money Market Fund Yuanta De-Bao Money Market Fund Yuanta De-Li Money Market Fund		Financial assets at FVTPL - current	1,835,204	28,040	-	28,040	
			"	1,675,040	25,104	-	25,104	
			"	1,484,818	18,011	-	18,011	
			"	1,518,306	25,007	-	25,007	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note	
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value		
Subordinate company - Hanmore System Management Corporation	<u>Ordinary shares</u> System Corporation Monterey International Corp Enova Technology Corp. NITS Technology Inc.	The Parent Company	Financial assets at FVTOCI - non-current	21,316,678	\$ 1,807,654	7.91	\$ 1,807,654	(Note 2)	
			Financial assets at FVTPL - non-current	1,595,162	11,304	4.68	11,304		
			"	1,840,046	-	10.26	-		
			"	3,910,646	-	5.83	-		
	<u>Mutual funds</u> PineBridge Taiwan Market Fund PineBridge Global ESG Quantitative Bond Fund A.		Financial assets at FVTPL - current	1,163,323	16,030	-	16,030		
			"	968,720	9,875	-	9,875		
	Subordinate company - System Capital Group, Inc.		<u>Ordinary shares</u> Com2B Corp. Techgains International Corp. Tradetrek.com Inc. Sipix Technology Limited Falcon Stor Software Inc. MagiCapital Fund II, L.P.	Financial assets at FVTPL - non-current	1,000,000	-	2.22		-
				"	1,500,000	-	4.41		-
				"	1,109,468	-	3.30		-
				"	279,919	-	0.24		-
Financial assets at FVTPL - current		4,000		202	0.07	202			
Financial assets at FVTOCI - non-current		-		222,676	2.91	222,676			
<u>Preference shares</u> Techgains Pan-Pacific Corporation CipherMax Tonbu Inc. Gemini Data, Inc.		Financial assets at FVTPL - non-current	3,000,000	-	4.96	-			
		"	73,703	-	0.74	-			
		"	333,333	-	1.38	-			
		Financial assets at FVTOCI - non-current	25,611,876	41,520	16.11	41,520			
<u>Other</u> Current Ventures II Limited		Financial assets at FVTOCI - non-current	2,500,000	-	4.20	-			
<u>Mutual funds</u> Goldman Sachs Proprietary Access Fund Offshore, Ltd. Class A Series I GS Japan Equity Partners Portfolio Class P (ACC) (USD-HEDGED) GS US Core SM Equity Portfolio P(ACC) (SNAP) Shares GS GMS Global Equity Portfolio Mutual Fund Wellington Strategic European Equity Portfolio D USD Acc (Hedged) BlueBay Global High Yield Bond Fund B USD Unit Nomura Funds Ireland PLC A/US High Yield Bond		Financial assets at FVTPL - current	-	133	-	133			
		"	43,049	28,670	-	28,670			
		"	37,202	35,351	-	35,351			
		"	44,408	30,386	-	30,386			
	"	40,089	27,568	-	27,568				
	"	3,983	20,701	-	20,701				
	"	13,450	75,297	-	75,297				

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	PIMCO Global High Yield Bond		Financial assets at FVTPL - current	145,719	\$ 112,172	-	\$ 112,172	
	PIMCO Income Fund-H Class (IE00BFMWL31)		"	86,301	28,594	-	28,594	
	PIMCO Global Bond Fund-H Class (IE0032313805)		"	28,347	27,164	-	27,164	
	RBC Funds(LUX) Global Equity Focus Fund A USD ACC		"	4,416	29,780	-	29,780	
	JSS USD HIGH YIELD FUND		"	9,589	36,967	-	36,967	
	BLACKROCK BGF CHINA A-SHARE OPPORTUNITIES CLASS A SHARES		"	32,816	14,016	-	14,016	
	GS Emerging Markets Broad Equity Portfolio (ACC) Shares		"	22,011	13,630	-	13,630	
	GS Multi-manager US Equity Mutual Fund		"	35,522	35,073	-	35,073	
	Goldman Sachs High Yield Floating Rate Portfolio Fund		"	15,004	56,823	-	56,823	
	BLACKROCK BGF CONTINENTAL EUROPEAN FLEXIBLE FUND		"	40,298	27,440	-	27,440	
	GS Multi-manager US Small Cap Equity Fund		"	52,469	22,904	-	22,904	
	GS Asia Equity Portfolio Fund		"	21,027	13,724	-	13,724	
	Vulcan Value Equity Fund USD Accumulating Class		"	3,002	20,683	-	20,683	
	Lord Abbett High Yield Fund		"	49,711	21,383	-	21,383	
Subordinate company - Naturint Corporation	<u>Mutual funds</u> Union Money Market Fund		Financial assets at FVTPL - current	1,147,614	15,305	-	15,305	
Subordinate company - Syscore Corporation	<u>Ordinary shares</u> Far Eastern Electronic Toll Collection Co., Ltd. Jetwell Computer Co., Ltd.		Financial assets at FVTPL - non-current	7,716,831	64,602	2.57	64,602	
			Financial assets at FVTPL - current	72,000	3,636	0.18	3,636	
	<u>Preference shares</u> Taiwania Capital Buffalo Fund Preference Shares - Class A		Financial assets at FVTPL - non-current	92,600,000	96,020	2.15	96,020	
	<u>Limited partnership</u> Digital-Economy limited partnership		Financial assets at FVTPL - non-current	-	46,490	6.29	46,490	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	<u>Mutual funds</u>							
	Allianz Global Investors Taiwan Money Market Fund		Financial assets at FVTPL - current	2,226,407	\$ 28,181	-	\$ 28,181	
	Schroder 2022 Emerging Market Sovereignty Bond TWD A Fund		"	300,000	2,908	-	2,908	
	Pinebridge Taiwan Money Market Securities Investment Trust Fund		"	2,552,563	35,174	-	35,174	
	FSITC Global Artificial Intelligence Fund		"	100,000	1,850	-	1,850	
	Allianz Us Low Average Duration High Yield Fund		"	3,000,000	32,503	-	32,503	
	Yuanta Taiwan High-Yield Leading Company Fund A		"	1,000,000	15,840	-	15,840	
	Fuh Hwa Legend Fund VI		"	19,702,970	618,922	-	618,922	
	Fuh Hwa Money Market Fund		"	4,066,376	59,226	-	59,226	
	<u>Corporate bond</u>							
	Nan Shan Life Insurance Company, Ltd. 1st Perpetual Unsecured Subordinate Corporate Bond Issue in 2016		Financial assets at amortized cost - non-current	-	504,887	-	504,887	(Note 3)
Subordinate company - Syslink Corporation	<u>Mutual funds</u>							
	Yuanta Wan Tai Money Market Fund		Financial assets at FVTPL - current	4,621,625	70,614	-	70,614	
	Yuanta Taiwan High-yield Leading Company Fund (A)		"	200,000	3,168	-	3,168	
	<u>Ordinary shares</u>							
	Onward Security Corporation		Financial assets at FVTPL - non-current	6,630,000	5,095	11.02	5,095	
	Caloudi Corporation		Financial assets at FVTOCI - non-current	600,000	1,841	10.71	1,841	
Subordinate company - Syswiser Technology Corporation	<u>Mutual funds</u>							
	UPAMC James Bond Money Market Fund		Financial assets at FVTPL - current	1,661,376	28,031	-	28,031	
Subordinate company - Smartsys Technology Corporation	<u>Mutual funds</u>							
	UPAMC James Bond Money Market Fund		Financial assets at FVTPL - current	100,612	1,698	-	1,698	
Subordinate company - Top Information Co., Ltd.	<u>Mutual funds</u>							
	Mega Diamond Money Market Fund		Financial assets at FVTPL - current	6,715,069	85,131	-	85,131	
	Taishin 1699 Money Market Fund		"	3,664,883	50,130	-	50,130	
Subordinate company - Kimo.com (BVI) Corporation	<u>Ordinary shares</u>							
	ISHARES A50 (2823.HK)		Financial assets at FVTPL - current	392,000	25,487	-	25,487	
	CSOP A50 (2822.HK)		"	397,000	25,079	-	25,079	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	<u>Mutual funds</u>							
	ALLIANZ INCOME AND GROWTH-CLASS AT ACC(USD)		Financial assets at FVTPL - current	41,771	\$ 29,380	-	\$ 29,380	
	ALLIANZ GLOBAL ARTIFICIAL INTELLIGENCE-CLASS AT ACC(USD)		"	15,768	13,648	-	13,648	
	ALLIANZ TOTAL RETURN ASIAN EQUITY-CLASS A DIS(USD)		"	10,167	11,805	-	11,805	
	ALLIANZ CHINA A SHARES SHS-AT(USD)		"	75,810	39,975	-	39,975	
	<u>Other</u>							
	New Economy Ventures L.P		Financial assets at FVTPL - non-current	-	55,162	15.86	55,162	
	<u>Preference shares</u>							
	XREX Inc.		Financial assets at FVTOCI - non-current	254,148	9,965	0.96	9,965	
Subordinate company - System Software & Service Corporation	<u>Mutual funds</u>							
	Taishin Ta Chong Money Market Fund		Financial assets at FVTPL - current	4,878,151	70,003	-	70,003	
	Mega Diamond Money Market Fund		"	8,678,791	110,026	-	110,026	
	Sinopac TWD Money Market Fund		"	7,120,833	100,028	-	100,028	
	Taishin 1699 Money Market Fund		"	5,118,456	70,013	-	70,013	
Subordinate company - Syslong Corporation	Fubon Chi-Hsiang Money Market Fund		Financial assets at FVTPL - current	15,480,952	245,045	-	245,045	
Subordinate company - Concord System Management Corporation	UPAMC James Bond Money Market Fund		Financial assets at FVTPL - current	1,778,189	30,002	-	30,002	
Subordinate company - System Solutions Corporation	Union Money Market Fund		Financial assets at FVTPL - current	3,749,166	50,000	-	50,000	

Note 1: The securities mentioned in this table above are those classified as financial instruments under IFRS 9, including shares, bonds, mutual funds, and all other securities derived from those items.

Note 2: In preparing the consolidated financial statements, the transaction has been eliminated.

Note 3: The carrying amount includes the unamortized bond premium of \$4,887 thousand generated from acquiring the bonds from the Corporation and Ching Pu Investment Corporation. In preparing the consolidated financial statements, the amount has been eliminated.

Note 4: Refer to Tables 9 and 10 for information on investment in subsidiaries and associates.

(Concluded)

**SYSTEX CORPORATION AND SUBSIDIARIES**

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount (Note 1)	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain on Disposal	Number of Shares	Amount (Note 1)
Controlling Company - Systex Corporation	<u>Mutual funds</u> Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	5,694,905	\$ 90,000	44,011,026	\$ 696,000	42,751,529	\$ 676,064	\$ 675,972	\$ 92	6,954,402	\$ 110,028
	Taishin Ta-Chong Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	4,888,234	70,000	46,796,907	671,000	38,297,175	549,046	548,932	114	13,387,966	192,068
	Capital Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	41,633,642	678,000	32,423,478	528,039	527,951	88	9,210,164	150,049
	UPAMC James Bond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	28,343,534	478,000	19,446,938	328,030	327,947	83	8,896,596	150,053
	Fuh Hwa Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	26,439,789	385,000	13,254,636	193,017	192,990	27	13,185,153	192,010
	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	4,258,193	70,000	23,688,113	390,000	13,367,597	220,008	219,966	42	14,578,709	240,034
	<u>Shares</u> Genesis Technology, Inc.	Investments accounted for using equity method	-	-	4,387,499	156,160	15,684,999 (Note 2)	642,012	-	-	-	-	-	20,072,498
Subordinate Company - Systex Software & Service Corporation	<u>Mutual funds</u> Taishin Ta-Chong Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	27,201,735	390,000	22,323,584	320,026	320,000	26	4,878,151	70,000
	Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	1,581,328	20,000	25,255,826	320,000	18,158,363	230,034	230,003	31	8,678,791	109,997
	SinoPac TWD Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	26,358,786	370,000	19,237,953	270,047	270,000	47	7,120,833	100,000
Subordinate Company - Syslink Corporation	<u>Mutual funds</u> Yuanta Wan Tai Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	21,007,926	320,371	6,554,368	100,000	22,940,669	350,009	349,869	140	4,621,625	70,502

Note 1: Financial assets at fair value through profit or loss and investments accounted for using equity method are measured at acquisition costs.

Note 2: Stock dividends of 5,734,999 shares were included.

**SYSTEX CORPORATION AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

Buyer/Seller	Related Party	Relationship (Note 1)	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)	
			Purchase/ Sale	Amount (Note 2)	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note 2)	% of Total
Holding company - Systex Corporation	Systex Software & Service Corporation (SSSC)	b.	Purchase	\$ 1,252,017	29	78 days after transaction month	\$ -	-	\$ (222,466)	13
	Palsys Digital Technology Corporation (Palsys)	b.	Purchase	128,801	3	78 days after transaction month	-	-	(879)	-
Subordinate company - Systex Software & Service Corporation (SSSC)	Systex Corporation	a.	Sale	(1,252,017)	15	78 days after transaction month	-	-	222,466	19
	Dawning Technology Inc. (Dawning)	c.	Purchase	129,166	2	78 days after transaction month	-	-	(20,346)	2
Subordinate company - Dawning Technology Inc. (Dawning)	Systex Software & Service Corporation (SSSC)	c.	Sale	(129,166)	5	78 days after transaction month	-	-	20,346	3
Subordinate company - Palsys Digital Technology Corporation (Palsys)	Systex Corporation	a.	Sale	(128,801)	49	78 days after transaction month	-	-	879	1
Subordinate company - Systex Group (China) Ltd. (Systex China)	Systex Ucom (Shanghai) Information Ltd. Co. (Systex Ucom)	c.	Purchase	306,815	14	120 days after transaction month	-	-	(35,175)	9
Subordinate company - Systex Ucom (Shanghai) Information Ltd. Co. (Systex Ucom)	Systex Group (China) Ltd. (Systex China)	c.	Sale	(306,815)	85	120 days after transaction month	-	-	35,175	52
Subordinate company - Rainbow Tech Information (HK) Ltd. (RTIHK)	Systex Information (HK) Ltd. (Systex HK)	c.	Purchase	179,111	73	30 days after transaction month	-	-	(24,077)	76
Subordinate company - Systex Information (HK) Ltd. (Systex HK)	Rainbow Tech Information (HK) Ltd. (RTIHK)	c.	Sale	(179,111)	17	30 days after transaction month	-	-	24,077	9

Note 1: a. Parent company.  
b. Subsidiary.  
c. Associate.

Note 2: In preparing the consolidated financial statements, the transaction has been eliminated.

**SYSTEX CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

**DECEMBER 31, 2021**

**(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
<u>Subordinate Company</u>								
System Software & Service Corporation (SSSC)	Systemex Corporation	Parent company (Note)	\$ 222,466	7.69	\$ -	-	\$ 6,462	\$ -
Syspower Corporation (Syspower)	Systemex Corporation	Parent company (Note)	127,200	1.86	-	-	5,288	-

Note: In preparing the consolidated financial statements, the transaction has been eliminated.



## SYSTEX CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2021  
 (In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 3)
				Financial Statement Account	Amount	Payment Terms	
0	System Corporation	System Software & Service Corporation	a	Sales	\$ 82,197	Net 78 days	-
		System Software & Service Corporation	a	Cost of goods sold	1,252,017	Net 78 days	4
		System Software & Service Corporation	a	Receivables from related parties	41,343	Net 78 days	-
		System Software & Service Corporation	a	Receivables from related parties (including interest receivables)	80,041	Short-term financing, with a term of one year	-
		System Software & Service Corporation	a	Payables to related parties	222,466	Net 78 days	1
		System Software & Service Corporation	a	Interest revenue	41	Short-term financing, with a term of one year	-
		System Software & Service Corporation	a	Acquisition of property, plant and equipment and intangible assets	3,746	-	-
		Syspower Corporation	a	Sales	28,390	Net 78 days	-
		Syspower Corporation	a	Cost of goods sold	46,677	Net 78 days	-
		Syspower Corporation	a	Service cost	26,330	Net 78 days	1
		Syspower Corporation	a	Receivables from related parties	12,295	Net 78 days	-
		Syspower Corporation	a	Payables to related parties	127,200	Net 78 days	-
		Concord System Management Corporation	a	Sales	82,335	Net 78 days	-
		Concord System Management Corporation	a	Receivables from related parties	23,664	Net 78 days	-
		Concord System Management Corporation	a	Receivables from related parties (including interest receivables)	140,072	Short-term financing, with a term of one year	1
		Concord System Management Corporation	a	Interest revenue	72	Short-term financing, with a term of one year	-
		System Solutions Corporation	a	Sales	27,754	Net 78 days	-
		System Solutions Corporation	a	Interest revenue	41	Short-term financing, with a term of one year	-
		System Solutions Corporation	a	Receivables from related parties	14,796	Net 78 days	-
		System Solutions Corporation	a	Receivables from related parties (including interest receivables)	80,041	Short-term financing, with a term of one year	-
		Softmobile Technology Corporation	a	Service cost	26,358	Net 78 days	-
		Softmobile Technology Corporation	a	Payables to related parties	5,344	Net 78 days	-
		Nexsys Corporation	a	Service cost	19,018	Net 78 days	-
		Nexsys Corporation	a	Rent revenue	3,484	Net 78 days	-
		Nexsys Corporation	a	Receivables from related parties	4,104	Net 78 days	-
		Nexsys Corporation	a	Payables to related parties	6,715	Net 78 days	-
		Taifon Computer Co., Ltd.	a	Sales	6,962	Net 78 days	-
		Taifon Computer Co., Ltd.	a	Receivables from related parties	6,305	Net 78 days	-
		Top Information Technologies Co., Ltd.	a	Sales	9,325	Net 78 days	-
		Top Information Technologies Co., Ltd.	a	Receivables from related parties	3,664	Net 78 days	-
Dawning Technology Inc.	a	Cost of goods sold	77,293	Net 78 days	-		
Dawning Technology Inc.	a	Payables to related parties	21,427	Net 78 days	-		

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 3)
				Financial Statement Account	Amount	Payment Terms	
		Palsys Digital Technology Corporation Palsys Digital Technology Corporation	a a	Cost of goods sold Service cost	\$ 128,801 2,154	Net 78 days Net 78 days	- -
1	System Software & Service Corporation	Syspower Corporation Syspower Corporation System Solutions Corporation System Solutions Corporation Softmobile Technology Corporation Dawning Technology Inc. Dawning Technology Inc. Palsys Digital Technology Corporation System Group (China) Ltd. System Information (Shanghai) Ltd. System Information (Shanghai) Ltd.	b b b b b b b b b b b	Cost of goods sold Service cost Sales Cost of goods sold Service cost Cost of goods sold Payables to related parties Cost of goods sold Sales Sales Receivables from related parties	18,397 4,346 4,316 4,324 3,918 129,166 20,346 6,684 27,433 17,419 3,934	Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Net 90 days Net 90 days Net 90 days	- - - - - - - - - - -
2	Syspower Corporation	Concord System Management Corporation Concord System Management Corporation System Solutions Corporation Naturint Corporation Naturint Corporation Taifon Computer Co., Ltd. Palsys Digital Technology Corporation Palsys Digital Technology Corporation Palsys Digital Technology Corporation  Palsys Digital Technology Corporation System Information (HK) Ltd. System Information (HK) Ltd. Dawning Technology Inc. Dawning Technology Inc.	b b b b b b b b b b b b b b b	Sales Receivables from related parties Sales Operating expenses Payables to related parties Sales Service cost Payables to related parties Receivables from related parties (including interest receivables) Interest revenue Cost of goods sold Service cost Cost of goods sold Payables to related parties	144,407 3,414 19,216 11,000 2,835 7,650 87,473 2,064 161,032 1,032 2,603 6,955 8,050 2,049	Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Short-term financing, with a term of one year Short-term financing, with a term of one year Net 30 days Net 30 days Net 30 days Net 30 days	- - - - - - - - 1 - - - - -
3	Concord System Management Corporation	Palsys Digital Technology Corporation Palsys Digital Technology Corporation  Palsys Digital Technology Corporation	b b b	Cost of goods sold Receivables from related parties (including interest receivables) Interest revenue	8,064 50,007 7	Net 30 days Short-term financing, with a term of four months Short-term financing, with a term of four months	- - -
4	System Solutions Corporation	Taifon Computer Co., Ltd. Dawning Technology Inc. Dawning Technology Inc. Palsys Digital Technology Corporation	b b b b	Service cost Cost of goods sold Payables to related parties Cost of goods sold	2,462 22,112 3,146 6,781	Net 120 days Net 78 days Net 78 days Net 78 days	- - - -
5	Softmobile Technology Corporation	Top Information Technologies Co., Ltd.	b	Sales	2,190	Net 78 days	-
6	Taifon Computer Co., Ltd.	Dawning Technology Inc. Dawning Technology Inc.	b b	Cost of goods sold Payables to related parties	19,513 4,504	Net 78 days Net 78 days	- -

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 3)
				Financial Statement Account	Amount	Payment Terms	
7	Palsys Digital Technology Corporation	Top Information Technologies Co., Ltd.	b	Sales	\$ 3,175	Net 78 days	-
8	Systex Group (China) Ltd.	System Rainbow Tech Inc.	b	Sales	4,737	Net 120 days	-
		System Rainbow Tech Inc.	b	Interest revenue	1,352	Short-term financing, with a term of one year	-
		System Rainbow Tech Inc.	b	Receivables from related parties (including interest receivables)	47,757	Short-term financing, with a term of one year	-
		System Rainbow Tech Inc.	b	Payables to related parties	2,079	Net 120 days	-
		System Information (Shanghai) Ltd.	b	Cost of goods sold	15,259	Net 120 days	-
		System Information (Shanghai) Ltd.	b	Service cost	4,858	Net 120 days	-
		System Information (Shanghai) Ltd.	b	Interest revenue	290	Short-term financing, with a term of one year	-
		System Information (Shanghai) Ltd.	b	Receivables from related parties (including interest receivables)	4,342	Short-term financing, with a term of one year	-
		System Ucom (Shanghai) Information Ltd. Co.	b	Sales	25,557	Net 120 days	-
		System Ucom (Shanghai) Information Ltd. Co.	b	Cost of goods sold	306,815	Net 120 days	1
		System Ucom (Shanghai) Information Ltd. Co.	b	Receivables from related parties	14,202	Net 120 days	-
		System Ucom (Shanghai) Information Ltd. Co.	b	Payables to related parties	35,175	Net 120 days	-
		System Solutions (HK) Limited	b	Interest expense	478	Short-term financing, with a term of one year	-
9	Systex Information (HK) Ltd.	Rainbow Tech Information (HK) Ltd.	b	Sales	241,323	Net 30 days	1
		Rainbow Tech Information (HK) Ltd.	b	Other revenue	12,133	Net 30 days	-
		Rainbow Tech Information (HK) Ltd.	b	Receivables from related parties	36,029	Net 30 days	-
10	Systex Rainbow Tech Inc.	System Information (Shanghai) Ltd.	b	Sales	2,606	Net 120 days	-
		System Information (Shanghai) Ltd.	b	Cost of goods sold	14,578	Net 120 days	-
		System Information (Shanghai) Ltd.	b	Receivables from related parties	3,598	Net 120 days	-
11	Sysware Shenglong Information Systems Co., Ltd.	System Information (Shanghai) Ltd.	b	Interest revenue	1,140	Short-term financing, with a term of one year	-
		System Information (Shanghai) Ltd.	b	Receivables from related parties (including interest receivables)	43,415	Short-term financing, with a term of one year	-
12	System Information (Shanghai) Ltd.	System Ucom (Shanghai) Information Ltd. Co.	b	Sales	4,495	Net 120 days	-

Note 1: The method of filling in the number:

- a. Parent is numbered 0.
- b. subsidiaries are sequentially numbered starting from 1.

Note 2: Categories of relationships:

- a. Parent to subsidiary.
- b. Between subsidiaries.

Note 3: Percentage of transaction amount to total consolidated operating revenue or assets is calculated as follows:

For balance sheet accounts: Transaction amount ÷ Total consolidated assets

For income statement accounts: Accumulated transaction amount in current period ÷ Total consolidated operating revenues.

(Concluded)

**SYSTEX CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTEEES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	Ratio (%)	Carrying Amount			
Systex Corporation	Systex Infopro Co., Ltd.	Thailand	Sale of computer and peripheral equipment	\$ 2,200	\$ 2,200	20,000	20.00	\$ -	\$ -	\$ -	-
	Hanmore Investment Corporation	Taiwan	General investment activities	47,125	47,125	9,640,680	48.92	19,574	103,202	(1,654)	Subsidiary (1, 3)
	Ching Pu Investment Corporation	Taiwan	General investment activities	50,472	50,472	30,750,000	100.00	583,088	177,842	123,634	Subsidiary (2, 3)
	Concord System Management Corporation	Taiwan	Design, assessment and planning of computer system and application software and data-processing system, sale and lease of computer hardware, peripheral equipment and spare parts, and repairs and maintenance services	485,393	485,393	23,113,372	100.00	439,296	123,958	123,615	Subsidiary (3)
	Systemweb Technologies Co.	Taiwan	Data storage media units manufacturing, installation of computer, and sale and development of computer software	86,950	71,050	3,245,000	32.45	54,934	17,279	6,180	-
	Taifon Computer Co., Ltd.	Taiwan	Design of computer hardware and software equipment system, computer room installation, and maintenance, sale, lease and consultation	220,310	220,310	20,000,000	100.00	297,290	43,014	42,779	Subsidiary (3)
	Sanfran Technologies Inc.	Taiwan	Maintenance and warranty of equipment of internet and information security, and consultation on network infrastructure and information security	20,067	20,067	2,518,989	12.26	52,522	122,116	17,577	-
	Golden Bridge Corporation	Taiwan	General investment activities	230,000	230,000	23,000,000	100.00	285,928	34,934	34,934	Subsidiary (3)
	Systex Software & Service Corporation	Taiwan	Sale and development of computer software, data-processing services	450,000	450,000	54,450,000	100.00	1,161,042	469,625	470,233	Subsidiary (3)
	Syspower Corporation	Taiwan	Design, setup and maintenance of computer information and communication engineering, and design and sale of computer system software	15,195	15,195	1,096,200	4.50	20,028	46,253	1,939	Subsidiary (3)
	Systex Solutions Corporation	Taiwan	Design, construction and sale of telecom instrument, electronic calculator and computer	260,000	260,000	26,000,000	100.00	320,382	44,716	43,439	Subsidiary (3)
	Nexsys Corporation	Taiwan	Manufacturing of wire communication equipment and apparatus, electronic parts and components, and computers and peripheral equipment, installation of computer, and wholesale and retailing of computer and business machinery equipment	415,000	415,000	19,995,000	100.00	343,685	43,941	43,786	Subsidiary (3)
	Systex Capital Group, Inc.	British Virgin Island	Investment activities including financial trust and holding	91,695	91,695	550	100.00	2,521,909	97,903	98,136	Subsidiary (3)
	Kimo.com (BVI) Corporation	British Virgin Island	Investment activities including financial trust and holding	13,185	13,185	500,000	100.00	3,958,167	120,407	119,931	Subsidiary (3)
	Etu Corporation	Taiwan	Sale and development of computer software, data-processing services	90,436	90,436	9,682,000	84.19	4,192	(95)	(80)	Subsidiary (3)
	Naturint Corporation	Taiwan	Installation, sale, information software, data processing and other consultation on computer software and related equipment, network certification and software publication	20,000	20,000	2,000,000	100.00	21,234	(113)	(113)	Subsidiary (3)
	FinRobo Advisor Securities Investment Consulting Co., Ltd.	Taiwan	Securities investment advisor	16,500	16,500	1,016,293	30.00	202	(6,711)	(2,013)	-
Mohist Web Technology Co.	Taiwan	Merchandise gift certificate automatic distribution system, in-time trust electronic (paper) ticket automated sales system, and integrated mobile payment platform	25,600	18,600	400,000	40.00	12,539	6,071	2,077	-	

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	Ratio (%)	Carrying Amount			
Ching Pu Investment Corporation	Shengesen Cloud Technology Retail System Co.	Taiwan	Information software service	\$ 10,800	\$ 10,800	905,084	30.00	\$ 10,507	\$ 3,804	\$ (94)	-
		Taiwan	Manufacturing, processing, assembling and sale of business machinery equipment	24,000	24,000	780,000	30.00	26,846	12,937	3,514	-
	Frog-jump Information Co., Ltd.	Taiwan	Information software service	18,969	18,969	683,202	10.00	12,079	24,775	3,068	-
	GenSys Technology (International) Ltd.	Hong Kong	Design, assessment and planning of computer system and application software and data-processing system	31,640	31,640	8,000,000	40.00	-	(5,113)	-	-
	Genesis Technology Inc.	Taiwan	Wholesale of electronic apparatus, electronic equipment, computer and computer peripheral equipment, planning, analyzing and design of system, data processing, co-location and internet hosting services	798,172	-	20,072,498	28.09	936,852	195,967	11,580	-
	E-Service Information Corporation	Taiwan	Information software service, intellectual property rights, printing and data storage media manufacturing and copying	89,500	44,700	8,000,000	100.00	87,017	10,157	8,232	Subsidiary (3)
	Bao Ruh Electronic Co., Ltd.	Taiwan	Data storage media manufacturing and duplicating, installation of computer, wholesale of telecommunication apparatus, information software service, international trade, electric appliance construction, and automatic control equipment engineering	128,363	119,250	4,339,500	29.72	62,872	8,865	(4,693)	-
	Taiwan Information Service Technology Corporation	Taiwan	Installation, sale, information software, data processing and other consultation on computer software and related equipment	89,965	74,965	16,630	67.38	40,356	5,045	(3,667)	Subsidiary (3)
	Collaboration Co., Ltd.	Taiwan	General investment activities	200,015	-	6,160,000	44.55	202,008	5,487	1,993	-
	uniXecure Corporation	Taiwan	Design, construction and sale of telecom instrument, electronic calculator and computer	50,000	-	5,000,000	100.00	49,915	(85)	(85)	Subsidiary (3)
Golden Bridge Corporation	Taiwan Electronic Data Processing Corporation	Taiwan	Design, installation, maintenance, lease and consultation on computer software and hardware equipment system, computer room engineering, network equipment system integration, and wholesale and retailing of medical appliances	169,049	169,049	2,698,643	69.59	24,977	(230)	-	Subsidiary (3)
	Investment Media Ltd.	Taiwan	Magazine and book publishing	95,600	95,600	4,000,000	40.00	114,987	98,650	-	-
	Syspower Corporation	Taiwan	Design, setup and maintenance of computer information and communication engineering, and design and sale of computer system software	162,789	162,789	9,052,889	37.16	167,455	46,253	-	Subsidiary (3)
Syscore Corporation	Syspower Corporation	Taiwan	Design, setup and maintenance of computer information and communication engineering, and design and sale of computer system software	189,023	189,023	10,331,022	42.41	191,097	46,253	-	Subsidiary (3)
	Softmobile Technology Corporation	Taiwan	Manufacturing of wire communication equipment and apparatus, electronic parts and components, and computers and peripheral equipment, installation of computer, and wholesale and retailing of computer and business machinery equipment	80,000	80,000	3,661,875	100.00	57,739	15,510	-	Subsidiary (3)
Syscore Corporation	Syslink Corporation	Taiwan	General investment activities	650,000	650,000	65,000,000	100.00	466,537	(83,788)	-	Subsidiary (3)
	Syslong Corporation	Taiwan	General investment activities	250,000	-	25,000,000	100.00	249,917	(83)	-	Subsidiary (3)
	Neweb Information Co., Ltd.	Taiwan	Setup and maintenance of computer room, maintenance and setup of system integration, cloud system integration service, management and maintenance of system and database, backup storage service, setup and consultation of internet and information security	93,000	93,000	3,100,000	30.22	54,465	42,354	-	-

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	Ratio (%)	Carrying Amount			
Syslink Corporation	Fuco Technology Co., Ltd.	Taiwan	Printing, printed matter binding and processing, and wholesale of computers and peripheral equipment	\$ 43,460	\$ 43,460	1,640,000	40.00	\$ 36,237	\$ 9,154	\$ -	-
	Genesis Technology Inc.	Taiwan	Wholesale of electronic apparatus, electronic equipment, computer and computer peripheral equipment, planning, analyzing and design of system, other data processing, co-location and internet hosting services	71,994	-	2,831,848	3.96	128,892	195,967	-	-
	Smartsys Technology Corporation	Taiwan	Design, setup and maintenance of computer information and communication engineering, and design and sale of computer system software	15,000	2,000	1,500,000	50.00	14,019	(1,816)	-	Subsidiary (3)
	Syswiser Technology Corporation	Taiwan	Design, setup and maintenance of computer information and communication engineering, and design and sale of computer system software	10,000	2,000	1,000,000	100.00	8,698	(1,123)	-	Subsidiary (3)
	Dawning Technology Inc.	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	446,595	280,000	19,650,177	74.43	310,715	4,022	-	Subsidiary (3)
	AIWin Technology Co., Ltd.	Taiwan	Design, setup and maintenance of computer information and communication engineering, and design and sale of computer system software	12,000	12,000	300,000	20.00	-	(5,575)	-	-
	CKmates International Co., Ltd.	Taiwan	Type II telecommunications business, internet certificates service, and retail sale of computer software	60,002	-	3,117,000	25.00	47,201	(63,462)	-	-
Concord System Management Corporation	Top Information Technologies Co., Ltd.	Taiwan	Sale of computer peripheral equipment and office machines, design of computer system and professional repairs services	152,608	152,608	18,000,000	100.00	238,399	56,880	-	Subsidiary (3)
Kimo.com (BVI) Corporation	System Information (HK) Ltd.	Hong Kong	Sale of computer and peripheral equipment, retailing and processing of information of software	860,852	823,406	207,736,600	100.00	563,111	41,891	-	Subsidiary (3)
	System Solutions (HK) Limited	Hong Kong	Investment activities including financial trust and holding	529,907	529,907	136,000,000	100.00	1,215,530	25,122	-	Subsidiary (3)
	Rainbow Tech Information (HK) Ltd.	Hong Kong	Sale of computer and peripheral equipment, retailing and processing of information of software	58,384	101,119	14,607,765	49.00	57,465	8,644	-	Subsidiary (3)
System Capital Group, Inc.	Syscore Corporation	Taiwan	General investment activities	1,000,000	1,000,000	100,000,000	50.00	1,221,434	85,339	-	Subsidiary (3)
	Syscore Corporation	Taiwan	General investment activities	1,000,000	1,000,000	100,000,000	50.00	1,221,434	85,339	-	Subsidiary (3)
Dawning Technology Inc.	Neo Trend Tech Corporation	Taiwan	Cable installation engineering, other computer-related service, circuit engineering, and wireless communication service	20,000	-	2,000,000	25.00	19,895	(19,737)	-	-
Syspower Corporation	Palsys Digital Technology Corporation	Taiwan	Sale of computer peripheral equipment and office machines, design of computer system and professional repairs services	193,500	-	19,350,000	92.14	220,616	29,428	-	Subsidiary (3)
System Software & Service Corporation	Smartsys Technology Corporation	Taiwan	Design, setup and maintenance of computer information and communication engineering, and design and sale of computer system software	15,000	-	1,500,000	50.00	14,019	(1,816)	-	Subsidiary (3)

(Continued)

Note 1: The carrying amount deducts the reclassification of the Corporation's shares held by the subsidiary from equity-method investments into treasury share of \$515,617 thousand, which is calculated by the investment cost amounting to \$1,076,171 thousand at 48.92% (the ownership percentage owned by the Corporation).

Note 2: The carrying amount deducts the reclassification of the Corporation's shares held by the subsidiary from equity-method investments into treasury share of \$412,826 thousand, which is calculated by the investment cost amounting to \$412,826 thousand at 100.00% (the ownership percentage owned by the Corporation).

Note 3: In preparing the consolidated financial statements, the transaction has been eliminated.

Note 4: Refer to Table 10 for information on investments in Mainland China.

(Concluded)

**SYSTEX CORPORATION AND SUBSIDIARIES**
**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Changzhou Xinguotai Information Equipment Co., Ltd.	Manufacture, service and sales of software and computer-related products	\$ 21,198	a	\$ 2,780	\$ -	\$ -	\$ 2,780	\$ -	9.10	\$ -	\$ -	\$ -	
Systek Information (Shanghai) Ltd.	Sale of computer and peripheral equipment, retailing and processing of information software	998,503	b	998,503	-	-	998,503	9,361	100.00	9,361	431,322	-	Subsidiary (Note 2)
Sysware Shenglong Information Systems Co., Ltd.	Design of computer system, information processing service provider, retailing of computer and peripheral equipment	181,489	b	181,489	-	-	181,489	(4,016)	100.00	(4,016)	102,505	-	Subsidiary (Note 2)
Systex Group (China) Ltd.	Management consultation, marketing and sale, and capital and operation financial management	292,700	b	292,700	-	-	292,700	6,901	100.00	6,901	83,434	-	Subsidiary (Note 2)
Systex Rainbow Tech Inc.	Research, development, installation and wholesale of software and hardware technique and internet system	-	b	-	-	-	-	26,495	100.00	26,495	275,862	-	Subsidiary (Note 2)
Systex Ucom (Shanghai) Information Ltd. Co.	Software design and data processing, retailing and service of software	-	b	-	-	-	-	9,188	100.00	9,188	37,522	-	Subsidiary (Note 2)
Sunlight-tech Inc.	Manufacture of Internet-related software and hardware systems, video service systems, audio and video on-demand systems, multimedia and network video equipment	551,210	b	220,484	-	-	220,484	-	40.00	-	-	-	
Shanghai Mudao Financial Information Service Co., Ltd.	Financial information services, computer software development and technology development, technology transfer, technology consulting, technical services, consulting and research in market information, asset management, supply chain management, investment management, investment consulting, business information consulting, financial consulting in the fields of computer technology, information technology and data technology.	20,420	b	-	-	-	-	(2,316)	29.62	(2,216)	8,795	-	
Systex Rainbow (Guangzhou) Tech Inc.	Research, development, installation and wholesale of software and hardware technique and internet system	-	b	-	-	-	-	(616)	100.00	(616)	3,610	-	Subsidiary (Note 2)

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$1,695,956	\$1,695,956	\$8,102,003

(Continued)



Note 1: The methods of investment are as follows:

- a. Investment in China through remittances from third regions.
- b. Reinvestment in China through the third-region company.

Note 2: In preparing the consolidated financial statements, the transaction has been eliminated.

(Concluded)

**TABLE 11****SYSTEX CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Hanmore Investment Corporation (Hanmore)	21,316,678	7.91
Joray Co., Ltd.	21,072,559	7.82
Huang, Tsong-Jen	20,755,750	7.70

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.