

Systemx Corporation and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Systex Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Systex Corporation and its subsidiaries (collectively referred to as the “Group”) as of March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 13 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2022 and 2021, combined total assets of these non-significant subsidiaries were \$6,449,945 thousand and \$5,263,068 thousand, respectively, representing 24.30% and 23.57%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were \$3,262,745 thousand and \$2,608,047 thousand, respectively, representing 26.45% and 32.63%, respectively, of the consolidated total liabilities. For the three months ended March 31, 2022 and 2021, the amounts of combined total comprehensive income of these subsidiaries were \$78,702 thousand and \$52,078 thousand, respectively, representing 16.98% and 8.20%, respectively, of the consolidated total comprehensive income. In addition, as disclosed in Note 14 to the consolidated financial statements, as of March 31, 2022 and 2021, investments accounted for using the equity method of the Group were \$1,785,812 thousand and \$1,157,698 thousand, respectively; for the three months ended March 31, 2022 and 2021, the amounts of the share in total comprehensive income recognized were \$5,538 thousand and \$9,282 thousand, respectively; such amounts were based on the investees' unreviewed financial statements for the same reporting periods.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 3, 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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ review 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’ review report and consolidated financial statements shall prevail.

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 3,662,952	14	\$ 4,068,254	15	\$ 3,438,517	16
Financial assets at fair value through profit or loss - current (Note 7)	4,102,528	16	4,564,229	17	2,861,440	13
Notes receivable, net (Notes 11 and 21)	73,976	-	92,840	1	47,951	-
Accounts receivable, net (Notes 11, 21 and 29)	4,941,649	19	4,763,234	18	4,281,946	19
Other receivables (Notes 30 and 31)	361,748	1	328,766	1	234,942	1
Inventories (Note 12)	3,794,343	14	3,250,755	12	3,108,181	14
Prepayments	1,709,631	6	1,754,766	7	1,312,650	6
Non-current assets held for sale (Note 15)	298	-	298	-	15,254	-
Refundable deposits - current	335,643	1	404,210	2	294,634	1
Other current assets	129,534	1	45,670	-	55,368	-
Total current assets	19,112,302	72	19,273,022	73	15,650,883	70
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	1,842,968	7	1,700,303	6	1,707,959	8
Financial assets at fair value through other comprehensive income - non-current (Note 8)	279,112	1	301,551	1	162,810	1
Financial assets at amortized cost - non-current (Notes 9 and 10)	500,000	2	500,000	2	500,000	2
Investments accounted for using the equity method (Note 14)	1,785,812	7	1,781,833	7	1,157,698	5
Property, plant and equipment (Notes 15 and 30)	2,113,005	8	2,088,417	8	2,086,971	9
Right-of-use assets (Note 16)	308,702	1	276,655	1	335,419	2
Intangible assets	130,643	-	136,147	-	218,314	1
Deferred tax assets	57,880	-	60,848	-	83,208	-
Refundable deposits - non-current	250,321	1	234,075	1	220,757	1
Long-term receivables (Note 11)	8,725	-	12,906	-	14,143	-
Other non-current assets (Notes 30 and 31)	148,120	1	194,433	1	195,802	1
Total non-current assets	7,425,288	28	7,287,168	27	6,683,081	30
TOTAL	\$ 26,537,590	100	\$ 26,560,190	100	\$ 22,333,964	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term loans (Notes 17 and 30)	\$ 1,664,265	6	\$ 1,253,994	5	\$ 1,264,187	6
Contract liabilities (Note 21)	1,423,428	5	1,545,903	6	1,428,909	6
Notes and accounts payable	4,243,442	16	4,319,605	16	3,336,423	15
Payable to related parties (Note 29)	11,391	-	21,776	-	19,796	-
Other payables (Note 29)	733,607	3	1,496,836	6	778,024	4
Current tax liabilities (Note 4)	190,247	1	125,443	-	206,425	1
Lease liabilities - current (Note 16)	136,170	-	134,442	1	147,830	1
Current portion of long-term borrowings (Notes 17 and 30)	5,913	-	5,893	-	6,405	-
Other current liabilities	456,737	2	355,965	1	302,644	1
Total current liabilities	8,865,200	33	9,259,857	35	7,490,643	34
NON-CURRENT LIABILITIES						
Bonds payable (Note 18)	2,994,667	11	2,994,442	11	-	-
Long-term borrowings (Notes 17 and 30)	86,084	-	87,578	-	90,470	-
Deferred tax liabilities	5,981	-	6,084	-	6,344	-
Lease liabilities - non-current (Note 16)	176,883	1	146,168	1	174,930	1
Net defined benefit liabilities - non-current (Note 4)	199,956	1	249,455	1	223,073	1
Other non-current liabilities	5,638	-	5,439	-	6,333	-
Total non-current liabilities	3,469,209	13	3,489,166	13	501,150	2
Total liabilities	12,334,409	46	12,749,023	48	7,991,793	36
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 20)						
Share capital	2,693,933	10	2,693,933	10	2,693,933	12
Capital surplus	6,602,904	25	6,606,321	25	6,491,357	29
Retained earnings						
Legal reserve	1,457,250	5	1,457,250	5	1,300,634	6
Special reserve	768,711	3	768,711	3	579,466	2
Unappropriated earnings	3,941,454	15	3,634,691	14	4,648,511	21
Total retained earnings	6,167,415	23	5,860,652	22	6,528,611	29
Other equity	(584,442)	(2)	(729,124)	(3)	(658,895)	(3)
Treasury shares	(928,443)	(3)	(928,443)	(3)	(928,443)	(4)
Total equity attributable to owners of the Corporation	13,951,367	53	13,503,339	51	14,126,563	63
NON-CONTROLLING INTERESTS (Notes 20 and 26)	251,814	1	307,828	1	215,608	1
Total equity	14,203,181	54	13,811,167	52	14,342,171	64
TOTAL	\$ 26,537,590	100	\$ 26,560,190	100	\$ 22,333,964	100

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

(With Deloitte & Touche auditors' review report dated May 3, 2022)

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 21 and 29)				
Sales	\$ 6,142,534	80	\$ 5,630,584	76
Less: Sales returns and allowances	<u>45,237</u>	<u>1</u>	<u>18,173</u>	<u>-</u>
Net sales	6,097,297	79	5,612,411	76
Service revenue	1,600,387	21	1,718,533	24
Other operating revenue	<u>17,398</u>	<u>-</u>	<u>19,843</u>	<u>-</u>
Total operating revenue	<u>7,715,082</u>	<u>100</u>	<u>7,350,787</u>	<u>100</u>
OPERATING COSTS (Notes 12, 22 and 29)				
Cost of goods sold	5,294,902	69	4,902,542	67
Service costs	714,732	9	884,693	12
Other operating costs	<u>1,647</u>	<u>-</u>	<u>9,780</u>	<u>-</u>
Total operating costs	<u>6,011,281</u>	<u>78</u>	<u>5,797,015</u>	<u>79</u>
GROSS PROFIT	<u>1,703,801</u>	<u>22</u>	<u>1,553,772</u>	<u>21</u>
OPERATING EXPENSES (Notes 11, 19, 22 and 29)				
Selling and marketing expenses	1,077,093	14	988,965	13
General and administrative expenses	144,961	2	137,259	2
Research and development expenses	131,005	1	116,966	2
Expected credit (gain) loss	<u>(13,247)</u>	<u>-</u>	<u>2,808</u>	<u>-</u>
Total operating expenses	<u>1,339,812</u>	<u>17</u>	<u>1,245,998</u>	<u>17</u>
PROFIT FROM OPERATIONS	<u>363,989</u>	<u>5</u>	<u>307,774</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Share of (loss) profit of associates accounted for using the equity method (Note 14)	(628)	-	8,805	-
Interest income	5,175	-	7,542	-
Other income, net (Note 29)	23,291	-	11,643	1
Gain on sale of investments, net (Note 22)	1,044	-	11,191	-
Foreign exchange gain, net (Note 33)	2,056	-	1,637	-
Gain on financial assets at fair value through profit or loss, net	9,736	-	217,180	3
Interest expense	(15,734)	-	(6,851)	-
Other expenses	(3,292)	-	(1,736)	-
(Loss) gain on disposal of property, plant and equipment, net	<u>(195)</u>	<u>-</u>	<u>62</u>	<u>-</u>
Total non-operating income and expenses	<u>21,453</u>	<u>-</u>	<u>249,473</u>	<u>4</u>

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SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 385,442	5	\$ 557,247	8
INCOME TAX EXPENSE (Notes 4 and 23)	<u>68,714</u>	<u>1</u>	<u>52,703</u>	<u>1</u>
NET INCOME	<u>316,728</u>	<u>4</u>	<u>504,544</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	1,282	-	131,995	2
Share of other comprehensive income of associates accounted for using the equity method (Note 14)	<u>5,082</u>	<u>-</u>	<u>573</u>	<u>-</u>
	<u>6,364</u>	<u>-</u>	<u>132,568</u>	<u>2</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	139,278	2	(1,561)	-
Share of other comprehensive income (loss) of associates accounted for using the equity method (Note 14)	<u>1,084</u>	<u>-</u>	<u>(96)</u>	<u>-</u>
	<u>140,362</u>	<u>2</u>	<u>(1,657)</u>	<u>-</u>
Other comprehensive income for the period, net of income tax	<u>146,726</u>	<u>2</u>	<u>130,911</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 463,454</u>	<u>6</u>	<u>\$ 635,455</u>	<u>9</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 314,512	4	\$ 503,587	7
Non-controlling interests	<u>2,216</u>	<u>-</u>	<u>957</u>	<u>-</u>
	<u>\$ 316,728</u>	<u>4</u>	<u>\$ 504,544</u>	<u>7</u>

(Continued)

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 459,413	6	\$ 634,498	9
Non-controlling interests	<u>4,041</u>	<u>-</u>	<u>957</u>	<u>-</u>
	<u>\$ 463,454</u>	<u>6</u>	<u>\$ 635,455</u>	<u>9</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 1.27</u>		<u>\$ 2.03</u>	
Diluted	<u>\$ 1.27</u>		<u>\$ 2.03</u>	

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

(With Deloitte & Touche auditors' review report dated May 3, 2022)

(Concluded)

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Owners of the Corporation (Note 20)											
	Retained Earnings						Other Equity			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	Treasury Shares			
BALANCE AT JANUARY 1, 2021	\$ 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
Share of changes in associates accounted for using the equity method	-	336	-	-	-	-	-	-	-	336	-	336
Net profit for the three months ended March 31, 2021	-	-	-	-	503,587	503,587	-	-	-	503,587	957	504,544
Other comprehensive (loss) income for the three months ended March 31, 2021	-	-	-	-	-	-	(1,657)	132,568	-	130,911	-	130,911
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	503,587	503,587	(1,657)	132,568	-	634,498	957	635,455
Differences between equity purchase price and carrying amount arising from actual acquisition of subsidiaries	-	(39)	-	-	(14,659)	(14,659)	-	-	-	(14,698)	(30,102)	(44,800)
Share of changes in equities of subsidiaries	-	(2,696)	-	-	-	-	-	-	-	(2,696)	2,696	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	101,733	101,733
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	21,095	21,095	-	(21,095)	-	-	-	-
BALANCE AT MARCH 31, 2021	\$ 2,693,933	\$ 6,491,357	\$ 1,300,634	\$ 579,466	\$ 4,648,511	\$ 6,528,611	\$ (583,142)	\$ (75,753)	\$ (928,443)	\$ 14,126,563	\$ 215,608	\$ 14,342,171
BALANCE AT JANUARY 1, 2022	\$ 2,693,933	\$ 6,606,321	\$ 1,457,250	\$ 768,711	\$ 3,634,691	\$ 5,860,652	\$ (692,016)	\$ (37,108)	\$ (928,443)	\$ 13,503,339	\$ 307,828	\$ 13,811,167
Share of changes in associates accounted for using the equity method	-	(1,559)	-	-	-	-	-	-	-	(1,559)	-	(1,559)
Net profit for the three months ended March 31, 2022	-	-	-	-	314,512	314,512	-	-	-	314,512	2,216	316,728
Other comprehensive income for the three months ended March 31, 2022	-	-	-	-	219	219	138,537	6,145	-	144,901	1,825	146,726
Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	314,731	314,731	138,537	6,145	-	459,413	4,041	463,454
Differences between equity purchase price and carrying amount arising from actual acquisition of subsidiaries	-	(1,858)	-	-	(7,968)	(7,968)	-	-	-	(9,826)	(58,574)	(68,400)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,481)	(1,481)
BALANCE AT MARCH 31, 2022	\$ 2,693,933	\$ 6,602,904	\$ 1,457,250	\$ 768,711	\$ 3,941,454	\$ 6,167,415	\$ (553,479)	\$ (30,963)	\$ (928,443)	\$ 13,951,367	\$ 251,814	\$ 14,203,181

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

(With Deloitte & Touche auditors' review report dated May 3, 2022)

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 385,442	\$ 557,247
Adjustments for:		
Depreciation expense	75,180	71,355
Amortization expense	8,865	10,831
Expected credit loss (reversed) recognized	(13,247)	2,808
Gain on financial assets at fair value through profit or loss, net	(9,736)	(217,180)
Interest expense	15,734	6,851
Interest income	(5,175)	(7,542)
Share of loss (profit) of associates accounted for using the equity method	628	(8,805)
Loss (gain) on disposal of property, plant and equipment, net	195	(62)
Reversal of write-down of inventories	(5,077)	(2,597)
Unrealized (gain) loss on foreign currency exchange, net	(578)	222
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	357,387	468,375
Notes receivable	19,909	5,344
Accounts receivable	(113,825)	(109,819)
Other receivables	21,618	(24,941)
Inventories	(531,649)	237,649
Prepayments	47,992	(75,394)
Other current assets	(82,153)	10,259
Contract liabilities	(125,515)	(57,806)
Notes and accounts payable	(109,977)	(458,413)
Payables to related parties	(15,941)	(65,578)
Other payables	(769,001)	(700,908)
Other current liabilities	99,146	65,809
Net defined benefit liabilities	(49,499)	(35,571)
Cash used in operations	(799,277)	(327,866)
Interest paid	(14,966)	(6,691)
Income tax paid	(144)	(13,057)
Net cash used in operating activities	<u>(814,387)</u>	<u>(347,614)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	-	(226,177)
Disposal of financial assets at fair value through other comprehensive income	-	212,449
Return of capital from capital reduction of financial assets at fair value through other comprehensive income	32,382	-

(Continued)

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
Acquisition of investments accounted for using the equity method	\$ -	\$ (35,900)
Payments for property, plant and equipment	(53,785)	(17,615)
Proceeds from disposal of property, plant and equipment	3,143	7,439
Decrease in refundable deposits	54,117	8,412
Payments for intangible assets	(1,388)	(27,651)
Proceeds from disposal of intangible assets	405	5
Decrease (increase) in long-term receivables	4,181	(6,179)
(Increase) decrease in pledged time deposits	(15,217)	4,570
Decrease in other non-current assets	10,607	10,735
Interest received	836	2,065
Net cash outflow on acquisition of subsidiaries (Note 25)	<u>-</u>	<u>(58,890)</u>
Net cash generated from (used in) investing activities	<u>35,281</u>	<u>(126,737)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	396,202	431,351
Repayment of long-term borrowings	(1,474)	(10,314)
Increase (decrease) in guarantee deposits received	199	(2,213)
Repayment of the principal portion of lease liabilities	(41,441)	(45,500)
Acquisition of interests in subsidiaries	(68,400)	(44,800)
Changes in non-controlling interests	<u>(1,481)</u>	<u>(2,778)</u>
Net cash generated from financing activities	<u>283,605</u>	<u>325,746</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>90,199</u>	<u>(2,882)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(405,302)	(151,487)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>4,068,254</u>	<u>3,590,004</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 3,662,952</u>	<u>\$ 3,438,517</u>

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

(With Deloitte & Touche auditors' review report dated May 3, 2022)

(Concluded)

SYSTEX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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 of the Corporation and its subsidiaries (collectively referred to as the “Group”) are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on May 3, 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. New IFRSs in issue by IASB but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
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 9 and IFRS 17 - 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)

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
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)

(Concluded)

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

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

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. Basis of consolidation

See Note 13, Table 7 and Table 8 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2021.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

For the critical accounting judgments and key sources of estimation uncertainty except as noted below, refer to the consolidated financial statements for the year ended December 31, 2021.

The Group considers the possible impact of the recent development of the COVID-19 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.

6. CASH AND CASH EQUIVALENTS

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand	\$ 592	\$ 590	\$ 490
Checking accounts and demand deposits	3,662,360	4,067,664	2,967,038
Cash equivalents			
Time deposits with original maturities of less than 3 months	<u>-</u>	<u>-</u>	<u>470,989</u>
	<u>\$ 3,662,952</u>	<u>\$ 4,068,254</u>	<u>\$ 3,438,517</u>
Market interest rate interval			
Time deposits with original maturities of less than 3 months	-	-	0.18%-2.35%

7. FINANCIAL ASSETS AT FVTPL

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Financial assets mandatorily classified as at FVTPL			
Mutual funds	\$ 3,956,687	\$ 4,412,309	\$ 2,736,385
Listed shares	<u>145,841</u>	<u>151,920</u>	<u>125,055</u>
	<u>\$ 4,102,528</u>	<u>\$ 4,564,229</u>	<u>\$ 2,861,440</u>
<u>Non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Unlisted shares	\$ 1,636,380	\$ 1,502,631	\$ 1,570,381
Unlisted preferred shares	107,277	96,020	93,416
Others	<u>99,311</u>	<u>101,652</u>	<u>44,162</u>
	<u>\$ 1,842,968</u>	<u>\$ 1,700,303</u>	<u>\$ 1,707,959</u>

8. FINANCIAL ASSETS AT FVTOCI - NON-CURRENT

	March 31, 2022	December 31, 2021	March 31, 2021
Investments in equity instruments			
Unlisted shares	\$ 225,869	\$ 250,066	\$ 162,810
Unlisted preferred shares	<u>53,243</u>	<u>51,485</u>	<u>-</u>
	<u>\$ 279,112</u>	<u>\$ 301,551</u>	<u>\$ 162,810</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 three months ended March 31, 2021, the Group sold part of investment at fair value because of investment strategy and its related unrealized valuation loss of \$41,348 thousand was 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

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Non-current</u>			
Domestic corporate bonds	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Interest rate	3.5%	3.5%	3.5%

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified as at amortized cost.

	March 31, 2022	December 31, 2021	March 31, 2021
Gross carrying amount	\$ 500,000	\$ 500,000	\$ 500,000
Less: Allowance for impairment loss	<u> -</u>	<u> -</u>	<u> -</u>
Amortized cost	<u>\$ 500,000</u>	<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		
				March 31, 2022	December 31, 2021	March 31, 2021
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	\$ 500,000

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

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable	\$ 74,207	\$ 93,071	\$ 48,182
Less: Allowance for doubtful accounts	<u> (231)</u>	<u> (231)</u>	<u> (231)</u>
	<u>\$ 73,976</u>	<u>\$ 92,840</u>	<u>\$ 47,951</u>
Accounts receivable	\$ 5,145,466	\$ 4,973,420	\$ 4,467,145
Less: Allowance for doubtful accounts	<u> (203,817)</u>	<u> (210,186)</u>	<u> (185,199)</u>
	<u>\$ 4,941,649</u>	<u>\$ 4,763,234</u>	<u>\$ 4,281,946</u>

(Continued)

	March 31, 2022	December 31, 2021	March 31, 2021
Long-term receivables	\$ 9,331	\$ 13,777	\$ 15,134
Less: Unrealized interest income	<u>(606)</u>	<u>(871)</u>	<u>(991)</u>
	<u>\$ 8,725</u>	<u>\$ 12,906</u>	<u>\$ 14,143</u>

(Concluded)

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.

March 31, 2022

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	Over 271 Days	Total
Gross carrying amount	\$ 4,480,136	\$ 423,104	\$ 60,946	\$ 33,040	\$ 222,447	\$ 5,219,673
Loss allowance (Lifetime ECL)	<u>(2,177)</u>	<u>(1,072)</u>	<u>(2,025)</u>	<u>(9,612)</u>	<u>(189,162)</u>	<u>(204,048)</u>
Amortized cost	<u>\$ 4,477,959</u>	<u>\$ 422,032</u>	<u>\$ 58,921</u>	<u>\$ 23,428</u>	<u>\$ 33,285</u>	<u>\$ 5,015,625</u>

December 31, 2021

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	Over 271 Days	Total
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>

March 31, 2021

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	Over 271 Days	Total
Gross carrying amount	\$ 3,723,798	\$ 463,525	\$ 50,607	\$ 69,951	\$ 207,446	\$ 4,515,327
Loss allowance (Lifetime ECL)	<u>(1,640)</u>	<u>(2,388)</u>	<u>(423)</u>	<u>(24,411)</u>	<u>(156,568)</u>	<u>(185,430)</u>
Amortized cost	<u>\$ 3,722,158</u>	<u>\$ 461,137</u>	<u>\$ 50,184</u>	<u>\$ 45,540</u>	<u>\$ 50,878</u>	<u>\$ 4,329,897</u>

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

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ 210,417	\$ 182,641
Net remeasurement of loss allowance	(13,247)	2,808
Acquisition of subsidiaries	-	871
Amount written off	(24)	-
Foreign exchange gains and losses	<u>6,902</u>	<u>(890)</u>
Balance at March 31	<u>\$ 204,048</u>	<u>\$ 185,430</u>

12. INVENTORIES

	March 31, 2022	December 31, 2021	March 31, 2021
Merchandise	\$ 3,767,362	\$ 3,223,794	\$ 3,080,467
Maintenance parts	<u>26,981</u>	<u>26,961</u>	<u>27,714</u>
	<u>\$ 3,794,343</u>	<u>\$ 3,250,755</u>	<u>\$ 3,108,181</u>

The cost of goods sold for the three months ended March 31, 2022 and 2021 included reversal of write-down of inventories of \$5,077 thousand and \$2,597 thousand, respectively.

13. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Main Business	% of Ownership			Remark
			March 31, 2022	December 31, 2021	March 31, 2021	
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	100.00	
The Corporation	System Capital Group, Inc. (SCGI)	Investment activities including financial trust and holding.	100.00	100.00	100.00	
The Corporation	Hanmore Investment Corporation (Hanmore)	General investment activities.	48.92	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	100.00	
The Corporation	Golden Bridge Corporation (GBC)	General investment activities.	100.00	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	100.00	

(Continued)

Investor	Investee	Main Business	% of Ownership			Remark
			March 31, 2022	December 31, 2021	March 31, 2021	
The Corporation	Ching Pu Investment Corporation (Ching Pu)	General investment activities.	100.00	100.00	100.00	
The Corporation	Kimo.com (BVI) Corporation (Kimo BVI)	Investment activities including financial trust and holding.	100.00	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	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	100.00	
The Corporation	System Solutions Corporation (System Solutions)	Design, construction and sale of telecom instrument, electronic calculator and computer.	100.00	100.00	100.00	
The Corporation	Etu Corporation (Etu)	Software design and data processing, retailing and service of software.	84.19	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	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	100.00	100.00	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	67.38	67.38	
The Corporation	UniXecure Corporation (UniXecure)	Design, construction and sale of telecom instrument, electronic calculator and computer	100.00	100.00	-	d
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	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	69.59	b
Syspower	Palsys Digital Technology Corporation (Palsys)	Sale of computer peripheral equipment and office machines, design of computer system and professional repairs services.	92.14	92.14	100.00	e
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	100.00	
Kimo BVI	System Information (HK) Limited (System HK)	Sale of computer and peripheral equipment, retailing and processing of information of software.	100.00	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	100.00	
Kimo BVI	System Information (Shanghai) Ltd. (Systemek)	Sale of computer and peripheral equipment, retailing and processing of information software.	100.00	100.00	100.00	
Kimo BVI	Rainbow Tech Information (HK) Ltd. (RTIHK)	Sale of computer and peripheral equipment, retailing and processing of information software.	49.00	49.00	100.00	f
Kimo BVI	System Solutions (HK) Limited (SSHK)	Investment activities including financial trust and holding.	100.00	100.00	100.00	
Kimo BVI	Gemini Data (Gemini Data)	IT services, software development, wholesale and retail of computers and related equipment, electronic data processing and related services	100.00	-	-	g
Kimo BVI and SCGI	Syscore Corporation (Syscore)	General investment activities.	100.00	100.00	100.00	
Syscore	Syslink Corporation (Syslink)	General Investment activities	100.00	100.00	100.00	
Syscore	Syslong Corporation (Syslong)	General Investment activities	100.00	100.00	-	h
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	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	88.83	74.43	74.43	i
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	100.00	
System HK	System Group (China) Ltd. (System China)	Management consultation, marketing and sale, and capital and operation financial management.	100.00	100.00	100.00	
Systemek	System Rainbow Tech Inc. (System Rainbow)	Research, development, installation and wholesale of software and hardware technique and internet system.	100.00	100.00	100.00	
Systemek China	System Ucom (Shanghai) Information Ltd. Co. (System Ucom)	Software design and data processing, retailing and service of software.	100.00	100.00	100.00	
Systemek Rainbow and System Ucom	System Rainbow (Guangzhou) Tech Inc. (Rainbow Guangzhou)	Research, development, installation and wholesale of software and hardware technique and internet system.	100.00	100.00	100.00	

- 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. UniXecure was incorporated in December 2021.
- e. The board of directors of Palsys approved to issue new shares in September 2021. Syspower subscribed to new shares of Palsys at a percentage different from its original ownership and decreased its interest in Palsys to 92.14%.
- f. 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.
- g. Gemini Data was incorporated in January 2022.
- h. Syslong was incorporated in November 2021.
- i. 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. In addition, Syslink purchased a 14.40% interest of Dawning from non-controlling shareholders in March 2022 and increased its interest in Dawning to 88.83%.

All accounts of subsidiaries were included in the consolidated financial statements for the three months ended March 31, 2022 and 2021.

The financial statements of subsidiaries included in the consolidated financial statements mentioned above were not reviewed except for those of the Corporation, SSSC, SCGI, Kimo BVI and its subsidiaries (Dawning excluded) for the three months ended March 31, 2022 and 2021. As of March 31, 2022 and 2021, combined total assets of these unreviewed subsidiaries were \$6,449,945 thousand and \$5,263,068 thousand, respectively, representing 24.30% and 23.57%, respectively, of the consolidated total assets, and combined total liabilities of these unreviewed subsidiaries were \$3,262,745 thousand and \$2,608,047 thousand, respectively, representing 26.45% and 32.63%, respectively, of the consolidated total liabilities. For the three months ended March 31, 2022 and 2021, the amounts of combined total comprehensive income of these unreviewed subsidiaries were \$78,702 thousand and \$52,078 thousand, respectively, representing 16.98% and 8.20%, respectively, of the consolidated total comprehensive income.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD - INVESTMENTS IN ASSOCIATES

	March 31, 2022	December 31, 2021	March 31, 2021
Associates that are not individually material	<u>\$ 1,785,812</u>	<u>\$ 1,781,833</u>	<u>\$ 1,157,698</u>

Aggregate information of associates that are not individually material:

	For the Three Months Ended March 31	
	<u>2022</u>	<u>2021</u>
The Group's share of:		
Net (loss) profit for the period	\$ (628)	\$ 8,805
Other comprehensive income	<u>6,166</u>	<u>477</u>
Total comprehensive income for the period	<u>\$ 5,538</u>	<u>\$ 9,282</u>

Investments accounted for using the equity method and the Group's share of profit or loss and other comprehensive income were calculated based on the financial statements that have not been reviewed.

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, 2021	\$ 955,504	\$ 1,460,338	\$ 255,084	\$ 14,555	\$ 49,045	\$ 63,503	\$ 85,667	\$ 2,883,696
Additions	-	-	12,959	-	426	92	4,138	17,615
Disposals	-	-	(22,797)	(5,338)	(825)	(450)	(141)	(29,551)
Acquisitions through business combinations	-	-	13,574	-	-	-	-	13,574
Reclassification	-	-	-	-	422	-	-	422
Effect of foreign currency exchange differences	-	(1,362)	(126)	(9)	(12)	(5)	(23)	(1,537)
Balance at March 31, 2021	<u>\$ 955,504</u>	<u>\$ 1,458,976</u>	<u>\$ 258,694</u>	<u>\$ 9,208</u>	<u>\$ 49,056</u>	<u>\$ 63,140</u>	<u>\$ 89,641</u>	<u>\$ 2,884,219</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	-	5,740	14,694	500	2,819	3,006	3,860	30,619
Disposals	-	-	(16,977)	(3,781)	(825)	(450)	(141)	(22,174)
Acquisitions through business combinations	-	-	4,260	-	-	-	-	4,260
Effect of foreign currency exchange differences	-	(363)	(89)	(4)	(11)	(1)	(15)	(483)
Balance at March 31, 2021	<u>\$ 7,694</u>	<u>\$ 560,330</u>	<u>\$ 126,867</u>	<u>\$ 6,153</u>	<u>\$ 34,176</u>	<u>\$ 27,644</u>	<u>\$ 34,384</u>	<u>\$ 797,248</u>
Carrying amount at March 31, 2021	<u>\$ 947,810</u>	<u>\$ 898,646</u>	<u>\$ 131,827</u>	<u>\$ 3,055</u>	<u>\$ 14,880</u>	<u>\$ 35,496</u>	<u>\$ 55,257</u>	<u>\$ 2,086,971</u>
<u>Cost</u>								
Balance at January 1, 2022	\$ 950,920	\$ 1,456,044	\$ 286,258	\$ 4,331	\$ 24,594	\$ 93,891	\$ 104,879	\$ 2,920,917
Additions	-	-	18,820	-	12,811	6,659	15,495	53,785
Disposals	-	-	(4,513)	-	-	(2,016)	(55)	(6,584)
Reclassification	-	-	(972)	-	(24)	-	-	(996)
Effect of foreign currency exchange differences	-	10,205	1,320	62	82	163	465	12,297
Balance at March 31, 2022	<u>\$ 950,920</u>	<u>\$ 1,466,249</u>	<u>\$ 300,913</u>	<u>\$ 4,393</u>	<u>\$ 37,463</u>	<u>\$ 98,697</u>	<u>\$ 120,784</u>	<u>\$ 2,979,419</u>

(Continued)

	Land	Buildings	Computer Equipment	Transportation Equipment	Lease Equipment	Leasehold Improvements	Other Equipment	Total
Accumulated depreciation and impairment								
Balance at January 1, 2022	\$ 7,694	\$ 575,666	\$ 146,250	\$ 2,985	\$ 15,430	\$ 41,481	\$ 42,994	\$ 832,500
Depreciation expenses	-	5,741	16,434	219	1,229	4,660	5,132	33,415
Disposals	-	-	(1,730)	-	-	(1,461)	(55)	(3,246)
Reclassification	-	-	(480)	-	(4)	-	-	(484)
Effect of foreign currency exchange differences	-	2,876	1,013	43	82	102	113	4,229
Balance at March 31, 2022	<u>\$ 7,694</u>	<u>\$ 584,283</u>	<u>\$ 161,487</u>	<u>\$ 3,247</u>	<u>\$ 16,737</u>	<u>\$ 44,782</u>	<u>\$ 48,184</u>	<u>\$ 866,414</u>
Carrying amount at December 31, 2021 and January 1, 2022	<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>
Carrying amount at March 31, 2022	<u>\$ 943,226</u>	<u>\$ 881,966</u>	<u>\$ 139,426</u>	<u>\$ 1,146</u>	<u>\$ 20,726</u>	<u>\$ 53,915</u>	<u>\$ 72,600</u>	<u>\$ 2,113,005</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 loss 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

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Carrying amounts</u>			
Buildings	\$ 260,171	\$ 219,158	\$ 257,132
Machinery	45,109	53,592	75,703
Transportation equipment	<u>3,422</u>	<u>3,905</u>	<u>2,584</u>
	<u>\$ 308,702</u>	<u>\$ 276,655</u>	<u>\$ 335,419</u>

	For the Three Months Ended March 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 95,830</u>	<u>\$ 82,922</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 32,800	\$ 31,076
Machinery	8,483	9,495
Transportation equipment	<u>482</u>	<u>165</u>
	<u>\$ 41,765</u>	<u>\$ 40,736</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 three months ended March 31, 2022 and 2021.

b. Lease liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Carrying amounts</u>			
Current	<u>\$ 136,170</u>	<u>\$ 134,442</u>	<u>\$ 147,830</u>
Non-current	<u>\$ 176,883</u>	<u>\$ 146,168</u>	<u>\$ 174,930</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Buildings	1.00%-5.00%	1.00%-5.00%	1.00%-5.00%
Machinery	1.00%-1.25%	1.00%-1.25%	1.25%
Transportation equipment	1.00%-1.25%	1.00%-1.25%	1.00%-1.25%

c. Material lease on activities and terms

The Group leases buildings for the use of offices and machinery 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

	For the Three Months Ended March 31	
	2022	2021
Expenses relating to short-term leases and low-value asset leases	<u>\$ 12,528</u>	<u>\$ 14,334</u>
Total cash outflow for leases	<u>\$ 54,929</u>	<u>\$ 60,991</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 amounts of lease commitments for short-term leases for which the recognition exemption was applied were \$13,592 thousand and \$12,820 thousand as of March 31, 2022 and 2021, respectively.

17. BANK LOANS

a. Short-term loans

	March 31, 2022	December 31, 2021	March 31, 2021
Unsecured loans	\$ 1,186,610	\$ 886,270	\$ 1,045,800
Secured loans			
Bank secured loans	449,015	367,724	218,387
Leasing company's inventory sales and repurchase financing	<u>28,640</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,664,265</u>	<u>\$ 1,253,994</u>	<u>\$ 1,264,187</u>
Annual interest rate			
Unsecured loans	1.10%-2.30%	1.00%-1.90%	1.05%-2.35%
Secured loans			
Bank secured loans	4.00%	4.00%	1.85%-4.20%
Leasing company's inventory sales and repurchase financing	1.03%	-	-

The chairman of Palsys is the joint guarantor of the above leasing company's inventory sales and repurchase financing.

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.

b. Long-term loans

	March 31, 2022	December 31, 2021	March 31, 2021
Secured loans	\$ 91,997	\$ 93,471	\$ 96,875
Less: Current portion	<u>(5,913)</u>	<u>(5,893)</u>	<u>(6,405)</u>
	<u>\$ 86,084</u>	<u>\$ 87,578</u>	<u>\$ 90,470</u>
Annual interest rate			
Secured loans	1.40%-1.65%	1.40%-1.68%	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

	March 31, 2022	December 31, 2021	March 31, 2021
Unsecured domestic bonds	\$ 3,000,000	\$ 3,000,000	\$ -
Less: Discount on bonds payable	<u>(5,333)</u>	<u>(5,558)</u>	<u>-</u>
	<u>\$ 2,994,667</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

For the three months ended March 31, 2022 and 2021, the pension expenses of defined benefit plans were \$551 thousand and \$835 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2021 and 2020, respectively.

20. EQUITY

a. Share capital

	March 31, 2022	December 31, 2021	March 31, 2021
Number of shares authorized (in thousands)	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
Share capital authorized (par value of \$10 per share)	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>
Number of shares issued (in thousands)	<u>269,393</u>	<u>269,393</u>	<u>269,393</u>
Share capital issued	<u>\$ 2,693,933</u>	<u>\$ 2,693,933</u>	<u>\$ 2,693,933</u>

b. Capital surplus

	March 31, 2022	December 31, 2021	March 31, 2021
May be used to offset a deficit, distribute as cash dividends, or transfer to share capital (1)			
Issuance of shares	\$ 4,641,487	\$ 4,641,487	\$ 4,641,487
The difference between the consideration paid or received and the carrying amount of the subsidiaries' net assets during actual acquisition or disposal	-	1,858	-
Donations	544	544	544
Treasury share transactions	1,945,013	1,945,013	1,837,963

(Continued)

	March 31, 2022	December 31, 2021	March 31, 2021
<u>May only be used to offset a deficit</u>			
Changes in percentage of ownership interest in subsidiaries (2)	\$ 7,060	\$ 7,060	\$ 5,880
Share of changes in associates accounted for using the equity method	4,307	5,866	990
Gain on sale of property, plant and equipment	<u>4,493</u>	<u>4,493</u>	<u>4,493</u>
	<u>\$ 6,602,904</u>	<u>\$ 6,606,321</u>	<u>\$ 6,491,357</u> (Concluded)

- 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 using the equity method.

c. Retained earnings and dividends policy

Under the dividend policy as set forth in the Corporation's Articles of Incorporation ("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.

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 Corporation 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 2021 that were proposed by the board of directors on April 12, 2022 and the appropriations of earnings for 2020 that had been resolved by the shareholders in their meeting on August 27, 2021, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31	For the Year Ended December 31	For the Year Ended December 31	For the Year Ended December 31
	2021	2020	2021	2020
Legal reserve	\$ 118,903	\$ 156,616	\$-	\$-
(Reversal of) special reserve	(39,587)	189,245	-	-
Cash dividends	1,131,452	1,346,967	4.2	5.0

The board of directors proposed the cash distribution of capital surplus arising from issuance of shares in their meeting on April 12, 2022. The distribution amounted to \$215,515 thousand (NT\$0.8 per share).

The appropriation of earnings for 2021 will be resolved by the shareholders in their meeting to be held 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

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ (692,016)	\$ (581,485)
Exchange differences on translation of foreign operations	137,453	(1,561)
Share of exchange differences of associates accounted for using the equity method	<u>1,084</u>	<u>(96)</u>
Balance at March 31	<u>\$ (553,479)</u>	<u>\$ (583,142)</u>

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

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ (37,108)	\$ (187,226)
Recognized for the period		
Unrealized gain on equity investments	1,282	131,995
Share of associates accounted for using the equity method	4,863	573
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(21,095)</u>
Balance at March 31	<u>\$ (30,963)</u>	<u>\$ (75,753)</u>

e. Treasury shares (in thousands)

Purpose of Treasury Share	Number of Shares at January 1	Increase During the Period	Decrease During the Period	Number of Shares at March 31
<u>2022 and 2021</u>				
Reclassification of the Corporation's shares held by subsidiaries from equity-method investments into treasury shares	<u>21,410</u>	<u>-</u>	<u>-</u>	<u>21,410</u>

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

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Hanmore</u>			
Share (in thousands)	<u>21,317</u>	<u>21,317</u>	<u>21,317</u>
Investments cost	<u>\$ 755,480</u>	<u>\$ 755,480</u>	<u>\$ 755,480</u>
Market value	<u>\$ 1,724,519</u>	<u>\$ 1,807,654</u>	<u>\$ 1,867,369</u>
<u>Ching Pu</u>			
Share (in thousands)	<u>10,982</u>	<u>10,982</u>	<u>10,982</u>
Investments cost	<u>\$ 246,093</u>	<u>\$ 246,093</u>	<u>\$ 246,093</u>
Market value	<u>\$ 888,401</u>	<u>\$ 931,229</u>	<u>\$ 962,023</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 the equity method to treasury shares, amounting to \$515,617 thousand (10,428 thousand shares) as of March 31, 2022, December 31, 2021 and March 31, 2021. 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

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ 307,828	\$ 140,324
Attributable to non-controlling interests:		
Share of profit for the period	2,216	957
Exchange differences on translation of foreign operations	1,825	-
Non-controlling interests arising from acquisition of subsidiaries (Note 25)	-	104,511
Equity transactions with non-controlling interests (Note 26)	(58,574)	(30,102)
Changes in percentage of ownership interest in subsidiaries	-	2,696
Cash dividends received from subsidiaries	<u>(1,481)</u>	<u>(2,778)</u>
Balance at March 31	<u>\$ 251,814</u>	<u>\$ 215,608</u>

21. REVENUE

	For the Three Months Ended March 31	
	2022	2021
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 6,097,297	\$ 5,612,411
Revenue from the rendering of services	1,600,387	1,718,533
Other operating revenue	<u>17,398</u>	<u>19,843</u>
	<u>\$ 7,715,082</u>	<u>\$ 7,350,787</u>

Contract Balances

	March 31, 2022	December 31, 2021	March 31, 2021
Notes and accounts receivable	<u>\$ 5,015,625</u>	<u>\$ 4,856,074</u>	<u>\$ 4,329,897</u>
Contract liabilities	<u>\$ 1,423,428</u>	<u>\$ 1,545,903</u>	<u>\$ 1,428,909</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

	For the Three Months Ended March 31	
	2022	2021
Property, plant and equipment	\$ 33,415	\$ 30,619
Right-of-use assets	41,765	40,736
Intangible assets	<u>8,865</u>	<u>10,831</u>
	<u>\$ 84,045</u>	<u>\$ 82,186</u>
An analysis of depreciation by function		
Operating costs	\$ 20,106	\$ 22,862
Operating expenses	<u>55,074</u>	<u>48,493</u>
	<u>\$ 75,180</u>	<u>\$ 71,355</u>
An analysis of amortization by function		
Operating costs	\$ 223	\$ 235
Operating expenses	<u>8,642</u>	<u>10,596</u>
	<u>\$ 8,865</u>	<u>\$ 10,831</u>

b. Employee benefits expenses

	For the Three Months Ended March 31	
	2022	2021
Post-employment benefits		
Defined contribution plans	\$ 51,572	\$ 47,674
Defined benefits plans (Note 19)	<u>551</u>	<u>835</u>
	52,123	48,509
Payroll	939,974	863,047
Labor and health insurance	90,801	84,044
Other employee benefits	<u>44,292</u>	<u>44,113</u>
 Total employee benefits expenses	 <u>\$ 1,127,190</u>	 <u>\$ 1,039,713</u>
 An analysis of employee benefits expenses by function		
Operating costs	\$ 44,428	\$ 50,457
Operating expenses	<u>1,082,762</u>	<u>989,256</u>
	 <u>\$ 1,127,190</u>	 <u>\$ 1,039,713</u>

As of March 31, 2022 and 2021, the Group had 4,220 and 3,960 employees, respectively.

c. Compensation of employees and remuneration of directors

The Corporation accrues 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 estimated amounts of compensation of employees and remuneration of directors for the three months ended March 31, 2022 and 2021 were as follows:

	For the Three Months Ended March 31	
	2022	2021
	Cash	Cash
Compensation of employees	\$ 10,052	\$ 3,608
Remuneration of directors	6,702	2,405

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:

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
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 years ended December 31, 2021 and 2020.

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

- d. Gain on sale of investments, net

	For the Three Months Ended March 31	
	2022	2021
Disposal of financial assets at FVTPL	<u>\$ 1,044</u>	<u>\$ 11,191</u>

23. INCOME TAXES

- a. Income tax recognized in profit or loss

The major components of tax expenses are as follows:

	For the Three Months Ended March 31	
	2022	2021
Current tax		
In respect of the current period	\$ 66,372	\$ 59,460
Additional income tax on unappropriated earnings	-	228
Enterprise income tax on securities	-	19,201
Adjustments for prior years' tax	<u>(503)</u>	<u>-</u>
	<u>65,849</u>	<u>78,889</u>
Deferred tax		
In respected of the current period	3,105	(17,764)
Adjustments for prior years' tax	<u>(240)</u>	<u>(8,422)</u>
	<u>2,865</u>	<u>(26,186)</u>
Income tax expense recognized in profit or loss	<u>\$ 68,714</u>	<u>\$ 52,703</u>

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 entities in the Group operating in other jurisdictions are based on the tax laws in those jurisdictions.

- b. Income tax assessments

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

	For the Three Months Ended March 31	
	2022	2021
<u>Net income for the period</u>		
Net income for the period attributable to owners of the Corporation	<u>\$ 314,512</u>	<u>\$ 503,587</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>402</u>	<u>564</u>
Weighted average number of ordinary shares in the computation of diluted earnings per share	<u>248,385</u>	<u>248,547</u>
<u>Earnings per share (NT\$)</u>		
Basic earnings per share	<u>\$ 1.27</u>	<u>\$ 2.03</u>
Diluted earnings per share	<u>\$ 1.27</u>	<u>\$ 2.03</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:

	For the Three Months Ended March 31	
	2022	2021
<u>Net income for the period</u>		
Net income for the period attributable to owners of the Corporation	<u>\$ 314,512</u>	<u>\$ 503,587</u>
<u>Number of shares (in thousands)</u>		
Weighted average number of ordinary shares in the computation of pro forma basic earnings per share	269,393	269,393
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>402</u>	<u>564</u>
Weighted average number of ordinary shares in the computation of pro forma diluted earnings per share	<u>269,795</u>	<u>269,957</u>

(Continued)

**For the Three Months Ended
March 31**

	2022	2021
<u>Earnings per share (NT\$)</u>		
Basic earnings per share	\$ 1.17	\$ 1.87
Diluted earnings per share	<u>\$ 1.17</u>	<u>\$ 1.87</u>
		(Concluded)

25. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)
Dawning	Computer system integration service and computer software industry	January 2021	74.43

Dawning was acquired in 2021 in order to continue the expansion of the Group's operations.

b. Consideration transferred

	Amount
Cash	<u>\$ 166,594</u>

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

	Amount
Current assets	
Cash and cash equivalents	\$ 107,704
Accounts receivable	430,469
Inventories	177,319
Other current assets	7,319
Non-current assets	
Property, plant and equipment	9,314
Right-of-use assets	46,750
Other intangible assets	44,403
Deferred tax assets	8,683
Other non-current assets	3,044
Current liabilities	
Short-term loans	43,022
Financial liabilities at FVTPL	330
Contract liabilities	3,050
Notes and accounts payable	239,643
Other payables	52,354
	(Continued)

	Amount
Lease liabilities - current	\$ 14,697
Advance receipts	6,907
Other current liabilities	582
Non-current liabilities	
Lease liabilities - non-current	21,120
Other non-current liabilities	<u>133</u>
	<u>\$ 453,167</u>
	(Concluded)

d. Goodwill recognized on acquisitions

	Amount
Consideration transferred	\$ 166,594
Add: Fair value of the interest originally held by the Group at the date of acquisition	208,064
Add: Non-controlling interests	104,511
Less: Fair value of identifiable net assets acquired	<u>(453,167)</u>
Goodwill recognized on acquisitions	<u>\$ 26,002</u>

e. Net cash outflow on the acquisition of subsidiaries

	Amount
Cash and cash equivalent acquired	\$ 107,704
Less: Consideration paid in cash	<u>166,594</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 13c, the Group purchased shares of E-service from the non-controlling shareholders in February 2021 and increased its interest in E-service from 58.75% to 100%.

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

	Amount
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>

- b. As described in Note 13f, 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.

	Amount
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>(44,591)</u>
Differences recognized from equity transaction (recognized as capital surplus)	<u>\$ 1,858</u>

- c. As described in Note 13i, the Group purchased shares of Dawning from the non-controlling shareholders in March 2022 and increased its interest in Dawning from 74.43% to 88.83%.

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

	Amount
Consideration paid in cash	\$ (68,400)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	<u>58,574</u>
Differences recognized from equity transaction	(9,826)
Carrying amount of capital surplus deducted	<u>1,858</u>
Adjustment to retained earnings	<u>\$ (7,968)</u>

27. CAPITAL MANAGEMENT

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

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

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

March 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 145,841	\$ -	\$ -	\$ 145,841
Unlisted shares	-	-	1,636,380	1,636,380
Unlisted preferred shares	-	-	107,277	107,277
Mutual funds	3,956,687	-	-	3,956,687
Others	-	-	99,311	99,311
	<u>\$ 4,102,528</u>	<u>\$ -</u>	<u>\$ 1,842,968</u>	<u>\$ 5,945,496</u>
Financial assets at FVTOCI				
Unlisted shares	\$ -	\$ -	\$ 225,869	\$ 225,869
Unlisted preferred shares	-	-	53,243	53,243
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279,112</u>	<u>\$ 279,112</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
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	-	-	101,652	101,652
	<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	-	-	51,485	51,485
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 301,551</u>	<u>\$ 301,551</u>

March 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 125,055	\$ -	\$ -	\$ 125,055
Unlisted shares	-	-	1,570,381	1,570,381
Unlisted preferred shares	-	-	93,416	93,416
Mutual funds	2,736,385	-	-	2,736,385
Others	-	-	44,162	44,162
	<u>\$ 2,861,440</u>	<u>\$ -</u>	<u>\$ 1,707,959</u>	<u>\$ 4,569,399</u>
Financial assets at FVTOCI				
Unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,810</u>	<u>\$ 162,810</u>

There were no transfers between Levels 1 and 2 for the three months ended 2022 and 2021.

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

For the three months ended March 31, 2022

Financial Assets	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1	\$ 1,700,303	\$ 301,551	\$ 2,001,854
Recognized in profit or loss	152,425	-	152,425
Recognized in other comprehensive income	-	1,282	1,282
Return of capital from capital reduction	(11,629)	(32,382)	(44,011)
Net exchange differences	<u>1,869</u>	<u>8,661</u>	<u>10,530</u>
Balance at March 31	<u>\$ 1,842,968</u>	<u>\$ 279,112</u>	<u>\$ 2,122,080</u>
Unrealized gain for the current period recognized in profit or loss relating to assets held at the end of the period	<u>\$ 152,425</u>		<u>\$ 152,425</u>

For the three months ended March 31, 2021

Financial Assets	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1	\$ 1,575,388	\$ 169,565	\$ 1,744,953
Recognized in profit or loss	120,936	-	120,936
Recognized in other comprehensive loss	-	(7,003)	(7,003)
Purchases	15,000	-	15,000
Return of capital from capital reduction	(3,365)	-	(3,365)
Net exchange differences	<u>-</u>	<u>248</u>	<u>248</u>
Balance at March 31	<u>\$ 1,707,959</u>	<u>\$ 162,810</u>	<u>\$ 1,870,769</u>
Unrealized gain for the current period recognized in profit or loss relating to assets held at the end of the period	<u>\$ 120,936</u>		<u>\$ 120,936</u>

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
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

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets</u>			
FVTPL	\$ 5,945,496	\$ 6,264,532	\$ 4,569,399
Amortized cost (1)	10,284,699	10,590,195	9,198,479
FVTOCI	279,112	301,551	162,810
<u>Financial liabilities</u>			
Amortized cost (2)	9,745,006	10,185,561	5,500,762

- 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.

	For the Three Months Ended March 31	
	2022	2021
Increase/decrease	\$ 78,561	\$ 82,978

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.

	March 31, 2022	December 31, 2021	March 31, 2021
Fair value interest rate risk			
Financial assets	\$ 899,797	\$ 884,580	\$ 1,294,995
Financial liabilities	4,658,932	4,248,436	1,264,187
Cash flow interest rate risk			
Financial assets	3,662,360	4,067,664	2,967,038
Financial liabilities	91,997	93,471	96,875

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:

	For the Three Months Ended March 31	
	2022	2021
Increase/decrease	\$ 893	\$ 717

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:

	For the Three Months Ended March 31	
	2022	2021
Pre-tax net income		
Increase/decrease	\$ 297,275	\$ 228,470
Other comprehensive income		
Increase/decrease	13,956	8,141

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 and corporate bonds 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

(Continued)

Related Parties	Relationship with the Group
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
Neo Trend Tech Corporation	Associate
Asiavest Capital Co., Ltd.	Other related party
Ms. Luo	Director of subsidiary (2)
Mr. Hsieh	Director of subsidiary

(Concluded)

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 Three Months Ended March 31	
		2022	2021
Sales	Associates	<u>\$ 27,803</u>	<u>\$ 22,017</u>
Service revenue	Associates	<u>\$ 2,158</u>	<u>\$ 1,282</u>
Other operating revenue	Associates	<u>\$ -</u>	<u>\$ 31</u>

c. Purchases

Related Party Categories	For the Three Months Ended March 31	
	2022	2021
Associates	<u>\$ 4,926</u>	<u>\$ 11,367</u>

d. Receivables from related parties

Line Items	Related Party Categories	March 31, 2022	December 31, 2021	March 31, 2021
Notes and accounts receivable	Associates	<u>\$ 33,899</u>	<u>\$ 49,905</u>	<u>\$ 20,543</u>

e. Payables to related parties

Line Items	Related Party Categories	March 31, 2022	December 31, 2021	March 31, 2021
Accounts payable	Associates	<u>\$ 11,391</u>	<u>\$ 21,776</u>	<u>\$ 19,796</u>
Other payables	Director of subsidiary	<u>\$ 9,402</u>	<u>\$ 9,402</u>	<u>\$ 9,402</u>

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

f. Disposal of property, plant and equipment

Related Party Categories	<u>Disposal Consideration</u>		<u>Gain on Disposal</u>	
	<u>For the Three Months Ended</u>		<u>For the Three Months Ended</u>	
	<u>March 31</u>		<u>March 31</u>	
	2022	2021	2022	2021
Other related party	<u>\$ -</u>	<u>\$ 1,619</u>	<u>\$ -</u>	<u>\$ 62</u>

g. Other transactions with related parties

Line Items	Related Party Categories	<u>For the Three Months Ended</u>	
		<u>March 31</u>	
		2022	2021
Service cost	Associates	<u>\$ 4,682</u>	<u>\$ 5,351</u>
Operating expenses	Associates	<u>\$ 609</u>	<u>\$ 6</u>
Rent revenue (recognized as other income, net)	Associates	<u>\$ -</u>	<u>\$ 56</u>

h. Compensation of key management personnel

	<u>For the Three Months Ended</u>	
	<u>March 31</u>	
	2022	2021
Short-term employee benefits	\$ 27,918	\$ 27,040
Post-employment benefits	<u>714</u>	<u>1,280</u>
	<u>\$ 28,632</u>	<u>\$ 28,320</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.:

	March 31, 2022	December 31, 2022	March 31, 2021
Property, plant and equipment - land and buildings, net	\$ 352,686	\$ 346,888	\$ 351,455
Pledged time deposits - current (included in other receivables)	292,219	241,079	179,971
Pledged time deposits - non-current (included in other non-current assets)	107,578	143,501	144,035
The shares of the Corporation (Note)	<u>404,500</u>	<u>424,000</u>	<u>438,000</u>
	<u>\$ 1,156,983</u>	<u>\$ 1,155,468</u>	<u>\$ 1,113,461</u>

Note: Hanmore pledged 5,000 thousand shares of the Corporation as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively, and it was eliminated on consolidation.

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Group as of March 31, 2022, December 31, 2021 and March 31, 2021 were as follows:

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

	March 31, 2022	December 31, 2022	March 31, 2021
	<u>\$ 660</u>	<u>\$ 695</u>	<u>\$ 702</u>

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

	March 31, 2022	December 31, 2022	March 31, 2021
	<u>\$ 14,465,148</u>	<u>\$ 12,582,510</u>	<u>\$ 11,522,158</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 March 31, 2021, the Group's assets in the trust account amounted to \$48,780 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, 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:

March 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 61,093	28.63	\$ 1,748,787
RMB	2,356	4.51	10,624
Non-monetary items			
Financial assets at FVTPL			
HKD	12,595	3.66	46,047
<u>Financial liabilities</u>			
Monetary items			
USD	6,556	28.63	187,666
RMB	117	4.51	528

December 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<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 items			
USD	8,980	27.68	248,566
RMB	478	4.34	2,075

March 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 46,050	28.54	\$ 1,314,037
RMB	125,705	4.34	545,861
<u>Financial liabilities</u>			
Monetary items			
USD	7,021	28.54	200,344

For the three months ended March 31, 2022 and 2021, realized and unrealized net foreign exchange gains were \$2,056 thousand and \$1,637 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 entities in the Group.

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 digital ecosystem 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.

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
For the three months ended								
<u>March 31, 2022</u>								
Sales to customers	\$ 1,041,858	\$ 1,287,432	\$ 1,736,070	\$ 2,243,970	\$ 1,405,752	\$ -	\$ -	\$ 7,715,082
Sales to other segments	<u>149,407</u>	<u>30,755</u>	<u>107,230</u>	<u>16,753</u>	<u>123,687</u>	<u>-</u>	<u>(427,832)</u>	<u>-</u>
Total sales	<u>\$ 1,191,265</u>	<u>\$ 1,318,187</u>	<u>\$ 1,843,300</u>	<u>\$ 2,260,723</u>	<u>\$ 1,529,439</u>	<u>\$ -</u>	<u>\$ (427,832)</u>	<u>\$ 7,715,082</u>
Segment (loss) income	<u>\$ 68,365</u>	<u>\$ 129,708</u>	<u>\$ 66,441</u>	<u>\$ 165,761</u>	<u>\$ 41,918</u>	<u>\$ 16,288</u>	<u>\$ -</u>	\$ 488,481
Corporate general expenses								<u>(103,039)</u>
Income before income tax								<u>\$ 385,442</u>
Segment depreciation and amortization expenses	<u>\$ 12,227</u>	<u>\$ 7,603</u>	<u>\$ 18,012</u>	<u>\$ 2,550</u>	<u>\$ 10,662</u>	<u>\$ -</u>		\$ 51,054
Non-segment depreciation and amortization expenses								<u>32,991</u>
Total depreciation and amortization expenses								<u>\$ 84,045</u>
Segment assets	<u>\$ 3,958,384</u>	<u>\$ 2,563,427</u>	<u>\$ 2,037,277</u>	<u>\$ 3,682,377</u>	<u>\$ 3,033,506</u>	<u>\$ 9,630,852</u>		\$ 24,905,823
General assets								<u>1,631,767</u>
Total assets								<u>\$ 26,537,590</u>
For the three months ended								
<u>March 31, 2021</u>								
Sales to customers	\$ 937,719	\$ 885,191	\$ 1,730,144	\$ 2,386,828	\$ 1,410,905	\$ -	\$ -	\$ 7,350,787
Sales to other segments	<u>132,166</u>	<u>43,316</u>	<u>70,660</u>	<u>309,885</u>	<u>189,738</u>	<u>-</u>	<u>(745,765)</u>	<u>-</u>
Total sales	<u>\$ 1,069,885</u>	<u>\$ 928,507</u>	<u>\$ 1,800,804</u>	<u>\$ 2,696,713</u>	<u>\$ 1,600,643</u>	<u>\$ -</u>	<u>\$ (745,765)</u>	<u>\$ 7,350,787</u>
Segment (loss) income	<u>\$ 67,992</u>	<u>\$ 79,086</u>	<u>\$ 86,833</u>	<u>\$ 163,869</u>	<u>\$ 28,074</u>	<u>\$ 234,163</u>	<u>\$ -</u>	\$ 660,017
Corporate general expenses								<u>(102,770)</u>
Income before income tax								<u>\$ 557,247</u>
Segment depreciation and amortization expenses	<u>\$ 12,233</u>	<u>\$ 8,644</u>	<u>\$ 17,464</u>	<u>\$ 2,309</u>	<u>\$ 10,811</u>	<u>\$ -</u>		\$ 51,461
Non-segment depreciation and amortization expenses								<u>30,725</u>
Total depreciation and amortization expenses								<u>\$ 82,186</u>
Segment assets	<u>\$ 3,020,753</u>	<u>\$ 2,397,076</u>	<u>\$ 2,310,216</u>	<u>\$ 2,828,436</u>	<u>\$ 2,458,722</u>	<u>\$ 7,992,158</u>		\$ 21,007,361
General assets								<u>1,326,603</u>
Total assets								<u>\$ 22,333,964</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.

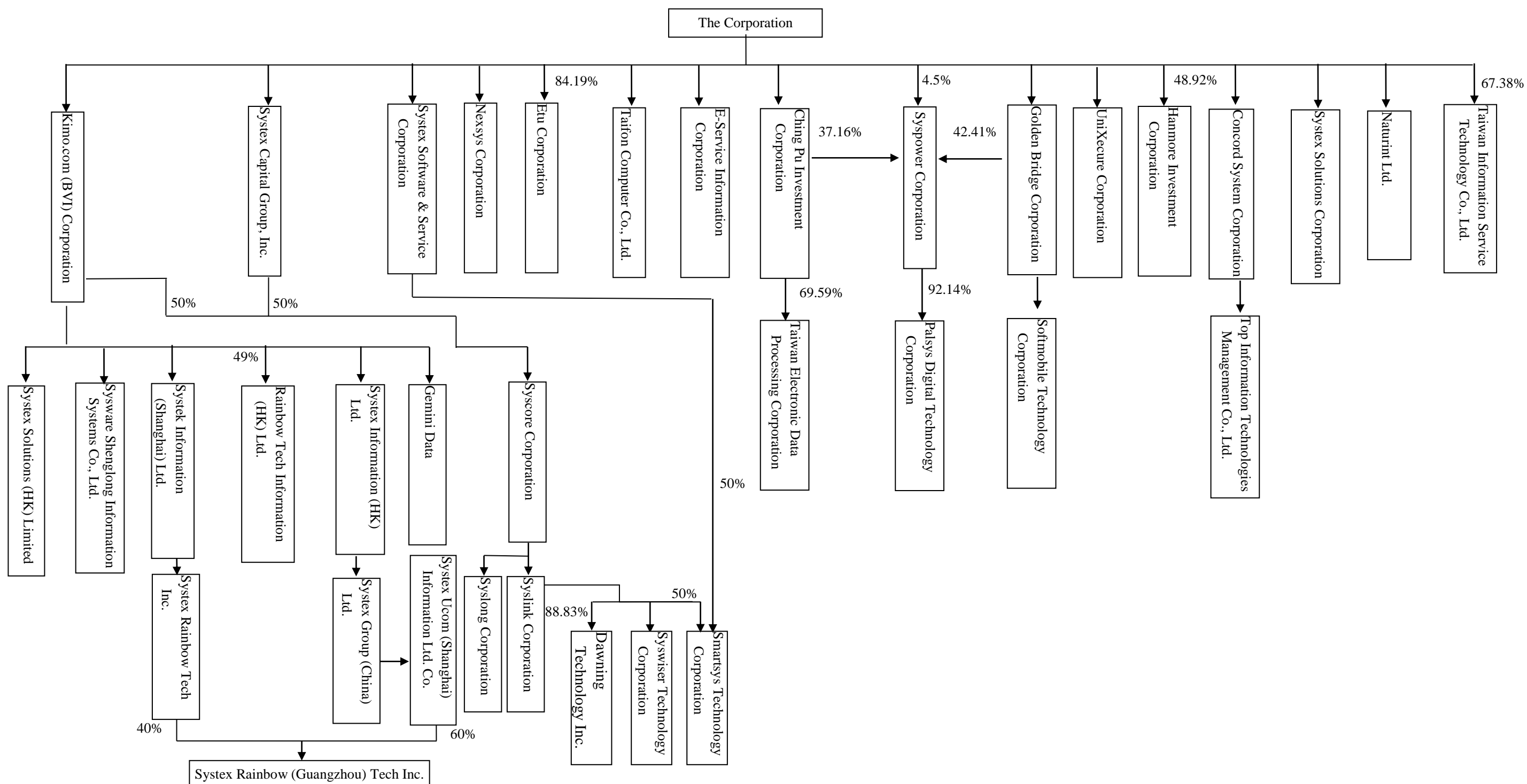
35. SEPARATELY DISCLOSED ITEMS

- a. Information on significant transactions and b. Information on investees:
- 1) Financing provided to others (Table 2)
 - 2) Endorsements/guarantees provided (Table 3)
 - 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 4)
 - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 5)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
 - 9) Trading in derivative instruments (None)
 - 10) Other: Intercompany relationships and significant intercompany transactions (Table 6)
 - 11) Information on investees (Table 7)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 6):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes

- e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

SYSTEX CORPORATION AND SUBSIDIARIES

THE RELATIONSHIP AND PERCENTAGE OF OWNERSHIP OF COMPANIES IN THE GROUP
MARCH 31, 2022



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

SYSTEX CORPORATION AND SUBSIDIARIES
**FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(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 19)	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	\$ -	-	\$ -	\$ 5,580,547	\$ 5,580,547	(Note 3)
		Systex Solutions Corporation	Receivables from related parties	Y	300,000	300,000	80,000	1.25	Short-term financing	-	Operating capital	-	-	-	5,580,547	5,580,547	(Note 4)
		Concord System Management Corporation	Receivables from related parties	Y	200,000	200,000	200,000	1.25	Short-term financing	-	Operating capital	-	-	-	5,580,547	5,580,547	(Note 5)
1	Systex Group (China) Ltd.	Systek Information (Shanghai) Ltd.	Receivables from related parties	Y	135,276	135,276	24,801	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,790,273	5,580,547	(Note 6)
		Systex Rainbow Tech Inc.	Receivables from related parties	Y	225,460	225,460	49,601	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,790,273	5,580,547	(Note 7)
		Sysware Shenglong Information Systems Co., Ltd.	Receivables from related parties	Y	22,546	22,546	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,790,273	5,580,547	(Note 8)
		Systex Ucom (Shanghai) Information Ltd. Co.	Receivables from related parties	Y	225,460	225,460	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,790,273	5,580,547	(Note 9)
2	Systek Information (Shanghai) Ltd.	Systex Group (China) Ltd.	Receivables from related parties	Y	270,552	270,552	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,790,273	5,580,547	(Note 10)
		Systex Rainbow Tech Inc.	Receivables from related parties	Y	45,092	45,092	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,790,273	5,580,547	(Note 11)
		Sysware Shenglong Information Systems Co., Ltd.	Receivables from related parties	Y	45,092	45,092	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,790,273	5,580,547	(Note 12)
3	Systex Rainbow Tech Inc.	Systex Group (China) Ltd.	Receivables from related parties	Y	90,184	90,184	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,790,273	5,580,547	(Note 13)
		Systek Information (Shanghai) Ltd.	Receivables from related parties	Y	45,092	45,092	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,790,273	5,580,547	(Note 14)
4	Sysware Shenglong Information Systems Co., Ltd.	Systex Group (China) Ltd.	Receivables from related parties	Y	45,092	45,092	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,790,273	5,580,547	(Note 15)
		Systek Information (Shanghai) Ltd.	Receivables from related parties	Y	45,092	45,092	29,310	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,790,273	5,580,547	(Note 16)
5	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 17)
6	Concord System Management Corporation	Palsys Digital Technology Corporation	Receivables from related parties	Y	70,000	70,000	70,000	1.75	Business Relations	88,692	Operating capital	-	-	-	88,692	176,095	(Note 18)

Note 1: Loans to individual company shall not exceed 20% of the lender's net equity, except for 40% net equity of the Corporation and Syspower Corporation, and the amount of business transactions between two companies of Concord System Management Corporation. 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 are 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 which has been withdrawn.

Note 6: The highest balance for the period is NT\$135,276 thousand (RMB30,000 thousand). The ending balance is NT\$135,276 thousand (RMB30,000 thousand), including NT\$110,475 thousand (RMB24,500 thousand) which has not been withdrawn.

Note 7: The highest balance for the period is NT\$225,460 thousand (RMB50,000 thousand). The ending balance is NT\$225,460 thousand (RMB50,000 thousand), including NT\$175,859 thousand (RMB39,000 thousand) which has not been withdrawn.

Note 8: The highest balance for the period is NT\$22,546 thousand (RMB5,000 thousand). The ending balance is NT\$22,546 thousand (RMB5,000 thousand) which has not been withdrawn.

(Continued)

- Note 9: The highest balance for the period is NT\$225,460 thousand (RMB50,000 thousand). The ending balance is NT\$225,460 thousand (RMB50,000 thousand) which has not been withdrawn.
- Note 10: The highest balance for the period is NT\$270,552 thousand (RMB60,000 thousand). The ending balance is NT\$270,552 thousand (RMB60,000 thousand) which has not been withdrawn.
- Note 11: The highest balance for the period is NT\$45,092 thousand (RMB10,000 thousand). The ending balance is NT\$45,092 thousand (RMB10,000 thousand) which has not been withdrawn.
- Note 12: The highest balance for the period is NT\$45,092 thousand (RMB10,000 thousand). The ending balance is NT\$45,092 thousand (RMB10,000 thousand) which has not been withdrawn.
- Note 13: The highest balance for the period is NT\$90,184 thousand (RMB20,000 thousand). The ending balance is NT\$90,184 thousand (RMB20,000 thousand) which has not been withdrawn.
- Note 14: The highest balance for the period is NT\$45,092 thousand (RMB10,000 thousand). The ending balance is NT\$45,092 thousand (RMB10,000 thousand) which has not been withdrawn.
- Note 15: The highest balance for the period is NT\$45,092 thousand (RMB10,000 thousand). The ending balance is NT\$45,092 thousand (RMB10,000 thousand) which has not been withdrawn.
- Note 16: The highest balance for the period is NT\$45,092 thousand (RMB10,000 thousand). The ending balance is NT\$45,092 thousand (RMB10,000 thousand), including NT\$15,782 thousand (RMB3,500 thousand) which has not been withdrawn.
- Note 17: The highest balance for the period is NT\$160,000 thousand. The ending balance is NT\$160,000 thousand which has been withdrawn.
- Note 18: The highest balance for the period is NT\$70,000 thousand. The ending balance is NT\$70,000 thousand which has been withdrawn.
- Note 19: 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 THREE MONTHS ENDED MARCH 31, 2022
(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 (Note 1)											
0	Systex Corporation	Systex Information (HK) Ltd.	b	\$ 3,487,842	\$ 357,813	\$ 357,813	\$ 101,676	\$ -	2.56	\$ 6,975,684	Y	N	N	(Notes 2 and 3)
		Systex Group (China) Ltd.	b	3,487,842	1,715,498	1,715,498	464,028	-	12.30	6,975,684	Y	N	Y	(Notes 2 and 3)
		Systek Information (Shanghai) Ltd.	b	3,487,842	14,313	14,313	-	-	0.10	6,975,684	Y	N	Y	(Notes 2 and 3)
		Systex Rainbow Tech Inc.	b	3,487,842	42,938	42,938	-	-	0.31	6,975,684	Y	N	Y	(Notes 2 and 3)
		Systex Ucom (Shanghai) Information Ltd. Co.	b	3,487,842	135,276	135,276	59,202	-	0.97	6,975,684	Y	N	Y	(Notes 2 and 3)
		Systex Software & Service Corporation	b	3,487,842	1,000,000	1,000,000	517,457	-	7.17	6,975,684	Y	N	N	(Notes 2 and 3)
1	Systek Information (Shanghai) Ltd.	Systex Group (China) Ltd.	d	862,646	225,460	225,460	216,027	225,460	52.27	862,647	N	N	Y	(Notes 4 and 5)

Note 1: There are seven types of relationships between the endorser and the endorsed party.

- a. Companies that have business dealings.
- b. A company in which the company directly or indirectly holds more than 50% of the voting shares.
- c. Companies in which the company directly or indirectly holds more than 50% of the voting shares.
- d. Companies in which the company directly or indirectly holds more than 90% of the voting shares.
- e. A company that is mutually insured under a contract between peers or co-founders for the purpose of contracting for work.
- f. A company whose joint investment is guaranteed by all contributing shareholders in proportion to their shareholdings.
- g. Inter-industry companies that engage in performance guarantee and joint guarantee for pre-sale contracts in accordance with the Consumer Protection Act.

Note 2: Limits on endorsements/guarantees amount shall not exceed 25% of the net worth of the provider.

Note 3: The maximum balance for the period shall not exceed 50% of the net worth of the provider.

Note 4: Limits on endorsements/guarantees amount shall not exceed 200% of the net worth in previous year end of the provider.

Note 5: The maximum balance for the period shall not exceed 200% of the net worth in previous year end of the provider.

TABLE 4

SYSTEX CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2022

(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	March 31, 2022				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	1,280,520	3.28	1,280,520		
	Saho Corporation		"	795,895	-	1.79	-		
	Far Eastern Electronic Toll Collection Co., Ltd.		"	25,263,076	212,012	8.42	212,012		
	Sysjust Co., Ltd.		"	1,108,592	21,667	4.22	21,667		
	3Probe Technologies Co., Ltd.		"	300,000	2,562	6.42	2,562		
	Da Ho Marketing Co., Ltd.		"	1,260,000	10,761	14.63	10,761		
	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	867	0.50	867	
	Alpha Core Philosophy Co., Ltd.			"	55,556	15,000	1.77	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	10,600,937	152,212	-	152,212	
	Capital Money Market Fund			"	9,210,164	150,191	-	150,191	
	Fubon Chi-Hsiang Money Market Fund			"	6,954,402	110,145	-	110,145	
	CTBC Hua Win Money Market Fund			"	8,536,027	95,024	-	95,024	
	GIM Prudential Financial Money Market Fund			"	5,004,441	80,077	-	80,077	
	Fuh Hwa Money Market Fund			"	6,176,695	90,004	-	90,004	
	Yuanta De-Li Money Market Fund			"	5,461,198	90,002	-	90,002	
	Yuanta De-Bo Money Market Fund			"	15,246,378	185,048	-	185,048	
	UPAMC James Bond Money Market Fund			"	14,525,558	245,234	-	245,234	
KGI EM Trend ETF Fund of Funds			"	300,000	2,421	-	2,421		

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	March 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Subordinate company - Ching Pu Investment Corporation	<u>Ordinary shares</u> System 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) Yuanta Wan-Tai Money Market Fund Pinebridge Taiwan Money Market Fund	Parent company	Financial assets at FVTOCI - non-current	10,981,476	\$ 888,401	4.08	\$ 888,401	(Note 2)
			Financial assets at FVTPL - current	2,532,887	96,250	2.83	96,250	
			Financial assets at FVTPL - non-current	1,177,629	-	6.57	-	
			"	8,558,064	-	2.08	-	
			"	126,666	-	2.22	-	
			"	1,276,448	24,948	4.85	24,948	
			"	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	84,060	-	84,060	
			"	2,675,858	42,817	-	42,817	
			"	300,000	4,338	-	4,338	
"	1,308,421	20,003	-	20,003				
"	581,717	8,019	-	8,019				
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	30,387	-	30,387	
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	432,867	78,052	-	78,052	
			"	4,193,426	60,211	-	60,211	
			"	2,578,672	42,367	-	42,367	
Subordinate company - Softmobile Technology Corporation	<u>Mutual funds</u> Capital Money Market Fund		Financial assets at FVTPL - current	1,104,783	18,016	-	18,016	
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	395,669	6,049	-	6,049	
			"	2,341,876	35,120	-	35,120	
			"	1,484,818	18,022	-	18,022	
			"	3,460,325	57,027	-	57,027	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	March 31, 2022				Note	
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value		
Subordinate company - Hanmore System Management Corporation	<u>Ordinary shares</u> Systemex Corporation Monterey International Corp Enova Technology Corp. NITS Technology Inc.	Parent company	Financial assets at FVTOCI - non-current	21,316,678	\$ 1,724,519	7.91	\$ 1,724,519	(Note 2)	
			Financial assets at FVTPL - non-current	1,595,162	11,476	4.68	11,476		
			"	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	16,037	-	16,037		
			"	968,720	9,276	-	9,276		
	Subordinate company - Systemex 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	126	0.07	126				
Financial assets at FVTOCI - non-current		-	198,561	2.91	198,561				
<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	42,938	16.11	42,938			
<u>Other</u> Current Ventures II Limited		Financial assets at FVTOCI - non-current	2,500,000	-	4.20	-			
		Financial assets at FVTPL - current	-	142	-	142			
<u>Mutual funds</u> Goldman Sachs Proprietary Access Fund Offshore, Ltd. Class A Series 1 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 PIMCO Global High Yield Bond PIMCO Income Fund-H Class (IE00BFMWWL31) PIMCO Global Bond Fund-H Class (IE0032313805)		"	43,049	26,358	-	26,358			
		"	37,202	35,046	-	35,046			
		"	44,408	28,678	-	28,678			
		"	40,089	27,346	-	27,346			
		"	3,983	20,527	-	20,527			
		"	13,450	74,583	-	74,583			
		Financial assets at FVTPL - current	145,719	110,579	-	110,579			
	"	86,301	28,236	-	28,236				
	"	28,347	26,793	-	26,793				

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	March 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	RBC Funds (LUX) Global Equity Focus Fund A USD ACC		Financial assets at FVTPL - current	4,416	\$ 27,273	-	\$ 27,273	
	JSS USD HIGH YIELD FUND		"	9,589	36,634	-	36,634	
	BLACKROCK BGF CHINA A-SHARE OPPORTUNITIES CLASS A SHARES		"	32,816	12,484	-	12,484	
	GS Emerging Markets Broad Equity Portfolio (ACC) Shares		"	22,011	12,242	-	12,242	
	GS Multi-manager US Equity Mutual Fund		"	35,522	34,104	-	34,104	
	Goldman Sachs High Yield Floating Rate Portfolio Fund		"	15,004	58,656	-	58,656	
	BLACKROCK BGF CONTINENTAL EUROPEAN FLEXIBLE FUND		"	40,298	24,351	-	24,351	
	GS Multi-manager US Small Cap Equity Fund		"	52,469	22,048	-	22,048	
	GS Asia Equity Portfolio Fund		"	21,027	12,242	-	12,242	
	Vulcan Value Equity Fund USD Accumulating Class		"	3,002	18,290	-	18,290	
	Lord Abbett High Yield Fund		"	49,711	20,932	-	20,932	
Subordinate company - Naturint Corporation	<u>Mutual funds</u> Union Money Market Fund		Financial assets at FVTPL - current	1,147,614	15,314	-	15,314	
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 Financial assets at FVTPL - current	7,716,831 72,000	64,761 3,417	2.57 0.18	64,761 3,417	
	<u>Preference shares</u> Taiwania Capital Buffalo Fund Preference Shares - Class A		Financial assets at FVTPL - non-current	92,600,000	107,277	2.15	107,277	
	<u>Limited partnership</u> Digital-Economy limited partnership		Financial assets at FVTPL - non-current	-	42,945	6.29	42,945	
	<u>Mutual funds</u> Allianz Global Investors Taiwan Money Market Fund Schroder 2022 Emerging Market Sovereignty Bond TWD A Fund Pinebridge Taiwan Money Market Securities Investment Trust Fund FSITC Global Artificial Intelligence Fund Allianz Us Low Average Duration High Yield Fund Yuanta Taiwan High-Yield Leading Company Fund A Fuh Hwa Legend Fund VI Fuh Hwa Money Market Fund		Financial assets at FVTPL - current " " " " " " " "	3,806,236 300,000 2,552,563 100,000 3,000,000 1,000,000 19,702,970 4,066,376	48,206 2,840 35,188 1,643 32,051 14,460 552,077 59,254	- - - - - - - -	48,206 2,840 35,188 1,643 32,051 14,460 552,077 59,254	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	March 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Subordinate company - Syslink Corporation	<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	-	\$ 504,607	-	\$ 504,607	(Note 3)
	<u>Mutual funds</u> Yuanta Taiwan High-yield Leading Company Fund (A)		Financial assets at FVTPL - current	200,000	2,892	-	2,892	
	<u>Ordinary shares</u> Onward Security Corporation Caloudi Corporation		Financial assets at FVTPL - non-current Financial assets at FVTOCI - non-current	6,630,000 600,000	7,673 1,841	11.02 10.71	7,673 1,841	
Subordinate company - Syswiser Technology Corporation	<u>Mutual funds</u> UPAMC James Bond Money Market Fund TCB Money Market Fund		Financial assets at FVTPL - current	772,471	13,042	-	13,042	
			"	1,365,015	14,006	-	14,006	
Subordinate company - Smartsys Technology Corporation	<u>Mutual funds</u> UPAMC James Bond Money Market Fund		Financial assets at FVTPL - current	100,612	1,699	-	1,699	
Subordinate company - Top Information Co., Ltd.	<u>Mutual funds</u> Mega Diamond Money Market Fund Taishin 1699 Money Market Fund		Financial assets at FVTPL - current	6,715,069	85,179	-	85,179	
			"	3,664,883	50,165	-	50,165	
Subordinate company - Kimo.com (BVI) Corporation	<u>Ordinary shares</u> ISHARES A50 (2823.HK) CSOP A50 (2822.HK)		Financial assets at FVTPL - current	392,000	23,246	-	23,246	
			"	397,000	22,802	-	22,802	
	<u>Mutual funds</u> ALLIANZ INCOME AND GROWTH-CLASS AT ACC (USD) ALLIANZ GLOBAL ARTIFICIAL INTELLIGENCE-CLASS AT ACC (USD) ALLIANZ TOTAL RETURN ASIAN EQUITY-CLASS A DIS (USD) ALLIANZ CHINA A SHARES SHS-AT (USD)		Financial assets at FVTPL - current	41,771	28,446	-	28,446	
			"	15,768	12,426	-	12,426	
			"	10,167	11,027	-	11,027	
			"	75,810	33,679	-	33,679	
	<u>Other</u> New Economy Ventures L.P		Financial assets at FVTPL - non-current	-	56,366	15.86	56,366	
<u>Preference shares</u> XREX Inc.		Financial assets at FVTOCI - non-current	254,148	10,305	0.96	10,305		
Subordinate company - System Software & Service Corporation	<u>Mutual funds</u> Taishin Ta Chong Money Market Fund Sinopac TWD Money Market Fund Taishin 1699 Money Market Fund		Financial assets at FVTPL - current	3,482,525	50,003	-	50,003	
			"	7,117,595	100,039	-	100,039	
			"	7,313,842	100,111	-	100,111	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	March 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Subordinate company - Syslong Corporation	Fubon Chi-Hsiang Money Market Fund		Financial assets at FVTPL - current	15,480,952	\$ 245,189	-	\$ 245,189	
Subordinate company - System Solutions Corporation	Union Money Market Fund		Financial assets at FVTPL - current	1,500,341	20,020	-	20,020	
	FSITC Money Market Fund		"	166,454	30,014	-	30,014	
	Yuanta Wan-Tai Money Market Fund		"	655,045	10,014	-	10,014	

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 \$4,607 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 7 and 8 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 THREE MONTHS ENDED MARCH 31, 2022
 (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 - Systemex Corporation	<u>Mutual funds</u> Fuh Hwa Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	13,185,153	\$ 192,010	18,875,304	\$ 275,000	25,883,762	\$ 377,097	\$ 377,010	\$ 87	6,176,695	\$ 90,000
	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	14,578,709	240,034	11,226,846	185,000	20,344,357	335,034	335,034	179	5,461,198	90,000

Note: Financial assets at fair value through profit or loss are measured at acquisition costs.

SYSTEX CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2022

(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	Systex Corporation	Systex Software & Service Corporation	a	Sales	\$ 32,946	Net 78 days	-
		Systex Software & Service Corporation	a	Interest revenue	247	Short-term financing, with a term of one year	-
		Systex Software & Service Corporation	a	Cost of goods sold	12,791	Net 78 days	-
		Systex Software & Service Corporation	a	Receivables from related parties	47,087	Net 78 days	-
		Systex Software & Service Corporation	a	Receivables from related parties (including interest receivables)	80,288	Short-term financing, with a term of one year	-
		Systex Software & Service Corporation	a	Payables to related parties	13,805	Net 78 days	-
		Syspower Corporation	a	Sales	5,615	Net 78 days	-
		Syspower Corporation	a	Service cost	6,775	Net 78 days	-
		Syspower Corporation	a	Receivables from related parties	8,972	Net 78 days	-
		Syspower Corporation	a	Payables to related parties	7,611	Net 78 days	-
		Concord System Management Corporation	a	Sales	21,951	Net 78 days	-
		Concord System Management Corporation	a	Interest revenue	464	Short-term financing, with a term of one year	-
		Concord System Management Corporation	a	Receivables from related parties	26,311	Net 78 days	-
		Concord System Management Corporation	a	Receivables from related parties (including interest receivables)	200,536	Short-term financing, with a term of one year	1
		Systex Solutions Corporation	a	Sales	6,493	Net 78 days	-
		Systex Solutions Corporation	a	Interest revenue	247	Short-term financing, with a term of one year	-
		Systex Solutions Corporation	a	Receivables from related parties	9,495	Net 78 days	-
		Systex Solutions Corporation	a	Receivables from related parties (including interest receivables)	80,288	Short-term financing, with a term of one year	-
		Softmobile Technology Corporation	a	Service cost	6,298	Net 78 days	-
		Softmobile Technology Corporation	a	Receivables from related parties	2,034	Net 78 days	-
		Softmobile Technology Corporation	a	Payables to related parties	6,613	Net 78 days	-
		Nexsys Corporation	a	Service cost	4,757	Net 78 days	-
		Nexsys Corporation	a	Receivables from related parties	3,450	Net 78 days	-
		Nexsys Corporation	a	Payables to related parties	7,128	Net 78 days	-
		Taifon Computer Co., Ltd.	a	Receivables from related parties	3,660	Net 78 days	-
		Top Information Technologies Co., Ltd.	a	Sales	2,083	Net 78 days	-
		Top Information Technologies Co., Ltd.	a	Receivables from related parties	5,709	Net 78 days	-
		Dawning Technology Inc.	a	Cost of goods sold	23,191	Net 78 days	-
		Dawning Technology Inc.	a	Payables to related parties	24,174	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 Palsys Digital Technology Corporation Palsys Digital Technology Corporation	a a a a	Cost of goods sold Service cost Receivables from related parties Payables to related parties	\$ 22,958 11,130 2,254 21,695	Net 78 days Net 78 days Net 78 days Net 78 days	- - - -
1	System Software & Service Corporation	Syspower Corporation Dawning Technology Inc. Dawning Technology Inc. Palsys Digital Technology Corporation Palsys Digital Technology Corporation Palsys Digital Technology Corporation	b b b b b b	Payables to related parties Cost of goods sold Payables to related parties Cost of goods sold Service cost Payables to related parties	2,431 2,316 2,565 2,015 6,008 4,229	Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days	- - - - - -
2	Syspower Corporation	System Solutions Corporation Naturint Corporation Naturint Corporation Palsys Digital Technology Corporation Palsys Digital Technology Corporation Palsys Digital Technology Corporation	b b b b b b	Payables to related parties Operating expenses Payables to related parties Interest revenue Service cost Receivables from related parties (including interest receivables)	2,111 2,700 2,835 690 17,548 161,722	Net 78 days Net 78 days Net 78 days Short-term financing, with a term of one year Net 78 days Short-term financing, with a term of one year	- - - - - 1
3	Concord System Management Corporation	Palsys Digital Technology Corporation Palsys Digital Technology Corporation Palsys Digital Technology Corporation Palsys Digital Technology Corporation Palsys Digital Technology Corporation	b b b b b	Interest revenue Cost of goods sold Service cost Receivables from related parties (including interest receivables) Payables to related parties	280 7,319 53,816 70,287 12,999	Short-term financing, with a term of one year Net 78 days Net 78 days Short-term financing, with a term of one year Net 78 days	- - 1 - -
4	System Solutions Corporation	Dawning Technology Inc. Dawning Technology Inc. Palsys Digital Technology Corporation Palsys Digital Technology Corporation Palsys Digital Technology Corporation	b b b b b	Cost of goods sold Payables to related parties Cost of goods sold Service cost Payables to related parties	3,699 3,060 12,102 2,006 14,855	Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days	- - - - -
5	Taifon Computer Co., Ltd.	Dawning Technology Inc. Dawning Technology Inc.	b b	Cost of goods sold Payables to related parties	6,230 6,604	Net 78 days Net 78 days	- -
6	Top Information Technologies Co., Ltd.	Palsys Digital Technology Corporation	b	Payables to related parties	3,675	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	\$ 3,500	Net 78 days	-
8	Systex Group (China) Ltd.	System Rainbow Tech Inc.	b	Interest revenue	464	Short-term financing, with a term of one year	-
		System Rainbow Tech Inc.	b	Receivables from related parties (including interest receivables)	49,601	Short-term financing, with a term of one year	-
		System Rainbow Tech Inc.	b	Receivables from related parties	2,590	Net 120 days	-
		System Information (Shanghai) Ltd.	b	Interest revenue	120	Short-term financing, with a term of one year	-
		System Information (Shanghai) Ltd.	b	Receivables from related parties (including interest receivables)	24,801	Short-term financing, with a term of one year	-
		System Ucom (Shanghai) Information Ltd. Co.	b	Sales	7,482	Net 120 days	-
		System Ucom (Shanghai) Information Ltd. Co.	b	Cost of goods sold	55,988	Net 120 days	1
		System Ucom (Shanghai) Information Ltd. Co.	b	Receivables from related parties	12,992	Net 120 days	-
	System Ucom (Shanghai) Information Ltd. Co.	b	Payables to related parties	9,640	Net 120 days	-	
9	Systex Information (HK) Ltd.	Rainbow Tech Information (HK) Ltd.	b	Sales	57,127	Net 30 days	1
		Rainbow Tech Information (HK) Ltd.	b	Receivables from related parties	16,132	Net 30 days	-
10	Systex Rainbow Tech Inc.	System Information (Shanghai) Ltd.	b	Sales	2,008	Net 120 days	-
		System Information (Shanghai) Ltd.	b	Receivables from related parties	5,974	Net 120 days	-
11	Sysware Shenglong Information Systems Co., Ltd.	System Information (Shanghai) Ltd.	b	Interest revenue	381	Short-term financing, with a term of one year	-
		System Information (Shanghai) Ltd.	b	Receivables from related parties (including interest receivables)	29,310	Short-term financing, with a term of one year	-

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 THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2022	December 31, 2021	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	18,922	(1,333)	(652)	Subsidiary (1, 3)
	Ching Pu Investment Corporation	Taiwan	General investment activities	50,472	50,472	38,437,500	100.00	489,994	(10,237)	(10,069)	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	351,154	19,029	18,642	Subsidiary (3)
	Systemweb Technologies Co.	Taiwan	Data storage media units manufacturing, installation of computer, and sale and development of computer software	86,950	86,950	3,245,000	32.45	46,486	(26,097)	(8,448)	-
	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	277,741	14,323	14,851	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	54,389	4,048	1,865	-
	Golden Bridge Corporation	Taiwan	General investment activities	230,000	230,000	23,000,000	100.00	259,626	5,907	5,898	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	865,151	126,677	126,641	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	20,983	16,398	955	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	302,056	21,499	21,974	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	340,957	37,691	37,262	Subsidiary (3)
	Systex Capital Group, Inc.	British Virgin Island	Investment activities including financial trust and holding	91,695	91,695	550	100.00	2,491,875	(69,852)	(70,246)	Subsidiary (3)
	Kimo.com (BVI) Corporation	British Virgin Island	Investment activities including financial trust and holding	13,185	13,185	500,000	100.00	4,036,609	(11,783)	(11,221)	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	-	-	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	21,005	(229)	(229)	Subsidiary (3)
FinRobo Advisor Securities Investment Consulting Co., Ltd.	Taiwan	Securities investment advisor	16,500	16,500	1,016,293	30.00	-	(871)	(202)	-	
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	25,600	400,000	40.00	12,227	25	(312)	-	

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2022	December 31, 2021	Number of Shares	Ratio (%)	Carrying Amount			
Ching Pu Investment Corporation	Shengsen Cloud Technology Retail System Co.	Taiwan	Information software service	\$ 10,800	\$ 10,800	905,084	30.00	\$ 9,685	\$ (2,794)	\$ (822)	-
		Taiwan	Manufacturing, processing, assembling and sale of business machinery equipment	24,000	24,000	780,000	30.00	28,361	6,044	1,515	-
	Frog-jump Information Co., Ltd.	Taiwan	Information software service	18,969	18,969	683,202	10.00	13,042	4,140	963	-
	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	33.60	-	(587)	-	-
	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	798,172	20,072,498	27.88	951,180	51,216	10,608	-
	E-Service Information Corporation	Taiwan	Information software service, intellectual property rights, printing and data storage media manufacturing and copying	89,500	89,500	8,000,000	100.00	89,293	2,481	2,276	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	128,363	4,339,500	29.72	61,590	(4,237)	(1,282)	-
	Taiwan Information Service Technology Corporation	Taiwan	Installation, sale, information software, data processing and other consultation on computer software and related equipment	89,965	89,965	16,630	67.38	37,765	102	69	Subsidiary (3)
	Collaboration Co., Ltd.	Taiwan	General investment activities	200,015	200,015	6,160,000	44.55	204,116	6,537	2,108	-
	uniXecure Corporation	Taiwan	Design, construction and sale of telecom instrument, electronic calculator and computer	50,000	50,000	5,000,000	100.00	44,106	(5,809)	(5,809)	Subsidiary (3)
	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	155,131	169,049	2,698,643	69.59	24,983	8	-	Subsidiary (3)
	Investment Media Ltd.	Taiwan	Magazine and book publishing	95,600	95,600	4,000,000	40.00	109,737	(13,124)	-	-
	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	173,549	16,398	-	Subsidiary (3)
Golden Bridge 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	198,052	16,398	-	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	42,425	(1,033)	-	Subsidiary (3)
Syscore Corporation	Syslink Corporation	Taiwan	General investment activities	650,000	650,000	65,000,000	100.00	446,121	(10,617)	-	Subsidiary (3)
	Syslong Corporation	Taiwan	General investment activities	250,000	250,000	25,000,000	100.00	250,043	126	-	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	56,886	2,778	-	-

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2022	December 31, 2021	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	\$ 36,157	\$ 2,280	\$ -	-
	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	71,994	2,831,848	3.93	130,915	51,216	-	-
	Smartsys Technology Corporation	Taiwan	Design, setup and maintenance of computer information and communication engineering, and design and sale of computer system software	15,000	15,000	1,500,000	50.00	13,556	(927)	-	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	10,000	1,000,000	100.00	8,097	(601)	-	Subsidiary (3)
	Dawning Technology Inc.	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	514,995	446,595	23,450,177	88.83	361,467	(12,020)	-	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	-	(2,194)	-	-
Concord System Management Corporation	CKmates International Co., Ltd.	Taiwan	Type II telecommunications business, internet certificates service, and retail sale of computer software	60,002	60,002	3,117,000	25.00	43,171	(14,960)	-	-
	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	196,773	4,814	-	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	860,852	207,736,600	100.00	616,698	35,151	-	Subsidiary (3)
	System Solutions (HK) Limited	Hong Kong	Investment activities including financial trust and holding	529,907	529,907	136,000,000	100.00	1,257,038	9	-	Subsidiary (3)
	Rainbow Tech Information (HK) Ltd.	Hong Kong	Sale of computer and peripheral equipment, retailing and processing of information of software	58,384	58,384	14,607,765	49.00	60,282	2,171	-	Subsidiary (3)
	Syscore Corporation Gemini Data	Taiwan Japan	General investment activities IT services, software development, wholesale and retail of computers and related equipment, electronic data processing and related services	1,000,000 1,926	1,000,000 -	100,000,000 800	50.00 100.00	1,190,279 1,848	(53,036) (35)	- -	Subsidiary (3) Subsidiary (3)
System Capital Group, Inc.	Syscore Corporation	Taiwan	General investment activities	1,000,000	1,000,000	100,000,000	50.00	1,190,279	(53,036)	-	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	20,000	2,000,000	25.00	19,006	(8,643)	-	-
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	193,500	19,350,000	92.14	242,056	23,269	-	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	15,000	1,500,000	50.00	13,556	(927)	-	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 8 for information on investments in Mainland China.

(Concluded)

SYSTEX CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(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, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2022	Accumulated Repatriation of Investment Income as of March 31, 2022	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	(843)	100.00	(843)	447,116	-	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	(1,509)	100.00	(1,509)	104,920	-	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	19,085	100.00	19,085	106,178	-	Subsidiary (Note 2)
Systex Rainbow Tech Inc.	Research, development, installation and wholesale of software and hardware technique and internet system	-	b	-	-	-	-	2,864	100.00	2,864	289,447	-	Subsidiary (Note 2)
Systex Ucom (Shanghai) Information Ltd. Co.	Software design and data processing, retailing and service of software	-	b	-	-	-	-	(44)	100.00	(44)	38,927	-	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	-	-	-	-	(486)	29.62	(266)	8,863	-	
Systex Rainbow (Guangzhou) Tech Inc.	Research, development, installation and wholesale of software and hardware technique and internet system	-	b	-	-	-	-	(360)	100.00	(360)	3,382	-	Subsidiary (Note 2)

Accumulated Investment in Mainland China as of March 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$1,695,956	\$1,695,956	\$8,370,820

(Continued)

Note 1: The methods of investment are as follows:

- a. Investment in China through remittances from third regions.
- b. Reinvestment in China through third region investment companies.

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

(Concluded)

SYSTEX CORPORATION AND SUBSIDIARIES**INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2022**

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 Corporation 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.