

Systemx Corporation and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of the parent company and its subsidiaries as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of the parent company and its subsidiaries. Hence, we have not prepared a separate set of consolidated financial statements of affiliates for the year ended December 31, 2023.

Very truly yours,

SYSTEX CORPORATION

By:

February 27, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Systex Corporation

Opinion

We have audited the accompanying consolidated financial statements of Systex Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

Valuation of Receivables

As of December 31, 2023, notes receivable and accounts receivable amounted to \$6,268,637 thousand. When assessing the impairment of receivables, the management of the Group uses the expected credit loss model based on the lifetime expected credit loss. The valuation of receivables involves significant accounting estimates and judgments by management. Therefore, we considered the valuation of receivables as a key audit matter. For the disclosures related to receivables, refer to Notes 5 and 11 to the consolidated financial statements.

Our audit procedures performed with respect to the abovementioned key audit matter included the following:

1. We obtained the reports of impairment of receivables and assessed the reasonableness of the expected credit loss model and the data used in the reports.
2. We tested the aging schedule of receivables and reviewed the calculation of expected credit loss to confirm the accuracy of the expected credit loss recognized on receivables.
3. We tested the recoverability of receivables by analyzing overdue accounts and verifying cash receipts in the subsequent period. For a receivable that was past due but not yet received, we assessed the reasonableness of the expected credit loss based on the customer's payment history, customer credit control and tracking of overdue receivables.

Other Matter

We did not audit the financial statements as of and for the year ended December 31, 2023 of Rainbow Tech Information (HK) Ltd. and Systex Information (HK) Ltd., and the financial statements as of and for the year ended December 31, 2022 of Rainbow Tech Information (HK) Ltd., Systex Information (HK) Ltd., and Dawning Technology Inc., which were all subsidiaries of the Group included in the consolidated financial statements. The aggregate assets of these subsidiaries as of December 31, 2023 and 2022 amounted to \$1,242,243 thousand and \$3,074,608 thousand, respectively, or 4.06% and 10.28%, respectively, of the consolidated assets. The aggregate net operating revenues of these subsidiaries in 2023 and 2022 were \$2,230,942 thousand and \$5,530,112 thousand, respectively, or 6.34% and 16.69%, respectively, of the consolidated net operating revenues. We also did not audit the financial statements as of and for the year ended December 31, 2023 of Genesis Technology Inc., and Collaboration Co., Ltd., and the financial statements as of and for the year ended December 31, 2022 of Genesis Technology Inc., Collaboration Co., Ltd. and Neo Trend Tech Corporation, which investments were accounted for using the equity method in the accompanying consolidated financial statements. The aggregate carrying amounts of which investments were accounted for using the equity method were \$1,386,011 thousand and \$1,350,604 thousand, respectively, or 4.53% and 4.52%, respectively, of the consolidated assets as of December 31, 2023 and 2022. The aggregate amounts of the share in their profit and other comprehensive income in 2023 and 2022 were \$90,807 thousand and \$99,908 thousand, respectively, or 6.23% and 6.16%, respectively, of the consolidated comprehensive income. The financial statements of the aforementioned subsidiaries and investees were audited by other auditors whose reports have been provided to us, and our opinion, insofar as it relates to the amounts included for these subsidiaries and investees, is based solely on the reports of the other auditors.

We have also audited the parent company only financial statements of Systex Corporation as of and for the years ended December 31, 2023 and 2022 on which we have both issued an unmodified report with Other Matter paragraph.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yu-Hong Kuo and Shiow-Ming Shue.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2024

Notice to Readers

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

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

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 7,110,063	23	\$ 4,331,378	14
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	615,617	2	3,558,493	12
Financial assets at amortized cost - current (Notes 4 and 9)	857,010	3	-	-
Notes receivable, net (Notes 4, 5, 11, 21 and 30)	181,924	1	169,558	1
Accounts receivable, net (Notes 4, 5, 11, 21 and 30)	6,086,713	20	6,176,067	21
Other receivables (Notes 4 and 23)	162,412	1	113,535	-
Inventories (Notes 4 and 12)	4,574,403	15	4,793,534	16
Prepayments	1,789,919	6	1,689,672	6
Other financial assets - current (Notes 31 and 32)	394,958	1	474,863	2
Refundable deposits - current	409,636	1	400,715	1
Other current assets (Note 30)	43,870	-	45,310	-
Total current assets	<u>22,226,525</u>	<u>73</u>	<u>21,753,125</u>	<u>73</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	2,093,460	7	2,040,928	7
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	278,609	1	342,633	1
Financial assets at amortized cost - non-current (Notes 4, 9 and 10)	500,000	2	500,000	2
Investments accounted for using equity method (Notes 4 and 14)	1,931,122	6	1,963,914	7
Property, plant and equipment (Notes 4, 15 and 31)	2,219,130	7	2,212,298	7
Right-of-use assets (Notes 4 and 16)	492,439	2	325,968	1
Intangible assets (Note 4)	261,258	1	329,033	1
Deferred tax assets (Notes 4 and 23)	49,532	-	62,776	-
Refundable deposits - non-current	305,395	1	231,197	1
Long-term receivables (Notes 4 and 11)	4,168	-	7,154	-
Other financial assets - non-current (Notes 31 and 32)	91,978	-	86,508	-
Other non-current assets (Notes 19 and 30)	143,096	-	44,209	-
Total non-current assets	<u>8,370,187</u>	<u>27</u>	<u>8,146,618</u>	<u>27</u>
TOTAL	<u>\$ 30,596,712</u>	<u>100</u>	<u>\$ 29,899,743</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Notes 17 and 31)	\$ 2,023,349	7	\$ 1,850,314	6
Contract liabilities (Notes 4 and 21)	2,360,602	8	2,438,375	8
Notes and accounts payable	5,470,095	18	5,169,823	17
Payables to related parties (Note 30)	22,306	-	23,873	-
Other payables (Note 30)	1,685,052	5	1,663,560	6
Current tax liabilities (Notes 4 and 23)	220,011	1	175,744	1
Lease liabilities - current (Notes 4 and 16)	186,758	-	138,424	1
Current portion of long-term borrowings payable (Notes 17 and 31)	10,103	-	10,120	-
Other current liabilities	294,751	1	386,096	1
Total current liabilities	<u>12,273,027</u>	<u>40</u>	<u>11,856,329</u>	<u>40</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 18)	2,996,633	10	2,995,420	10
Long-term borrowings (Notes 17 and 31)	94,519	-	104,527	-
Deferred tax liabilities (Notes 4 and 23)	6,452	-	6,859	-
Lease liabilities - non-current (Notes 4 and 16)	315,252	1	194,150	1
Net defined benefit liabilities - non-current (Notes 4 and 19)	130,489	1	129,055	-
Other non-current liabilities	7,830	-	5,594	-
Total non-current liabilities	<u>3,551,175</u>	<u>12</u>	<u>3,435,605</u>	<u>11</u>
Total liabilities	<u>15,824,202</u>	<u>52</u>	<u>15,291,934</u>	<u>51</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4, 20 and 25)				
Share capital	<u>2,723,033</u>	<u>9</u>	<u>2,723,333</u>	<u>9</u>
Capital surplus	<u>6,967,728</u>	<u>23</u>	<u>6,874,231</u>	<u>23</u>
Retained earnings				
Legal reserve	1,691,083	6	1,576,153	5
Special reserve	308,124	1	729,124	3
Unappropriated earnings	<u>3,976,732</u>	<u>13</u>	<u>3,573,220</u>	<u>12</u>
Total retained earnings	<u>5,975,939</u>	<u>20</u>	<u>5,878,497</u>	<u>20</u>
Other equity	<u>(465,750)</u>	<u>(2)</u>	<u>(479,457)</u>	<u>(2)</u>
Treasury shares	<u>(928,443)</u>	<u>(3)</u>	<u>(928,443)</u>	<u>(3)</u>
Total equity attributable to owners of the Corporation	14,272,507	47	14,068,161	47
NON-CONTROLLING INTERESTS (Notes 20 and 27)	<u>500,003</u>	<u>1</u>	<u>539,648</u>	<u>2</u>
Total equity	<u>14,772,510</u>	<u>48</u>	<u>14,607,809</u>	<u>49</u>
TOTAL	<u>\$ 30,596,712</u>	<u>100</u>	<u>\$ 29,899,743</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated February 27, 2024)

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 21 and 30)				
Sales	\$ 27,795,078	79	\$ 26,334,927	79
Less: Sales returns and allowances	<u>53,246</u>	-	<u>63,840</u>	-
Net sales	27,741,832	79	26,271,087	79
Service revenue	7,347,593	21	6,788,997	21
Other operating revenue	<u>94,953</u>	-	<u>68,768</u>	-
Total operating revenues	<u>35,184,378</u>	<u>100</u>	<u>33,128,852</u>	<u>100</u>
OPERATING COSTS (Notes 4, 12, 22 and 30)				
Cost of goods sold	24,009,293	69	22,848,789	69
Service cost	3,222,729	9	2,929,139	9
Other operating cost	<u>44,375</u>	-	<u>11,272</u>	-
Total operating costs	<u>27,276,397</u>	<u>78</u>	<u>25,789,200</u>	<u>78</u>
GROSS PROFIT	<u>7,907,981</u>	<u>22</u>	<u>7,339,652</u>	<u>22</u>
OPERATING EXPENSES (Notes 11, 22 and 30)				
Selling expenses	5,195,206	15	4,940,598	15
General and administrative expenses	646,683	2	630,226	2
Research and development expenses	558,824	1	518,721	1
Expected credit loss (gain)	<u>37,468</u>	-	<u>(7,187)</u>	-
Total operating expenses	<u>6,438,181</u>	<u>18</u>	<u>6,082,358</u>	<u>18</u>
PROFIT FROM OPERATIONS	<u>1,469,800</u>	<u>4</u>	<u>1,257,294</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of associates (Notes 4, 14 and 22)	21,841	-	22,868	-
Interest income (Note 4)	105,946	-	39,462	-
Dividend income (Note 4)	62,869	-	67,501	-
Other income, net (Note 30)	39,134	-	57,724	-
(Loss) gain on disposal of property, plant and equipment, net (Note 4)	(3,783)	-	3,025	-
Gain on sale of investments, net (Note 22)	16,225	-	-	-
Foreign exchange (loss) gain, net (Notes 4 and 33)	(5,490)	-	31,966	-
Gain on financial assets at fair value through profit or loss, net (Note 4)	346,195	1	40,779	-
Interest expense	(86,256)	-	(80,642)	-
Other expenses	(6,838)	-	(14,049)	-

(Continued)

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
Loss on disposal of intangible assets, net (Note 4)	\$ -	-	\$ (6,937)	-
Impairment loss on assets (Notes 4 and 22)	<u>(34,373)</u>	-	<u>(25,927)</u>	-
Total non-operating income and expenses	<u>455,470</u>	<u>1</u>	<u>135,770</u>	-
INCOME BEFORE INCOME TAX	1,925,270	5	1,393,064	4
INCOME TAX EXPENSE (Notes 4 and 23)	<u>346,382</u>	<u>1</u>	<u>264,709</u>	<u>1</u>
NET INCOME	<u>1,578,888</u>	<u>4</u>	<u>1,128,355</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAX				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 19)	(30,145)	-	59,036	-
Unrealized (loss) gain on equity instruments at fair value through other comprehensive income	(90,785)	-	4,655	-
Share of the other comprehensive income of associates accounted for using the equity method	25,662	-	6,491	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 23)	<u>1,770</u>	-	<u>(2,986)</u>	-
	<u>(93,498)</u>	-	<u>67,196</u>	-
Items that may be reclassified subsequently to profit:				
Exchange differences on translating foreign operations	(18,437)	-	404,748	2
Share of the other comprehensive (loss) income of associates accounted for using the equity method	<u>(8,876)</u>	-	<u>21,612</u>	-
	<u>(27,313)</u>	-	<u>426,360</u>	<u>2</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(120,811)</u>	-	<u>493,556</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,458,077</u>	<u>4</u>	<u>\$ 1,621,911</u>	<u>5</u>

(Continued)

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
NET INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,494,266	4	\$ 1,091,229	3
Non-controlling interests	<u>84,622</u>	<u>-</u>	<u>37,126</u>	<u>-</u>
	<u>\$ 1,578,888</u>	<u>4</u>	<u>\$ 1,128,355</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,372,799	4	\$ 1,578,266	5
Non-controlling interests	<u>85,278</u>	<u>-</u>	<u>43,645</u>	<u>-</u>
	<u>\$ 1,458,077</u>	<u>4</u>	<u>\$ 1,621,911</u>	<u>5</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 6.02</u>		<u>\$ 4.40</u>	
Diluted	<u>\$ 6.01</u>		<u>\$ 4.39</u>	

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

(With Deloitte & Touche auditors' report dated February 27, 2024)

(Concluded)

SYSTEX CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Dividends Per Share in New Taiwan Dollars)**

	Equity Attributable to Owners of the Corporation						Other Equity					Non-Controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings			Total	Exchange Differences on Translation of Foreign Operations	Unrealized (Loss) Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Benefits	Treasury Shares	Total		
			Legal Reserve	Special Reserve	Unappropriated Earnings								
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
Appropriation of 2021 earnings	-	-	118,903	-	(118,903)	-	-	-	-	-	-	-	-
Legal reserve	-	-	118,903	-	(118,903)	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(39,587)	39,587	-	-	-	-	-	-	-	-
Cash dividends - NT\$4.2 per share	-	-	-	-	(1,131,452)	(1,131,452)	-	-	-	-	(1,131,452)	-	(1,131,452)
Share of changes in associates accounted for using the equity method	-	2,914	-	-	-	-	-	-	-	-	2,914	-	2,914
Distribution in cash of the capital surplus - NT\$0.8 per share	-	(215,515)	-	-	-	-	-	-	-	-	(215,515)	-	(215,515)
Net income for 2022	-	-	-	-	1,091,229	1,091,229	-	-	-	-	1,091,229	37,126	1,128,355
Other comprehensive income for 2022	-	-	-	-	56,217	56,217	419,893	10,927	-	-	487,037	6,519	493,556
Total comprehensive income for 2022	-	-	-	-	1,147,446	1,147,446	419,893	10,927	-	-	1,578,266	43,645	1,621,911
Share-based payment transaction - restricted shares for employees	30,000	188,966	-	-	-	-	-	-	(175,720)	-	43,246	334	43,580
Share-based payment transaction - cancellation of restricted shares for employees	(600)	(3,786)	-	-	-	-	-	-	4,386	-	-	-	-
Cash dividends received by subsidiaries from the Corporation	-	107,049	-	-	-	-	-	-	-	-	107,049	-	107,049
Differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	-	192,120	-	-	(7,968)	(7,968)	-	-	-	-	184,152	45,937	230,089
Share of changes in equities of subsidiaries	-	(3,838)	-	-	-	-	-	-	-	-	(3,838)	3,838	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	138,066	138,066
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	9,819	9,819	-	(9,819)	-	-	-	-	-
BALANCE AT DECEMBER 31, 2022	2,723,333	6,874,231	1,576,153	729,124	3,573,220	5,878,497	(272,123)	(36,000)	(171,334)	(928,443)	14,068,161	539,648	14,607,809
Appropriation of 2022 earnings	-	-	114,930	-	(114,930)	-	-	-	-	-	-	-	-
Legal reserve	-	-	114,930	-	(114,930)	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(421,000)	421,000	-	-	-	-	-	-	-	-
Cash dividends - NT\$5 per share	-	-	-	-	(1,361,517)	(1,361,517)	-	-	-	-	(1,361,517)	-	(1,361,517)
Share of changes in associates accounted for using the equity method	-	(3,770)	-	-	(7,887)	(7,887)	-	-	-	-	(11,657)	-	(11,657)
Net income for 2023	-	-	-	-	1,494,266	1,494,266	-	-	-	-	1,494,266	84,622	1,578,888
Other comprehensive income (loss) for 2023	-	-	-	-	(27,480)	(27,480)	(27,913)	(66,074)	-	-	(121,467)	656	(120,811)
Total comprehensive income (loss) for 2023	-	-	-	-	1,466,786	1,466,786	(27,913)	(66,074)	-	-	1,372,799	85,278	1,458,077
Share-based payment transaction - restricted shares for employees	-	(820)	-	-	-	-	-	-	105,561	-	104,741	820	105,561
Share-based payment transaction - cancellation of restricted shares for employees	(300)	(1,893)	-	-	-	-	-	-	2,193	-	-	-	-
Cash dividends received by subsidiaries from the Corporation	-	107,049	-	-	-	-	-	-	-	-	107,049	-	107,049
Differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of changes in equities of subsidiaries	-	(7,069)	-	-	-	-	-	-	-	-	(7,069)	(20,192)	(27,261)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(105,551)	(105,551)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	60	60	-	(60)	-	-	-	-	-
BALANCE AT DECEMBER 31, 2023	<u>\$ 2,723,033</u>	<u>\$ 6,967,728</u>	<u>\$ 1,691,083</u>	<u>\$ 308,124</u>	<u>\$ 3,976,732</u>	<u>\$ 5,975,939</u>	<u>\$ (300,036)</u>	<u>\$ (102,134)</u>	<u>\$ (63,580)</u>	<u>\$ (928,443)</u>	<u>\$ 14,272,507</u>	<u>\$ 500,003</u>	<u>\$ 14,772,510</u>

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

(With Deloitte & Touche auditors' report dated February 27, 2024)

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,925,270	\$ 1,393,064
Adjustments for:		
Depreciation expense	355,027	344,515
Amortization expense	62,160	45,722
Expected credit loss recognized (reversed)	37,468	(7,187)
Gain on financial assets at fair value through profit or loss, net	(346,195)	(40,779)
Compensation cost of share-based payment	105,561	43,580
Interest expense	86,256	80,642
Interest income	(105,946)	(39,462)
Dividend income	(62,869)	(67,501)
Share of profit of associates	(21,841)	(22,868)
Loss (gain) on disposal of property, plant and equipment, net	3,783	(3,025)
Loss on disposal of intangible assets, net	-	6,937
Gain on disposal of investment accounted for using the equity method, net	(16,225)	-
Impairment loss on non-financial assets	34,373	25,927
Write-down (reversal of write-down) of inventories	10,452	(6,209)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	3,247,482	728,135
Notes receivable	(13,663)	(78,259)
Accounts receivable	30,780	(1,367,630)
Other receivables	(35,673)	(26,232)
Inventories	143,903	(1,529,215)
Prepayments	(102,928)	113,294
Other current assets	1,083	486
Contract liabilities	(78,231)	761,211
Notes and accounts payable	311,901	866,256
Payables to related parties	(1,567)	2,097
Other payables	23,979	159,499
Other current liabilities	(89,077)	29,290
Net defined benefit liabilities	(28,767)	(61,364)
Cash generated from operations	5,476,496	1,350,924
Interest paid	(85,091)	(80,494)
Income tax paid	(287,469)	(220,994)
Net cash generated from operating activities	<u>5,103,936</u>	<u>1,049,436</u>

(Continued)

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ (11,592)	\$ (307,790)
Disposal of financial assets at fair value through other comprehensive income	1,106	222,922
Capital reduction of financial assets at fair value through other comprehensive income	3,938	73,211
Acquisition of financial assets at amortized cost	(865,070)	-
Acquisition of investments accounted for using the equity method	(67,148)	(196,037)
Proceeds from disposal of investments accounted for using equity method	34,562	-
Net cash outflow on acquisition of subsidiaries (Note 26)	-	(66,196)
Payments for property, plant and equipment	(117,129)	(211,616)
Proceeds from disposal of property, plant and equipment	636	23,314
(Increase) decrease in refundable deposits	(83,121)	11,459
Payments for intangible assets	(19,561)	(113,360)
Proceeds from disposal of intangible assets	-	686
Decrease in long-term receivables	2,986	5,752
Decrease (increase) in pledged time deposits	74,435	(176,791)
(Increase) decrease in other non-current assets	(107,107)	15,020
Interest received	92,620	38,101
Dividends received	62,869	67,501
Dividends received from associates	<u>83,605</u>	<u>67,841</u>
Net cash used in investing activities	<u>(913,971)</u>	<u>(545,983)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	181,285	581,110
Repayment of long-term borrowings	(10,025)	(7,615)
Increase in guarantee deposits received	2,323	155
Repayment of the principal portion of lease liabilities	(189,124)	(193,062)
Dividends paid	(1,361,517)	(1,131,452)
Acquisition of interests in subsidiaries	(82,310)	(68,400)
Partial disposal of interests in subsidiaries without a loss of control	-	299,025
Changes in non-controlling interests	(48,659)	25,295
Cash dividends received by subsidiaries from the Corporation	107,049	107,049
Distribution in cash from capital surplus	-	(215,515)
Other financing activities (Note 13)	<u>(817)</u>	<u>-</u>
Net cash used in financing activities	<u>(1,401,795)</u>	<u>(603,410)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(9,485)</u>	<u>363,081</u>

(Continued)

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 2,778,685	\$ 263,124
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,331,378</u>	<u>4,068,254</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 7,110,063</u>	<u>\$ 4,331,378</u>

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

(With Deloitte & Touche auditors' report dated February 27, 2024)

(Concluded)

SYSTEX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

System 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 have 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 dollars.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on February 27, 2024.

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), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS accounting standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS accounting standards endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

- b. The IFRS accounting standards endorsed by the FSC for application starting from 2024

New, Amended or Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

- c. The IFRS accounting standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended or Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS accounting standards as endorsed and issued into effect by the FSC.

- b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within twelve months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- 1) Liabilities due to be settled within twelve months after the reporting period, and
- 2) Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

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

d. Basis of consolidation

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

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

See Note 13, Tables 9 and 10 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Business combinations

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

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

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

The Group does not apply the acquisition method for business combinations under the group restructurings. The transaction is accounted for applying the book-value method at the date of the acquisition and comparative information of the prior period in the consolidated financial statements is restated as if the acquisition had already occurred.

f. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

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

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

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

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

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

g. Inventories

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

h. Investment in associates

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

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

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

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

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

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

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

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

i. Property, plant and equipment

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

j. Non-current assets held for sale

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

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

k. Goodwill

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

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

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

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

1. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

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

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

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

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

n. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

o. Revenue recognition

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

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

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

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

p. Leases

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

1) The Group as lessor

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

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

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

2) The Group as lessee

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

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

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

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

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

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, and no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Share-based payment arrangements

The fair value at the grant date of the restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares that are expected to ultimately vest, with a corresponding increase in other equity - unearned employee benefits.

When restricted shares for employees are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus-restricted shares for employees. Dividends paid to employees on restricted shares that do not need to be returned if employees resign in the vesting period are recognized as expenses when the dividends are declared with a corresponding adjustment in retained earnings.

At the end of each reporting period, the Group revises its estimate of the number of restricted shares for employees that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - restricted shares for employees.

s. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred tax

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Valuation of Receivables

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

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2023	2022
Cash on hand	\$ 587	\$ 714
Checking accounts and demand deposits	7,047,280	3,590,352
Cash equivalents		
Time deposits with original maturities of less than 3 months	<u>62,196</u>	<u>740,312</u>
	<u>\$ 7,110,063</u>	<u>\$ 4,331,378</u>
Range of interest rates per annum		
Time deposits with original maturities of less than 3 months	5.10%	3.78%-5.05%

7. FINANCIAL ASSETS AT FVTPL

	<u>December 31</u>	
	2023	2022
<u>Current</u>		
Financial assets mandatorily classified as at FVTPL		
Mutual funds	\$ 575,605	\$ 3,346,134
Listed shares	36,412	212,359
Unlisted shares	<u>3,600</u>	<u>-</u>
	<u>\$ 615,617</u>	<u>\$ 3,558,493</u>
<u>Non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Unlisted shares	\$ 1,908,977	\$ 1,840,404
Unlisted preferred shares	74,215	85,734
Others	<u>110,268</u>	<u>114,790</u>
	<u>\$ 2,093,460</u>	<u>\$ 2,040,928</u>

8. FINANCIAL ASSETS AT FVTOCI - NON-CURRENT

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Investments in equity instruments		
Unlisted shares	\$ 237,555	\$ 252,335
Listed shares	39,720	33,177
Unlisted preferred shares	<u>1,334</u>	<u>57,121</u>
	<u>\$ 278,609</u>	<u>\$ 342,633</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 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.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 857,010</u>	<u>\$ -</u>
Range of interest rates per annum	5.10%-5.15%	-
<u>Non-current</u>		
Domestic corporate bonds	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Interest rate	3.5%	3.5%

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified as at amortized cost.

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Gross carrying amount	\$ 500,000	\$ 500,000
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 500,000</u>	<u>\$ 500,000</u>

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

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

Category	Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate	Gross Carrying Amount at December 31	
				2023	2022
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs	0%	\$ 500,000	\$ 500,000

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

	December 31	
	2023	2022
Notes receivable	\$ 182,096	\$ 169,730
Less: Allowance for doubtful accounts	<u>(172)</u>	<u>(172)</u>
	<u>\$ 181,924</u>	<u>\$ 169,558</u>
Accounts receivable	\$ 6,192,537	\$ 6,413,005
Less: Allowance for doubtful accounts	<u>(105,824)</u>	<u>(236,938)</u>
	<u>\$ 6,086,713</u>	<u>\$ 6,176,067</u>
Long-term receivables	\$ 4,302	\$ 7,516
Less: Unrealized interest income	<u>(134)</u>	<u>(362)</u>
	<u>\$ 4,168</u>	<u>\$ 7,154</u>

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

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all receivables. The expected credit losses on receivables are estimated using a provision matrix by reference to the past default records of the debtor, the debtor's current financial position, economic condition of the industry in which the debtor operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

The following table details the loss allowance of receivables based on the Group's provision matrix:

December 31, 2023

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	Over 271 Days	Total
Gross carrying amount	\$ 5,698,581	\$ 389,486	\$ 161,393	\$ 23,602	\$ 101,571	\$ 6,374,633
Loss allowance (Lifetime ECL)	<u>(2,865)</u>	<u>(4,569)</u>	<u>(13,717)</u>	<u>(2,943)</u>	<u>(81,902)</u>	<u>(105,996)</u>
Amortized cost	<u>\$ 5,695,716</u>	<u>\$ 384,917</u>	<u>\$ 147,676</u>	<u>\$ 20,659</u>	<u>\$ 19,669</u>	<u>\$ 6,268,637</u>

December 31, 2022

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	Over 271 Days	Total
Gross carrying amount	\$ 5,784,922	\$ 424,694	\$ 113,468	\$ 20,288	\$ 239,363	\$ 6,582,735
Loss allowance (Lifetime ECL)	<u>(2,095)</u>	<u>(3,550)</u>	<u>(3,140)</u>	<u>(4,975)</u>	<u>(223,350)</u>	<u>(237,110)</u>
Amortized cost	<u>\$ 5,782,827</u>	<u>\$ 421,144</u>	<u>\$ 110,328</u>	<u>\$ 15,313</u>	<u>\$ 16,013</u>	<u>\$ 6,345,625</u>

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

	2023	2022
Balance at January 1	\$ 237,110	\$ 210,417
Provision (reversal) of loss allowance	37,468	(7,187)
Acquisition of subsidiaries	-	32,084
Amount written off	(168,344)	(1,320)
Foreign exchange	<u>(238)</u>	<u>3,116</u>
Balance at December 31	<u>\$ 105,996</u>	<u>\$ 237,110</u>

12. INVENTORIES

	December 31	
	2023	2022
Merchandise	\$ 4,552,981	\$ 4,764,848
Maintenance parts	<u>21,422</u>	<u>28,686</u>
	<u>\$ 4,574,403</u>	<u>\$ 4,793,534</u>
	For the Year Ended December 31	
	2023	2022
Reversal of (write-down) of inventory (recognized as cost of goods sold)	<u>\$ (10,452)</u>	<u>\$ 6,209</u>

Reversal of (write-down of) inventory is mainly due to the increase (decrease) in net realizable value.

13. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Main Business	% of Ownership		Remark
			2023	2022	
The Corporation	Concord System Management Corporation (CSMC)	Design, assessment and planning of computer system and application software and data-processing system, sale and lease of computer hardware, peripheral equipment and spare parts, and repairs and maintenance services	100.00	100.00	
The Corporation	System Capital Group, Inc. (SCGI)	Investment activities including financial trust and holding	100.00	100.00	
The Corporation	Hanmore Investment Corporation (Hanmore)	General investment activities	48.92	48.92	a
The Corporation	System Software & Service Corporation (SSSC)	Sale and development of computer software, data-processing services	100.00	100.00	
The Corporation	Golden Bridge Corporation (GBC)	General investment activities	100.00	100.00	
The Corporation	Taifon Computer Co., Ltd. (Taifon)	Design of computer hardware and software equipment system, computer room installation, and maintenance, sale, lease and consultation	100.00	100.00	
The Corporation	Ching Pu Investment Corporation (Ching Pu)	General investment activities	100.00	100.00	
The Corporation	Kimo.com (BVI) Corporation (Kimo BVI)	Investment activities including financial trust and holding	100.00	100.00	
The Corporation, Ching Pu and GBC	Syspower Corporation (Syspower)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	87.32	84.07	b
The Corporation	System Fintech Corporation (SFC, formerly Nexsys Corporation)	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	70.00	70.00	c
The Corporation	System Solutions Corporation (System Solutions)	Design, construction and sale of telecom instrument, electronic calculator and computer	100.00	100.00	
The Corporation	Naturint Corporation (Naturint)	Installation, sale, information software, data processing and other consultation on computer software and related equipment, network certification and software publication	100.00	100.00	
The Corporation	E-Service Information Corporation (E-Service)	Information software service, intellectual property rights, printing and data storage media manufacturing and copying	100.00	100.00	
The Corporation	Taiwan Information Service Technology Corporation (TIST)	Installation, sale, information software, data processing and other consultation on computer software and related equipment	67.38	67.38	
The Corporation	UniXecure Corporation (UniXecure)	Design, construction and sale of telecom instrument, electronic calculator and computer	100.00	100.00	
The Corporation	Docutek Solutions, Inc. (Docutek Solutions)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	54.92	54.92	d
The Corporation	MISYS Corporation (MISYS)	Information software service	100.00	100.00	e
GBC	Softmobile Technology Corporation (Softmobile)	Manufacturing of wire communication equipment and apparatus, electronic parts and components, and computers and peripheral equipment, installation of computer, and wholesale and retailing of computer and business machinery equipment	100.00	100.00	
Ching Pu	Taiwan Electronic Data Processing Corporation (TEDP)	Design, installation, maintenance, lease and consultation on computer software and hardware equipment system, computer room engineering, network equipment system integration, and wholesale and retailing of medical appliances	69.59	69.59	f

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark
			2023	2022	
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	
Docutek Solutions	ANSecurity Inc. (ANSecurity)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	100.00	100.00	d
ANSecurity	Docutek Services Corporation (Docutek Services)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	100.00	100.00	d
Kimo BVI	Systex Information (HK) Limited (Systex HK)	Sale of computer and peripheral equipment, retailing and processing of information of software	100.00	100.00	
Kimo BVI	Sysware Shenglong Information Systems Co., Ltd. (Sysware Shenglong)	Design of computer system, information processing service provider, retailing of computer and peripheral equipment	-	100.00	g
Kimo BVI	Systek Information (Shanghai) Corporation (Systek)	Sale of computer and peripheral equipment, retailing and processing of information software	100.00	100.00	
Kimo BVI	Rainbow Tech Information (HK) Ltd. (RTIHK)	Sale of computer and peripheral equipment, retailing and processing of information software	92.00	49.00	h
Kimo BVI	Systex Solutions (HK) Limited (SSHK)	Investment activities including financial trust and holding	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	100.00	i
Kimo BVI and SCGI	Syscore Corporation (Syscore)	General investment activities.	100.00	100.00	
Syscore	Syslink Corporation (Syslink)	General Investment activities	100.00	100.00	
Syscore	Syslong Corporation (Syslong)	General Investment activities	100.00	100.00	
Syslink and the Corporation	Dawning Technology Inc. (Dawning)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	91.60	91.60	j
Syslink and Syspower	Palsys Digital Technology Corporation (Palsys)	Sale of computer peripheral equipment and office machines, design of computer system and professional repairs services	79.26	79.26	k
Syslink	Syswiser Technology Corporation (Syswiser)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	100.00	100.00	
Syslink and SSSC	Smartsys Technology Corporation (Smartsys)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	100.00	100.00	
Systex HK	Systex Group (China) Ltd. (Systex China)	Management consultation, marketing and sale, and capital and operation financial management	100.00	100.00	
Systex China and Systek	Systex Rainbow Tech Inc. (Systex Rainbow)	Research, development, installation and wholesale of software and hardware technique and internet system	100.00	100.00	l
Systex China	Systex Ucom (Shanghai) Information Co., Ltd. (Systex Ucom)	Software design and data processing, retailing and service of software	100.00	100.00	
Systex Ucom and Systex Rainbow	Systex Rainbow (Shanghai) Tech Inc. (Rainbow Shanghai)	Research, development, installation and wholesale of software and hardware technique and internet system	100.00	100.00	m

(Concluded)

- a. The Group holds 48.92% interest in Hanmore. Since the Group is considered to have the practical power to direct the relevant activities of Hanmore, Hanmore is identified as a subsidiary.
- b. Syspower agreed with certain shareholders to buy back its shares in April 2023, which increased the Group's interest in Syspower to 87.32%.

- c. SFC, formerly known as Nexsys Corporation, underwent a registration change and was renamed in December 2023. The Corporation disposed of 30% of interest in SFC in May 2022 and its interest in SFC was decreased to 70%.
- d. The Corporation purchased 54.92% interest of Docutek Solutions in August 2022 and included the accounts in the consolidated financial statements since the acquisition date along with its subsidiaries, ANSecurities and Docutek Services.
- e. MISYS was incorporated in September 2022.
- f. TEDP has been under dissolution and liquidation processes after the approval of shareholders in their meeting in December 2020.
- g. Systek and Sysware Shenglong completed their merger in December 2023. Systek stands as the surviving entity, while Sysware Shenglong Information Systems Co., Ltd. is designated as the dissolved company.
- h. Kimo BVI holds 49% interest in RTIHK. Since the Group is considered to have the practical ability to direct the relevant activities of RTIHK, RTIHK is identified as a subsidiary. Kimo BVI purchased 43% interest of RTIHK from non-controlling shareholders in September 2023 and increased its interest in RTIHK to 92%.
- i. Gemini Data was incorporated in January 2022.
- j. Syslink purchased 14.40% interest of Dawning from non-controlling shareholders in March 2022 and increased its interest in Dawning to 88.83%. In May 2022, the Corporation and Syslink subscribed for new shares issued by Dawning at a percentage different from their original ownership percentage, and total interest in Dawning was increased to 91.6%. In December 2022, the Corporation transferred all of its 20.11% interest in Dawning to Syslink. Since the transaction was under common control, no gains or losses were recognized, and the transaction cost of \$536 thousand was adjusted to reduce the related capital surplus.
- k. Syspower subscribed for new shares issued by Palsys at a percentage different from its original ownership percentage in July 2022 and reduced its interest in Palsys to 79.26%. Syspower disposed of 79.26% interest in Palsys to Syslink in March and April 2023; since the transaction was under common control, no gains or losses were recognized, and the transaction cost of \$817 thousand was adjusted to reduce the related capital surplus.
- l. In September 2023, Systek transferred all of its interest in Systex Rainbow to Systex China; since the transaction was under common control, no gains or losses were recognized.
- m. Rainbow (Shanghai) was formerly known as Systex Rainbow (Guangzhou) Tech Inc. and was renamed Systex Rainbow (Shanghai) Tech Inc. in March 2023 as a result of the relocation. Systex Rainbow disposed of 40% interest in Rainbow Shanghai to Systex Ucom in November 2023; since the transaction was under common control, no gains or losses were recognized.

All accounts of subsidiaries were included in the consolidated financial statements for the years ended December 31, 2023 and 2022.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Investments in associates	<u>\$ 1,931,122</u>	<u>\$ 1,963,914</u>
Aggregate information of associates:		
	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
The Group's share of:		
Net profit for the year	\$ 109,062	\$ 72,366
Other comprehensive income	<u>16,786</u>	<u>28,103</u>
Total comprehensive income for the year	<u>\$ 125,848</u>	<u>\$ 100,469</u>

In 2023 and 2022, the impairment losses on associates (included in share of profit of associates) were \$87,221 thousand and \$49,498 thousand, respectively.

Except for Systemweb Technologies Co., Ltd., Neweb Information Co., Ltd., Sanfran Technologies Inc., Fuco Technology Co., Ltd., Retail System Co., Ltd., Mohist Web Technology Co., Ltd., Frog-jump Information Co., Ltd., Shengsen Cloud Technology, Shanghai Mudao Financial Information Service Co., Ltd., FinRobo Advisor Securities Investment Consulting Co., Ltd., Gensys Technology (International) Ltd., Systex Infopro Co., Ltd., AIWin Technology Co., Ltd., CKmates International Co., Ltd., Bao Ruh Electronic Co., Ltd., Sunlight-tech Inc., QFPay Haojin FinTech Limited, Spread-it Limited, Aillumission Co., Ltd. and Neo Trend Tech Corporation for the year ended December 31, 2023, Systemweb Technologies Co., Ltd., Neweb Information Co., Ltd., Sanfran Technologies Inc., Fuco Technology Co., Ltd., Retail System Co., Ltd., Mohist Web Technology Co., Ltd., Frog-jump Information Co., Ltd., Shengsen Cloud Technology, Shanghai Mudao Financial Information Service Co., Ltd., FinRobo Advisor Securities Investment Consulting Co., Ltd., Gensys Technology (International) Ltd., Systex Infopro Co., Ltd., AIWin Technology Co., Ltd., CKmates International Co., Ltd., Bao Ruh Electronic Co., Ltd., Sunlight-tech Inc., QFPay Haojin FinTech Limited and Aillumission Co., Ltd. for the year ended December 31, 2022, investments accounted for using the equity method and the share of profit or loss and other comprehensive income were calculated based on the financial statements that have been audited. Management believes the financial statements that have not been audited would not have material impact on the investments under the equity method or the share of profit or loss and other comprehensive income in the consolidated financial statements.

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Computer Equipment	Transportation Equipment	Lease Equipment	Leasehold Improvements	Other Equipment	Total
<u>Cost</u>								
Balance at January 1, 2022	\$ 950,920	\$ 1,456,044	\$ 286,258	\$ 4,331	\$ 24,594	\$ 93,891	\$ 104,879	\$ 2,920,917
Additions	-	-	137,734	-	14,930	22,969	35,983	211,616
Disposals	(12,667)	(7,240)	(20,687)	-	(4,980)	(2,797)	(998)	(49,369)
Acquisitions through business combinations	78,188	14,182	7,236	-	-	2,143	705	102,454
Reclassification	-	-	(6,604)	-	489	-	-	(6,115)
Foreign exchange	-	4,131	2,044	25	33	603	200	7,036
Balance at December 31, 2022	<u>\$ 1,016,441</u>	<u>\$ 1,467,117</u>	<u>\$ 405,981</u>	<u>\$ 4,356</u>	<u>\$ 35,066</u>	<u>\$ 116,809</u>	<u>\$ 140,769</u>	<u>\$ 3,186,539</u>

(Continued)

	Land	Buildings	Computer Equipment	Transportation Equipment	Lease Equipment	Leasehold Improvements	Other Equipment	Total
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	\$ 7,694	\$ 575,666	\$ 146,250	\$ 2,985	\$ 15,430	\$ 41,481	\$ 42,994	\$ 832,500
Depreciation expense	-	23,052	73,965	776	7,833	20,565	22,765	148,956
Disposals	-	(3,373)	(17,490)	-	(4,980)	(2,241)	(996)	(29,080)
Impairment loss	-	-	5,410	-	-	-	3,311	8,721
Acquisitions through business combinations	-	2,411	5,835	-	-	2,143	515	10,904
Reclassification	-	-	(1,145)	-	(8)	-	-	(1,153)
Foreign exchange	-	1,118	1,705	15	33	389	133	3,393
Balance at December 31, 2022	<u>\$ 7,694</u>	<u>\$ 598,874</u>	<u>\$ 214,530</u>	<u>\$ 3,776</u>	<u>\$ 18,308</u>	<u>\$ 62,337</u>	<u>\$ 68,722</u>	<u>\$ 974,241</u>
Carrying amount at December 31, 2022	<u>\$ 1,008,747</u>	<u>\$ 868,243</u>	<u>\$ 191,451</u>	<u>\$ 580</u>	<u>\$ 16,758</u>	<u>\$ 54,472</u>	<u>\$ 72,047</u>	<u>\$ 2,212,298</u>
<u>Cost</u>								
Balance at January 1, 2023	\$ 1,016,441	\$ 1,467,117	\$ 405,981	\$ 4,356	\$ 35,066	\$ 116,809	\$ 140,769	\$ 3,186,539
Additions	-	-	79,941	-	-	8,931	28,257	117,129
Disposals	-	-	(78,003)	(2,261)	(7,447)	(28,841)	(24,143)	(140,695)
Reclassification	-	-	14,806	-	25,284	7,064	13,411	60,565
Foreign exchange	-	(4,514)	(370)	(28)	7	(11)	(242)	(5,158)
Balance at December 31, 2023	<u>\$ 1,016,441</u>	<u>\$ 1,462,603</u>	<u>\$ 422,355</u>	<u>\$ 2,067</u>	<u>\$ 52,910</u>	<u>\$ 103,952</u>	<u>\$ 158,052</u>	<u>\$ 3,218,380</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2023	\$ 7,694	\$ 598,874	\$ 214,530	\$ 3,776	\$ 18,308	\$ 62,337	\$ 68,722	\$ 974,241
Depreciation expense	-	23,163	82,153	287	12,677	20,190	24,718	163,188
Disposals	-	-	(77,388)	(2,261)	(7,447)	(25,342)	(23,838)	(136,276)
Foreign exchange	-	(1,458)	(280)	(27)	7	(26)	(119)	(1,903)
Balance at December 31, 2023	<u>\$ 7,694</u>	<u>\$ 620,579</u>	<u>\$ 219,015</u>	<u>\$ 1,775</u>	<u>\$ 23,545</u>	<u>\$ 57,159</u>	<u>\$ 69,483</u>	<u>\$ 999,250</u>
Carrying amount at December 31, 2023	<u>\$ 1,008,747</u>	<u>\$ 842,024</u>	<u>\$ 203,340</u>	<u>\$ 292</u>	<u>\$ 29,365</u>	<u>\$ 46,793</u>	<u>\$ 88,569</u>	<u>\$ 2,219,130</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 and leasehold improvements	2-5 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 31.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amount</u>		
Buildings	\$ 392,719	\$ 288,171
Machinery	96,709	30,898
Transportation equipment	<u>3,011</u>	<u>6,899</u>
	<u>\$ 492,439</u>	<u>\$ 325,968</u>

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 391,178</u>	<u>\$ 267,621</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 146,430	\$ 159,829
Machinery	41,521	33,003
Transportation equipment	<u>3,888</u>	<u>2,727</u>
	<u>\$ 191,839</u>	<u>\$ 195,559</u>

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	<u>\$ 186,758</u>	<u>\$ 138,424</u>
Non-current	<u>\$ 315,252</u>	<u>\$ 194,150</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Buildings	1.00%-5.00%	1.00%-5.00%
Machinery	1.00%-1.25%	1.00%-1.25%
Transportation equipment	1.00%-1.22%	1.00%-1.22%

c. Material leasing 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 Year Ended December 31	
	2023	2022
Expenses relating to short-term leases and low-value asset leases	<u>\$ 71,869</u>	<u>\$ 34,113</u>
Total cash outflow for leases	<u>\$ 265,288</u>	<u>\$ 231,784</u>

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

The amounts of lease commitments for which the recognition exemption was applied were \$10,514 thousand and \$17,130 thousand as of December 31, 2023 and 2022, respectively.

17. BANK LOANS

a. Short-term loans

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Unsecured loans	\$ 1,551,070	\$ 1,419,640
Secured loans		
Bank secured loans	472,279	430,114
Leasing company's inventory sales and repurchase financing	<u>-</u>	<u>560</u>
	<u>\$ 2,023,349</u>	<u>\$ 1,850,314</u>
Annual interest rate		
Unsecured loans	1.60%-3.04%	1.37%-2.82%
Secured loans		
Bank secured loans	3.55%-3.85%	3.70%-4.00%
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 31 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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Secured loans	\$ 104,622	\$ 114,647
Less: Current portion	<u>(10,103)</u>	<u>(10,120)</u>
	<u>\$ 94,519</u>	<u>\$ 104,527</u>
Annual interest rate	2.03%-2.43%	1.40%-2.31%

Refer to Note 31 for the carrying amounts of property, plant and equipment - land and buildings provided as collaterals for the above secured bank loans.

18. BONDS PAYABLE

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Unsecured domestic bonds	\$ 3,000,000	\$ 3,000,000
Less: Discount on bonds payable	<u>(3,367)</u>	<u>(4,580)</u>
	<u>\$ 2,996,633</u>	<u>\$ 2,995,420</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 were used to repay the bank loan and replenish the working capital.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

b. Defined benefit plans

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

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

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 625,095	\$ 604,988
Fair value of plan assets	<u>(502,548)</u>	<u>(478,612)</u>
	<u>\$ 122,547</u>	<u>\$ 126,376</u>

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2022	<u>\$ 681,495</u>	<u>\$ (432,040)</u>	<u>\$ 249,455</u>
Service cost			
Current service cost	978	-	978
Net interest expense (income)	<u>3,765</u>	<u>(2,544)</u>	<u>1,221</u>
Recognized in profit or loss	<u>4,743</u>	<u>(2,544)</u>	<u>2,199</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(33,058)	(33,058)
Actuarial gain - changes in demographic assumptions	(3,239)	-	(3,239)
Actuarial gain - changes in financial assumptions	(52,928)	-	(52,928)
Actuarial loss - experience adjustments	<u>30,189</u>	<u>-</u>	<u>30,189</u>
Recognized in other comprehensive loss	<u>(25,978)</u>	<u>(33,058)</u>	<u>(59,036)</u>
Contributions from the employer	-	(66,242)	(66,242)
Benefits paid	<u>(55,272)</u>	<u>55,272</u>	<u>-</u>
Balance at December 31, 2022	<u>604,988</u>	<u>(478,612)</u>	<u>126,376</u>
Service cost			
Current service cost	826	-	826
Net interest expense (income)	<u>8,904</u>	<u>(7,324)</u>	<u>1,580</u>
Recognized in profit or loss	<u>9,730</u>	<u>(7,324)</u>	<u>2,406</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,621)	(2,621)
Actuarial loss - changes in demographic assumptions	93	-	93
Actuarial loss - changes in financial assumptions	14,415	-	14,415
Actuarial loss - experience adjustments	<u>18,258</u>	<u>-</u>	<u>18,258</u>
Recognized in other comprehensive loss	<u>32,766</u>	<u>(2,621)</u>	<u>30,145</u>
Contributions from the employer	-	(36,380)	(36,380)
Benefits paid	<u>(22,389)</u>	<u>22,389</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 625,095</u>	<u>\$ (502,548)</u>	<u>\$ 122,547</u>

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

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

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

	December 31	
	2023	2022
Discount rates	1.20%-1.38%	1.30%-1.55%
Expected rates of salary increase	1.20%-2.25%	1.20%-2.25%

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

	December 31	
	2023	2022
Discount rates		
0.25%-0.5% increase	<u>\$ (23,772)</u>	<u>\$ (24,386)</u>
0.25%-0.5% decrease	<u>\$ 25,211</u>	<u>\$ 25,928</u>
Expected rates of salary increase		
0.25%-0.5% increase	<u>\$ 25,045</u>	<u>\$ 25,831</u>
0.25%-0.5% decrease	<u>\$ (23,832)</u>	<u>\$ (24,511)</u>

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

	December 31	
	2023	2022
The expected contributions to the plan for the next year	<u>\$ 16,491</u>	<u>\$ 28,374</u>
The average duration of the defined benefit obligation	10 years	10 years

20. EQUITY

a. Share capital

	December 31	
	2023	2022
Number of shares authorized (in thousands)	<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>
Number of shares issued (in thousands)	<u>272,303</u>	<u>272,333</u>
Share capital issued	<u>\$ 2,723,033</u>	<u>\$ 2,723,333</u>

On May 26, 2022, the shareholders in their meeting approved to issue 3,000 thousand shares under a restricted share plan for employees with a total amount of \$30,000 thousand, which was approved by the FSC. On August 3, 2022, the board of directors resolved to issue all shares, please refer to Note 25 for details.

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>May be used to offset a deficit, distribute as cash dividends, or transfer to share capital (1)</u>		
Issuance of shares	\$ 4,486,567	\$ 4,425,972
The difference between the consideration paid or received and the carrying amount of the subsidiaries' net assets during actual acquisition or disposal	193,977	193,977
Donations	544	544
Treasury share transactions	2,159,112	2,052,062
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interest in subsidiaries (2)	9	6,854
Share of changes in associates accounted for using the equity method	-	4,815
Gain on sale of property, plant and equipment	4,493	4,493
<u>May not be used for any purpose</u>		
Employee restricted shares	<u>123,026</u>	<u>185,514</u>
	<u>\$ 6,967,728</u>	<u>\$ 6,874,231</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interest in subsidiary resulted from equity transactions other than actual disposal on acquisition, or from changes in capital surplus of subsidiaries accounted for 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 2022 and 2021, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2022	2021
Legal reserve	\$ 114,930	\$ 118,903
Reversal of special reserve	\$ (421,000)	\$ (39,587)
Cash dividends	\$ 1,361,517	\$ 1,131,452
Cash dividends per share (NT\$)	\$ 5.0	\$ 4.2

The above cash dividends were approved by the board of directors on April 12, 2023 and 2022, respectively, and the remaining appropriations of earnings were approved by the shareholders in their meetings on May 25, 2023 and May 26, 2022, respectively.

In addition, the board of directors approved the cash distribution of capital surplus arising from issuance of shares on April 12, 2022, amounting to \$215,515 thousand (NT\$0.8 per share).

The appropriation of earnings for 2023 will be resolved by the shareholders in their meeting in May 2024.

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 Year Ended December 31	
	2023	2022
Balance at January 1	\$ (272,123)	\$ (692,016)
Exchange differences on translation of foreign operations	(19,037)	398,281
Share of associates accounted for using the equity method	(8,876)	21,612
Balance at December 31	\$ (300,036)	\$ (272,123)

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (36,000)	\$ (37,108)
Recognized for the year		
Unrealized (loss) gain on equity investments	(90,785)	4,655
Share of associates accounted for using the equity method	24,711	6,272
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	(60)	(9,819)
Balance at December 31	\$ (102,134)	\$ (36,000)

3) Unearned employee benefits

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (171,334)	\$ -
Issuance of shares	-	(219,300)
Cancellation of shares	2,193	4,386
Share-based payment expenses recognized	88,622	36,687
Share-based payment expenses recognized by subsidiaries	<u>16,939</u>	<u>6,893</u>
Balance at December 31	<u>\$ (63,580)</u>	<u>\$ (171,334)</u>

Please refer to Note 25 for the issuance of restricted shares for employees.

e. Treasury shares

Purpose of Treasury Share	Number of Shares at January 1	Increase During the Year	Decrease During the Year	Number of Shares at December 31
<u>2023 and 2022</u>				
Reclassification of the Corporation's shares held by subsidiaries from equity-method investments into treasury shares (in thousands)	<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:

	December 31	
	2023	2022
<u>Hanmore</u>		
Share (in thousands)	<u>21,317</u>	<u>21,317</u>
Investment cost	<u>\$ 738,426</u>	<u>\$ 738,426</u>
Market value	<u>\$ 2,387,468</u>	<u>\$ 1,481,509</u>
<u>Ching Pu</u>		
Share (in thousands)	<u>10,982</u>	<u>10,982</u>
Investment cost	<u>\$ 237,308</u>	<u>\$ 237,308</u>
Market value	<u>\$ 1,229,925</u>	<u>\$ 763,213</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 December 31, 2023 and 2022. 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 Year Ended December 31	
	2023	2022
Balance at January 1	\$ 539,648	\$ 307,828
Attributable to non-controlling interests:		
Share of profit for the year	84,622	37,126
Remeasurement on defined benefit plans	56	52
Exchange differences on translation of foreign operations	600	6,467
Non-controlling interests arising from acquisition of subsidiaries (Note 26)	-	112,771
Cash dividends received by non-controlling interests of Hanmore	54,442	54,441
Equity transactions with non-controlling interests (Note 27)	(77,359)	45,937
Cash dividends distributed by subsidiaries	(103,100)	(77,448)
Changes in percentage of ownership interests in subsidiaries	274	3,838
Issuance of shares for cash by subsidiaries	-	49,089
Return of shares in the liquidation of subsidiaries	-	(787)
Non-controlling interests related to recognition of share-based payment transactions by subsidiaries (Note 25)	<u>820</u>	<u>334</u>
Balance at December 31	<u>\$ 500,003</u>	<u>\$ 539,648</u>

21. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 27,741,832	\$ 26,271,087
Revenue from the rendering of services	7,347,593	6,788,997
Other operating revenue	<u>94,953</u>	<u>68,768</u>
	<u>\$ 35,184,378</u>	<u>\$ 33,128,852</u>

Contract Balances

	December 31	
	2023	2022
Notes and accounts receivable (Notes 11 and 30)	<u>\$ 6,268,637</u>	<u>\$ 6,345,625</u>
Contract liabilities	<u>\$ 2,360,602</u>	<u>\$ 2,438,375</u>

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 Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 163,188	\$ 148,956
Right-of-use assets	191,839	195,559
Intangible assets	<u>62,160</u>	<u>45,722</u>
	<u>\$ 417,187</u>	<u>\$ 390,237</u>
An analysis of depreciation by function		
Operating costs	\$ 94,313	\$ 81,483
Operating expenses	<u>260,714</u>	<u>263,032</u>
	<u>\$ 355,027</u>	<u>\$ 344,515</u>
An analysis of amortization by function		
Operating costs	\$ 121	\$ 831
Operating expenses	<u>62,039</u>	<u>44,891</u>
	<u>\$ 62,160</u>	<u>\$ 45,722</u>

b. Employee benefits expenses

	For the Year Ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plans	\$ 214,717	\$ 212,428
Defined benefit plans (Note 19)	<u>2,406</u>	<u>2,199</u>
	217,123	214,627
Compensation costs of share-based payment	105,561	43,580
Payroll	4,509,932	4,265,454
Labor and health insurance	356,229	339,896
Other employee benefits	<u>187,121</u>	<u>186,909</u>
	<u>\$ 5,375,966</u>	<u>\$ 5,050,466</u>
An analysis of employee benefits expenses by function		
Operating costs	\$ 278,046	\$ 216,365
Operating expenses	<u>5,097,920</u>	<u>4,834,101</u>
	<u>\$ 5,375,966</u>	<u>\$ 5,050,466</u>

As of December 31, 2023 and 2022, the Group had 4,509 and 4,350 employees, respectively.

c. Compensation of employees and remuneration of directors

The Corporation accrues compensation of employees and remuneration of directors at rates of no less than 0.1% and no higher than 2%, respectively, of net profit before income tax, compensation of employees and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022 which have been approved by the Corporation's board of directors on February 27, 2024 and February 22, 2023, respectively, are as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
	Cash	Cash
Compensation of employees	\$ 48,122	\$ 34,578
Remuneration of directors	32,081	23,052

If there is a change in the proposed amounts after the annual consolidated financial statements are 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 paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Disposal of investments accounted for using equity method	<u>\$ 16,225</u>	<u>\$ -</u>

e. Impairment losses recognized

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Investments accounted for using the equity method (Note 14)	<u>\$ 87,221</u>	<u>\$ 49,498</u>
Impairment loss on non-financial assets		
Property, plant and equipment	\$ -	\$ 8,721
Intangible assets	<u>34,373</u>	<u>17,206</u>
	<u>\$ 34,373</u>	<u>\$ 25,927</u>

23. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of income tax expense are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 315,040	\$ 247,313
Additional income tax on unappropriated earnings	6,289	4,685
Additional income tax under the Alternative Minimum Tax Act	23,621	9,846
Land value increment tax	-	240
Adjustments for prior years' tax	<u>(13,175)</u>	<u>556</u>
	<u>331,775</u>	<u>262,640</u>
Deferred tax		
In respect of the current year	14,614	2,309
Adjustments for prior years' tax	<u>(7)</u>	<u>(240)</u>
	<u>14,607</u>	<u>2,069</u>
Income tax expense recognized in profit or loss	<u>\$ 346,382</u>	<u>\$ 264,709</u>

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

	For the Year Ended December 31	
	2023	2022
Profit before tax	<u>\$ 1,925,270</u>	<u>\$ 1,393,064</u>
Income tax expense calculated at the statutory rate	\$ 385,054	\$ 278,613
Permanent difference	(26,427)	(87,704)
Additional income tax on unappropriated earnings	6,289	4,685
Land value increment tax	-	240
Unrecognized loss carryforwards	21,182	176
Effect of different tax rate of group entities operating in other jurisdictions	(50,155)	58,537
Adjustments for prior years' tax	(13,182)	316
Additional income tax under the Alternative Minimum Tax Act	<u>23,621</u>	<u>9,846</u>
Income tax expense recognized in profit or loss	<u>\$ 346,382</u>	<u>\$ 264,709</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 group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
Remeasurement on defined benefit plan	<u>\$ (1,770)</u>	<u>\$ 2,986</u>

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets (recognized in other receivables)		
Tax refund receivable	\$ 4,077	\$ 4,074
Current tax liabilities		
Income tax payable	\$ 220,011	\$ 175,744

d. The movements of deferred tax assets and liabilities

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Com- prehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for loss on inventories	\$ 40,494	\$ (10,960)	\$ -	\$ 29,534
Payable for annual leave	2,996	(158)	-	2,838
Others	<u>16,041</u>	<u>(386)</u>	<u>1,369</u>	<u>17,024</u>
	59,531	(11,504)	1,369	49,396
Loss carryforwards	<u>3,245</u>	<u>(3,109)</u>	<u>-</u>	<u>136</u>
	<u>\$ 62,776</u>	<u>\$ (14,613)</u>	<u>\$ 1,369</u>	<u>\$ 49,532</u>

Deferred tax liabilities

Temporary differences				
Exchange differences on foreign operations	\$ 5,846	\$ -	\$ -	\$ 5,846
Others	<u>1,013</u>	<u>(6)</u>	<u>(401)</u>	<u>606</u>
	<u>\$ 6,859</u>	<u>\$ (6)</u>	<u>\$ (401)</u>	<u>\$ 6,452</u>

For the year ended December 31, 2022

	Opening Balance	Assign on Acquisition	Recognized in Profit or Loss	Recognized in Other Com- prehensive Income	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Allowance for loss on inventories	\$ 41,463	\$ -	\$ (969)	\$ -	\$ 40,494
Payable for annual leave	3,101	-	(105)	-	2,996
Others	<u>16,148</u>	<u>368</u>	<u>2,467</u>	<u>(2,942)</u>	<u>16,041</u>
	60,712	368	1,393	(2,942)	59,531
Loss carryforwards	<u>136</u>	<u>5840</u>	<u>(2,731)</u>	<u>-</u>	<u>3,245</u>
	<u>\$ 60,848</u>	<u>\$ 6,208</u>	<u>\$ (1,338)</u>	<u>\$ (2,942)</u>	<u>\$ 62,776</u>

(Continued)

	Opening Balance	Assign on Acquisition	Recognized in Profit or Loss	Recognized in Other Com- prehensive Income	Closing Balance
<u>Deferred tax liabilities</u>					
Temporary differences					
Exchange differences on foreign operations	\$ 5,846	\$ -	\$ -	\$ -	\$ 5,846
Others	<u>238</u>	<u>-</u>	<u>731</u>	<u>44</u>	<u>1,013</u>
	<u>\$ 6,084</u>	<u>\$ -</u>	<u>\$ 731</u>	<u>\$ 44</u>	<u>\$ 6,859</u>

(Concluded)

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

	<u>December 31</u>	
	2023	2022
Loss carryforwards		
Expiry in 2023	\$ -	\$ 13,832
Expiry in 2024	1,143	13,480
Expiry in 2025	19,450	19,450
Expiry in 2026	30,485	30,485
Expiry in 2027	3,522	3,522
Expiry in 2028	7,194	7,230
Expiry in 2029	89,741	89,741
Expiry in 2030	154	154
Expiry in 2031	1,337	1,337
Expiry in 2032	9,342	9,342
Expiry in 2033	<u>78,671</u>	<u>-</u>
	<u>\$ 241,039</u>	<u>\$ 188,573</u>

- f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised:

Expiry Year	Total Credit
2024	\$ 1,143
2025	19,450
2026	30,485
2027	3,522
2028	7,194
2029	90,038
2030	358
2031	1,516
2032	9,342
2033	<u>78,671</u>
	<u>\$ 241,719</u>

g. Income tax assessments

Income tax returns through 2020 and undistributed earnings through 2019 of the TEDP. Income tax returns through 2021 and undistributed earnings through 2020 of the Corporation, SSSC, SFC, Taifon, CSMC, Ching Pu, Hanmore, GBC, Naturint, Syswiser, Syslink, Smartsys, Dawning, Syspower, Palsys, Syslong, Softmobile, Systex Solutions, Syscore, Top Information, E-service, TIST, UniXecure, Docutek Solutions, ANSecurity, and Docutek Services 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:

	<u>For the Year Ended December 31</u>	
	2023	2022
<u>Net income for the year</u>		
Net income for the year attributable to owners of the Corporation	<u>\$ 1,494,266</u>	<u>\$ 1,091,229</u>
<u>Number of shares (in thousands)</u>		
Weighted average number of ordinary shares in the computation of basic earnings per share	248,307	247,983
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>496</u>	<u>588</u>
Weighted average number of ordinary shares in the computation of diluted earnings per share	<u>248,803</u>	<u>248,571</u>
<u>Earnings per share (NT\$)</u>		
Basic earnings per share	<u>\$6.02</u>	<u>\$4.40</u>
Diluted earnings per share	<u>\$6.01</u>	<u>\$4.39</u>

The Corporation may settle bonus to employees in cash or shares, therefore, the Corporation assumes that the entire amount of the bonus will be settled in shares and the resulting potential shares, if dilutive, will 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 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:

	<u>For the Year Ended December 31</u>	
	2023	2022
<u>Net income for the year</u>		
Net income for the year attributable to owners of the Corporation	<u>\$ 1,601,315</u>	<u>\$ 1,181,150</u>

(Continued)

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Number of shares (in thousands)</u>		
Weighted average number of ordinary shares in the computation of pro forma basic earnings per share	269,717	269,393
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>496</u>	<u>588</u>
Weighted average number of ordinary shares in the computation of pro forma diluted earnings per share	<u>270,213</u>	<u>269,981</u>
<u>Earnings per share (NT\$)</u>		
Basic earnings per share	<u>\$5.94</u>	<u>\$4.38</u>
Diluted earnings per share	<u>\$5.93</u>	<u>\$4.37</u>
		(Concluded)

25. SHARE-BASED PAYMENT ARRANGEMENTS

a. On May 26, 2022, the shareholders in their meeting approved to issue 3,000 thousand shares under a restricted share plan for employees with a total amount of \$30,000 thousand, which was approved by the FSC. Vesting conditions of restricted stock awards (RSAs) are as follows:

- 1) The employees remain employed by the Group on the last date of each vesting period, and the employees' performance metrics and the Group's operational goal are met at the same time, and during the vesting period, the employees may not breach labor contracts with the Group or be given a major demerit according to the Group's rewards and punishment regulations.
- 2) The maximum percentage of granted RSAs that may be vested each year shall be as follows: one year anniversary of the grant: 33%; two-year anniversary of the grant: 33%; and three-year anniversary of the grant: 34%; or the maximum percentage of granted RSAs that may be vested for the three years from 2022 to 2024 will be set as 100%; provided that the actual percentage and number of the RSAs to be vested in each year will be calculated based on the achievement of the employees' performance metrics and the Group's operational goals.

Restrictions imposed on the employees' rights in the RSAs before the vesting conditions are fulfilled:

- 1) During each vesting period, no employees granted RSAs may sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, any shares under the unvested RSAs according to trust agreement.
- 2) The attendance, proposal rights, speech rights, voting rights shall be exercised by the engaged trustee on the employees' behalf.
- 3) The RSAs should be delivered to trust custodians upon the grant date. The employees cannot request for refund by all means before the vesting conditions are fulfilled.

- 4) If the Group applies for non-statutory capital reduction, the RSAs should be cancelled in proportion to the capital reduction. The refund of cash shall be delivered to the engaged trustee before the vesting conditions are fulfilled. If the vesting conditions are not fulfilled, the Group will withdraw the refund of cash.
- 5) Except for the aforementioned restrictions, before the vesting conditions are fulfilled, any other shareholders' rights including but not limited to the entitlement to any distribution regarding dividends, bonuses and capital reserve, and the subscription right of the new shares issued for any capital increase, are the same as those of holders of common shares of the Group. The operations will be executed under trust agreement.

On August 3, 2022, the board of directors approved to issue 3,000 thousand shares under a restricted share plan for employees with a par value of \$10 per share and a total amount of \$30,000 thousand. The grant date was September 1, 2022, and the closing price was \$73.10.

- b. The vested shares under the RSAs amounted to 960 thousand as of December 31, 2023, with 1,950 thousand shares remaining unvested.
- c. Compensation costs of share-based payment

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Restricted shares for employees	<u>\$ 105,561</u>	<u>\$ 43,580</u>

26. BUSINESS COMBINATIONS

- a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)
Docutek Solutions	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	August 2022	54.92

Docutek Solutions was acquired in order to continue the expansion of the Group's operations.

- b. Consideration transferred

	<u>Docutek Solutions</u>
Cash	<u>\$ 286,000</u>

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

	Docutek Solutions
Current assets	
Cash and cash equivalents	\$ 219,804
Financial assets at FVTPL	5,093
Accounts receivable	60,239
Receivables from related parties	4,374
Inventories	13,563
Prepayments	55,560
Other current assets	67
Non-current assets	
Property, plant and equipment	91,550
Other intangible assets	46,311
Deferred tax assets	5,841
Other non-current assets	7,374
Current liabilities	
Short-term loans	20,000
Contract liabilities	131,421
Notes and accounts payable	16,082
Other payables	15,286
Other current liabilities	253
Non-current liabilities	
Long-term loans	28,791
Other non-current liabilities	<u>1,553</u>
	<u>\$ 296,390</u>

d. Goodwill recognized on acquisitions

	Docutek Solutions
Consideration transferred	\$ 286,000
Add: Non-controlling interests	112,771
Less: Fair value of identifiable net assets acquired	<u>(296,390)</u>
Goodwill recognized on acquisitions	<u>\$ 102,381</u>

e. Net cash outflow on the acquisition of subsidiaries

	Docutek Solutions
Cash and cash equivalent acquired	\$ 219,804
Less: Consideration paid in cash	<u>(286,000)</u>
	<u>\$ (66,196)</u>

f. Impact of acquisitions on the results of the Group

As of the date the consolidated financial statements were authorized for issue, the financial results of the acquirees since the acquisition dates have no significant impact on the results of the Group.

27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

- a. As described in Note 13c, the Group disposed of 30% interest in SFC in May 2022 and reduced its interest in SFC from 100% to 70%. The transaction was accounted for as equity transactions, since the Group did not cease to have control over the subsidiary.

	Amount
Consideration received in cash	\$ 299,025
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>(104,511)</u>
Differences recognized from equity transaction (recognized as capital surplus)	<u>\$ 194,514</u>

- b. As described in Note 13j, 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 transaction was accounted for as equity transaction, 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	<u>\$ (9,826)</u>
Carrying amount of capital surplus deducted	\$ (1,858)
Adjustment to retained earnings	<u>(7,968)</u>
	<u>\$ (9,826)</u>

The Group subscribed for new shares issued by Dawning at a percentage different from its original ownership percentage in May 2022 and increased its interest in Dawning from 88.83% to 91.60%; therefore, the Group recognized a decrease in capital surplus - changes in percentage of ownership interests in subsidiaries of \$6,989 thousand.

- c. As described in Note 13k, the Group subscribed for new shares issued by Palsys at a percentage different from its original ownership percentage in July 2022 and reduced its interest in Palsys from 92.14% to 79.26%; therefore, the Group recognized an increase in capital surplus - changes in percentage of ownership interests in subsidiaries of \$3,151 thousand.

- d. As described in Note 13b, Syspower agreed with certain shareholders to buy back its shares in April 2023, which increased the Group's interest in Syspower to 87.32%. The transaction was accounted for as equity transactions since the Group did not cease to have control over the subsidiary.

	Amount
Consideration paid in cash	\$ (29,002)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	<u>20,466</u>
Differences recognized from equity transaction (recognized as capital surplus)	<u>\$ (8,536)</u>

- e. As described in Note 13h, the Group purchased shares of RTIHK from the non-controlling shareholders in September 2023 and increased its interest in RTIHK from 49% to 92%. The transaction was accounted for as equity transaction, since the Group did not cease to have control over the subsidiary.

	Amount
Consideration paid in cash	\$ (54,344)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>56,893</u>
Differences recognized from equity transaction (recognized as capital surplus)	<u>\$ 2,549</u>

28. 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.

29. 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

	Level 1	Level 2	Level 3	Total
<u>December 31, 2023</u>				
Financial assets at FVTPL				
Listed shares	\$ 36,412	\$ -	\$ -	\$ 36,412
Unlisted shares	-	-	1,912,577	1,912,577
Unlisted preferred shares	-	-	74,215	74,215
Mutual funds	575,605	-	-	575,605
Others	<u>-</u>	<u>-</u>	<u>110,268</u>	<u>110,268</u>
	<u>\$ 612,017</u>	<u>\$ -</u>	<u>\$ 2,097,060</u>	<u>\$ 2,709,077</u>
Financial assets at FVTOCI				
Listed shares	\$ 39,720	\$ -	\$ -	\$ 39,720
Unlisted shares	-	-	237,555	237,555
Unlisted preferred shares	<u>-</u>	<u>-</u>	<u>1,334</u>	<u>1,334</u>
	<u>\$ 39,720</u>	<u>\$ -</u>	<u>\$ 238,889</u>	<u>\$ 278,609</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>December 31, 2022</u>				
Financial assets at FVTPL				
Listed shares	\$ 212,359	\$ -	\$ -	\$ 212,359
Unlisted shares	-	-	1,840,404	1,840,404
Unlisted preferred shares	-	-	85,734	85,734
Mutual funds	3,346,134	-	-	3,346,134
Others	-	-	114,790	114,790
	<u>\$ 3,558,493</u>	<u>\$ -</u>	<u>\$ 2,040,928</u>	<u>\$ 5,599,421</u>
Financial assets at FVTOCI				
Listed shares	\$ 33,177	\$ -	\$ -	\$ 33,177
Unlisted shares	-	-	252,335	252,335
Unlisted preferred shares	-	-	57,121	57,121
	<u>\$ 33,177</u>	<u>\$ -</u>	<u>\$ 309,456</u>	<u>\$ 342,633</u>

(Concluded)

There were no transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022.

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

For the year ended December 31, 2023

Financial Assets	<u>Financial Assets at FVTPL</u> Equity Instruments	<u>Financial Assets at FVTOCI</u> Equity Instruments	Total
Balance at January 1	\$ 2,040,928	\$ 309,456	\$ 2,350,384
Recognized in profit or loss	116,769	-	116,769
Recognized in other comprehensive income	-	(98,434)	(98,434)
Purchases	-	11,592	11,592
Disposals	(49,956)	-	(49,956)
Transferred from investments using the equity method	3,600	19,036	22,636
Capital reduction	(14,194)	(3,938)	(18,132)
Net exchange differences	(87)	1,177	1,090
Balance at December 31	<u>\$ 2,097,060</u>	<u>\$ 238,889</u>	<u>\$ 2,335,949</u>
Unrealized gain for the current year included in profit or loss relating to assets held at the end of the year	<u>\$ 87,327</u>		<u>\$ 87,327</u>

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
	Equity Instruments	Equity Instruments	
Balance at January 1	\$ 1,700,303	\$ 301,551	\$ 2,001,854
Recognized in profit or loss	358,620	-	358,620
Recognized in other comprehensive income	-	(7,402)	(7,402)
Purchases	-	63,746	63,746
Capital reduction	(24,288)	(73,211)	(97,499)
Net exchange differences	<u>6,293</u>	<u>24,772</u>	<u>31,065</u>
Balance at December 31	<u>\$ 2,040,928</u>	<u>\$ 309,456</u>	<u>\$ 2,350,384</u>
Unrealized gain for the current year included in profit or loss relating to assets held at the end of the year	<u>\$ 358,620</u>		<u>\$ 358,620</u>

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

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

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
FVTPL	\$ 2,709,077	\$ 5,599,421
Amortized cost (1)	16,161,158	12,525,986
FVTOCI	278,609	342,633
<u>Financial liabilities</u>		
Amortized cost (2)	12,309,887	11,823,232

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

- 2) The balances 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 income associated with New Taiwan dollars strengthening/weakening 5% against the relevant currency.

	For the Year Ended December 31	
	2023	2022
Increase/decrease	\$ 11,143	\$ 6,160

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.

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 1,906,142	\$ 1,801,683
Financial liabilities	5,019,982	5,177,748
Cash flow interest rate risk		
Financial assets	7,047,280	3,590,352
Financial liabilities	104,622	114,647

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 income effect would have been as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Increase/decrease	\$ 6,943	\$ 3,476

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 income and other comprehensive income would have been as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Pre-tax income		
Increase/decrease	\$ 135,454	\$ 279,971
Other comprehensive income		
Increase/decrease	13,930	17,132

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 shares and corporate bonds without quoted market prices in an active market, and higher liquidity risk is anticipated.

30. 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 Party</u>	<u>Relationship with the Group</u>
Systemweb Technologies Co., Ltd.	Associate
Sanfran Technologies Inc.	Associate
Investment Media Ltd.	Associate
FinRobo Advisor Securities Investment Consulting Co., Ltd.	Associate
Shengsen Cloud Technology	Associate (Note 1)
Frog-jump Information Co., Ltd.	Associate
Neweb Information Co., Ltd.	Associate
Retail System Co., Ltd.	Associate (Note 2)
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 (Note 3)
Teamplus Technology Inc.	Associate
Neo Trend Tech Corporation	Associate
Green World FinTech Service Co., Ltd.	Director of subsidiary (Note 4)
Mr. Hsieh	Director of subsidiary

Note 1: Shengsen Cloud Technology was no longer a related party to the Group since June 2023.

Note 2: Retail System Co., Ltd. was no longer a related party to the Group since June 2023.

Note 3: CKmates International Co., Ltd. was no longer a related party to the Group since June 2023.

Note 4: Green World FinTech Service Co., Ltd. has become a related party to the Group since June 2022.

b. Operating revenue

Line Item	Related Party Category	For the Year Ended December 31	
		2023	2022
Sales	Associates	\$ 234,126	\$ 168,268
	Director of subsidiary	\$ 6,348	\$ 1,614
Service revenue	Associates	\$ 8,453	\$ 7,790
	Director of subsidiary	\$ 341	\$ 39
Other operating revenue	Director of subsidiary	\$ 652	\$ 387

c. Purchases

Related Party Category	For the Year Ended December 31	
	2023	2022
Associates	\$ 43,689	\$ 39,623
Director of subsidiary	\$ 16	\$ -

d. Receivables from related parties

Line Item	Related Party Category	December 31	
		2023	2022
Notes and accounts receivable	Associates	\$ 86,744	\$ 39,335
	Director of subsidiary	\$ 268	\$ 172
Lease receivables - current (included in other current assets)	Director of subsidiary	\$ 2,116	\$ 1,310
Lease receivables - non-current (included in other non-current assets)	Director of subsidiary	\$ 2,740	\$ 1,971

e. Payables to related parties

Line Item	Related Party Category	December 31	
		2023	2022
Payables to related parties	Associates	\$ 22,306	\$ 23,873
Other payables	Director of subsidiary	\$ -	\$ 9,402

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

f. Acquisition of property, plant and equipment

Related Party Category	For the Year Ended December 31	
	2023	2022
Associates	\$ 360	\$ 240

g. Other transactions with related parties

Line Item	Related Party Category	For the Year Ended December 31	
		2023	2022
Service cost	Associates	\$ 16,736	\$ 21,499
	Director of subsidiary	\$ 208	\$ -
Operating expenses	Associates	\$ 1,346	\$ 5,005
	Director of subsidiary	\$ 289	\$ -
Other income	Associates	\$ -	\$ 204
	Director of subsidiary	\$ 652	\$ -

h. Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 238,564	\$ 201,841
Post-employment benefits	3,003	2,843
Termination benefits	-	3,460
Share-based payment	<u>86,699</u>	<u>35,279</u>
	<u>\$ 328,266</u>	<u>\$ 243,423</u>

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

31. PLEDGED ASSETS

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

	December 31	
	2023	2022
Property, plant and equipment - land and buildings, net	\$ 244,453	\$ 433,588
Pledged time deposits - current (included in other financial assets - current)	394,958	474,863
Pledged time deposits - non-current (included in other financial assets - non-current)	91,978	86,508
The shares of the Corporation (Note)	<u>560,000</u>	<u>347,500</u>
	<u>\$ 1,291,389</u>	<u>\$ 1,342,459</u>

Note: Hanmore pledged 5,000 thousand shares of the Corporation as of December 31, 2023 and 2022, and it was eliminated on consolidation.

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Group as of December 31, 2023 and 2022 were as follows:

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

	December 31	
	2023	2022
	<u>\$ 713</u>	<u>\$ 658</u>

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

December 31	
2023	2022
<u>\$ 14,505,808</u>	<u>\$ 15,378,533</u>

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

d. The Group issues gift certificates and gift cards. For the handling of advance receipts from customers for sold gift certificates and gift cards, the Group entered into a trust agreement with E.SUN Commercial Bank according to the “Provision to be Included in Standard Form Contract of All Sorts of Gift Certificates of Retail Companies” issued by the Ministry of Economic Affairs. According to the trust agreement, the Group opened a trust account in E.SUN Commercial Bank. Advance receipts from customers for sold gift certificates are deposited in the trust account and amounts for services already provided to customers are paid to the Group on a monthly basis. The balance in the trust account should be not lower than the amount of outstanding gift certificates and gift cards. As of December 31, 2023, the Group’s assets in the trust account amounted to \$137,346 thousand (included in other financial assets).

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

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

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 22,996	30.705	\$ 706,092
RMB	16,100	4.34	69,797
Non-monetary items			
Financial assets at FVTPL			
HKD	9,226	3.93	36,247
<u>Financial liabilities</u>			
Monetary items			
USD	18,007	30.705	552,905
RMB	28	4.34	121

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 13,516	30.71	\$ 415,077
RMB	11,405	4.41	50,289
Non-monetary items			
Financial assets at FVTPL			
HKD	10,812	3.94	42,577
<u>Financial liabilities</u>			
Monetary items			
USD	11,136	30.71	341,987
RMB	40	4.41	176

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange (losses) gains were \$(5,490) thousand and \$31,966 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.

Consumer 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.

Commercial software service integration 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. Consumer 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. Commercial software service integration mainly categorizes the domestic departments which provide commercial software, technology value-added services of Microsoft product, cloud construction and application, and Mobile APP development into a reportable department.

a. Consolidated revenues and results

	Financial Business Integration	Consumer Market Integration	Digital Ecosystem Integration	Commercial Software Service Integration	China Group	Investment Department	Adjustment and Elimination	Total
<u>2023</u>								
Sales to customers	\$ 4,523,320	\$ 6,104,706	\$ 7,641,138	\$ 10,453,105	\$ 6,462,109	\$ -	\$ -	\$ 35,184,378
Sales to other segments	<u>235,209</u>	<u>131,751</u>	<u>1,733,891</u>	<u>1,292,330</u>	<u>637,176</u>	<u>-</u>	<u>(4,030,357)</u>	<u>-</u>
Total sales	<u>\$ 4,758,529</u>	<u>\$ 6,236,457</u>	<u>\$ 9,375,029</u>	<u>\$ 11,745,435</u>	<u>\$ 7,099,285</u>	<u>\$ -</u>	<u>\$ (4,030,357)</u>	<u>\$ 35,184,378</u>
Segment income (loss)	<u>\$ 399,256</u>	<u>\$ 506,054</u>	<u>\$ 635,960</u>	<u>\$ 579,054</u>	<u>\$ 57,751</u>	<u>\$ 245,866</u>	<u>\$ -</u>	\$ 2,423,941
Corporate general expenses								<u>(498,671)</u>
Income before income tax								<u>\$ 1,925,270</u>
Segment depreciation and amortization expenses	<u>\$ 60,910</u>	<u>\$ 35,583</u>	<u>\$ 109,768</u>	<u>\$ 13,601</u>	<u>\$ 43,151</u>	<u>\$ -</u>		\$ 263,013
Non-segment depreciation and amortization expenses								<u>154,174</u>
Total depreciation and amortization expenses								<u>\$ 417,187</u>
Segment assets	<u>\$ 5,599,946</u>	<u>\$ 2,896,102</u>	<u>\$ 3,699,213</u>	<u>\$ 4,588,348</u>	<u>\$ 3,473,383</u>	<u>\$ 8,256,193</u>		\$ 28,513,185
General assets								<u>2,083,527</u>
Total assets								<u>\$ 30,596,712</u>
<u>2022</u>								
Sales to customers	\$ 4,855,985	\$ 5,165,777	\$ 7,536,530	\$ 9,573,256	\$ 5,997,304	\$ -	\$ -	\$ 33,128,852
Sales to other segments	<u>781,723</u>	<u>113,974</u>	<u>754,771</u>	<u>1,086,284</u>	<u>702,132</u>	<u>-</u>	<u>(3,438,884)</u>	<u>-</u>
Total sales	<u>\$ 5,637,708</u>	<u>\$ 5,279,751</u>	<u>\$ 8,291,301</u>	<u>\$ 10,659,540</u>	<u>\$ 6,699,436</u>	<u>\$ -</u>	<u>\$ (3,438,884)</u>	<u>\$ 33,128,852</u>
Segment income (loss)	<u>\$ 435,125</u>	<u>\$ 428,911</u>	<u>\$ 278,046</u>	<u>\$ 633,258</u>	<u>\$ 85,949</u>	<u>\$ (15,990)</u>	<u>\$ -</u>	\$ 1,845,299
Corporate general expenses								<u>(452,235)</u>
Income before income tax								<u>\$ 1,393,064</u>
Segment depreciation and amortization expenses	<u>\$ 47,538</u>	<u>\$ 25,709</u>	<u>\$ 73,613</u>	<u>\$ 10,852</u>	<u>\$ 42,593</u>	<u>\$ -</u>		\$ 200,305
Non-segment depreciation and amortization expenses								<u>189,932</u>
Total depreciation and amortization expenses								<u>\$ 390,237</u>
Segment assets	<u>\$ 4,990,910</u>	<u>\$ 2,900,719</u>	<u>\$ 2,853,094</u>	<u>\$ 5,237,982</u>	<u>\$ 3,348,215</u>	<u>\$ 9,287,500</u>		\$ 28,618,420
General assets								<u>1,281,323</u>
Total assets								<u>\$ 29,899,743</u>

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

b. Geographical information

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

	Revenue from External Customers	
	2023	2022
Domestic	\$ 28,791,167	\$ 27,191,285
Asia	<u>6,393,211</u>	<u>5,937,567</u>
	<u>\$ 35,184,378</u>	<u>\$ 33,128,852</u>
	Non-current Assets	
	December 31	
	2023	2022
Domestic	\$ 7,709,943	\$ 7,321,322
Asia	307,044	323,432
Others	<u>353,200</u>	<u>501,864</u>
	<u>\$ 8,370,187</u>	<u>\$ 8,146,618</u>

c. Major customers

No single customer contributed 10% or more to the Group's total operating revenue for the years ended December 31, 2023 and 2022.

35. SEPARATELY DISCLOSED ITEMS

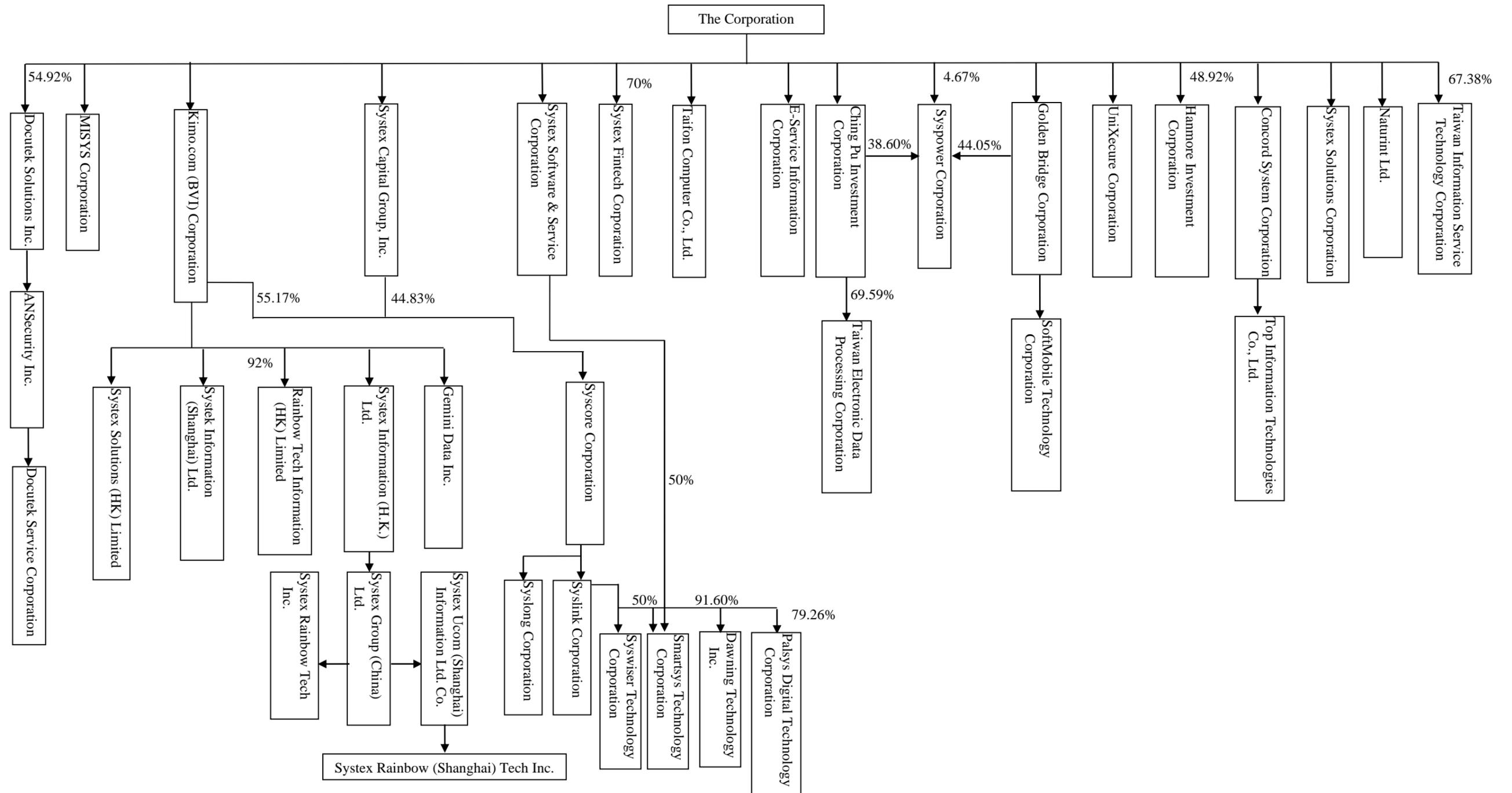
a. Information on significant transactions and b. information on investees:

- 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 (Table 6)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7)

- 9) Trading in derivative instruments (None)
 - 10) Other: Intercompany relationships and significant intercompany transactions (Table 8)
 - 11) Information on investees (Table 9)
- 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 10)
 - 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 (Tables 6 and 8):
 - 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 11)

SYSTEX CORPORATION AND SUBSIDIARIES

THE RELATIONSHIP AND PERCENTAGE OF OWNERSHIP OF COMPANIES IN THE GROUP
DECEMBER 31, 2023



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

SYSTEX CORPORATION AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed (Note 21)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 2)	Note
													Item	Value			
0	Systex Corporation	Concord System Management Corporation	Receivables from related parties	Y	\$ 500,000	\$ -	\$ -	2.00	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 2,854,501	\$ 5,709,003	(Note 3)
1	Systex Group (China) Ltd.	Systek Information (Shanghai) Ltd.	Receivables from related parties	Y	135,519	130,056	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,854,501	5,709,003	(Note 4)
		Systex Rainbow Tech Inc.	Receivables from related parties	Y	225,865	216,760	95,374	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,854,501	5,709,003	(Note 5)
		Sysware Shenglong Information Systems Co., Ltd.	Receivables from related parties	Y	22,587	-	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,854,501	5,709,003	(Note 6)
		Systex Ucom (Shanghai) Information Ltd. Co.	Receivables from related parties	Y	225,865	216,760	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,854,501	5,709,003	(Note 7)
2	Systek Information (Shanghai) Ltd.	Systex Group (China) Ltd.	Receivables from related parties	Y	271,038	260,112	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,854,501	5,709,003	(Note 8)
		Systex Rainbow Tech Inc.	Receivables from related parties	Y	45,173	43,352	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,854,501	5,709,003	(Note 9)
		Sysware Shenglong Information Systems Co., Ltd.	Receivables from related parties	Y	45,173	-	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,854,501	5,709,003	(Note 10)
3	Systex Rainbow Tech Inc.	Systex Group (China) Ltd.	Receivables from related parties	Y	90,346	86,704	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,854,501	5,709,003	(Note 11)
		Systek Information (Shanghai) Ltd.	Receivables from related parties	Y	45,173	43,352	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,854,501	5,709,003	(Note 12)
4	Sysware Shenglong Information Systems Co., Ltd.	Systex Group (China) Ltd.	Receivables from related parties	Y	45,173	-	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,854,501	5,709,003	(Note 13)
		Systek Information (Shanghai) Ltd.	Receivables from related parties	Y	45,173	-	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,854,501	5,709,003	(Note 14)
5	Syspower Corporation	Palsys Digital Technology Corporation	Receivables from related parties	Y	160,000	-	-	2.00	Short-term financing	-	Operating capital	-	-	-	177,911	177,911	(Note 15)
6	Concord System Management Corporation	Palsys Digital Technology Corporation	Receivables from related parties	Y	70,000	-	-	2.00	Business Relations	351,204	Operating capital	-	-	-	351,204	216,438	(Note 16)
7	Syscore Corporation	Concord System Management Corporation	Receivables from related parties	Y	300,000	300,000	200,000	2.00	Short-term financing	-	Operating capital	-	-	-	1,411,634	1,411,634	(Note 17)
8	Syslink Corporation	Concord System Management Corporation	Receivables from related parties	Y	150,000	-	-	2.00	Short-term financing	-	Operating capital	-	-	-	553,246	553,246	(Note 18)
		Palsys Digital Technology Corporation	Receivables from related parties	Y	160,000	160,000	-	2.00	Short-term financing	-	Operating capital	-	-	-	553,246	553,246	(Note 19)

Note 1: Loans to individual company shall not exceed 20% of the lender's net equity, except for 40% net equity of Syspower Corporation, Syscore Corporation and Syslink Corporation and the amount of business relations between the company and 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 40% of the Corporation's net equity.

Note 3: The highest balance for the period is NT\$500,000 thousand.

Note 4: The highest balance for the period is NT\$135,591 thousand (RMB30,000 thousand). The ending balance is NT\$130,056 thousand (RMB30,000 thousand) which has not been withdrawn.

Note 5: The highest balance for the period is NT\$225,865 thousand (RMB50,000 thousand). The ending balance is NT\$216,760 thousand (RMB50,000 thousand), including NT\$121,386 thousand (RMB28,000 thousand) which has not been withdrawn.

(Continued)

- Note 6: The highest balance for the period is NT\$22,587 thousand (RMB5,000 thousand).
- Note 7: The highest balance for the period is NT\$225,865 thousand (RMB50,000 thousand). The ending balance is NT\$216,760 thousand (RMB50,000 thousand) which has not been withdrawn.
- Note 8: The highest balance for the period is NT\$271,038 thousand (RMB60,000 thousand). The ending balance is NT\$260,112 thousand (RMB60,000 thousand) which has not been withdrawn.
- Note 9: The highest balance for the period is NT\$45,173 thousand (RMB10,000 thousand). The ending balance is NT\$43,352 thousand (RMB10,000 thousand) which has not been withdrawn.
- Note 10: The highest balance for the period is NT\$45,173 thousand (RMB10,000 thousand).
- Note 11: The highest balance for the period is NT\$90,346 thousand (RMB20,000 thousand). The ending balance is NT\$86,704 thousand (RMB20,000 thousand) which has not been withdrawn.
- Note 12: The highest balance for the period is NT\$45,173 thousand (RMB10,000 thousand). The ending balance is NT\$43,352 thousand (RMB10,000 thousand) which has not been withdrawn.
- Note 13: The highest balance for the period is NT\$45,173 thousand (RMB10,000 thousand).
- Note 14: The highest balance for the period is NT\$45,173 thousand (RMB10,000 thousand).
- Note 15: The highest balance for the period is NT\$160,000 thousand.
- Note 16: The highest balance for the period is NT\$70,000 thousand.
- Note 17: The highest balance for the period is NT\$300,000 thousand. The ending balance is NT\$300,000 thousand, including NT\$100,000 thousand which has not been withdrawn.
- Note 18: The highest balance for the period is NT\$150,000 thousand.
- Note 19: The highest balance for the period is NT\$160,000 thousand. The ending balance is NT\$160,000 thousand which has not been withdrawn.
- Note 20: The ending balance of actual amount borrowed was eliminated in the consolidated financial statements.

(Concluded)

SYSTEX CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(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	\$ 3,568,127	\$ 405,313	\$ 383,813	\$ 122,666	\$ -	2.69	\$ 7,136,253	Y	N	N	(Notes 2 and 3)
		Systex Group (China) Ltd.	b	3,568,127	1,831,037	1,744,838	584,114	-	12.23	7,136,253	Y	N	Y	(Notes 2 and 3)
		Systek Information (Shanghai) Ltd.	b	3,568,127	16,213	15,353	-	-	0.11	7,136,253	Y	N	Y	(Notes 2 and 3)
		Systex Rainbow Tech Inc.	b	3,568,127	48,638	46,058	-	-	0.32	7,136,253	Y	N	Y	(Notes 2 and 3)
		Systex Ucom (Shanghai) Information Ltd. Co.	b	3,568,127	135,519	130,056	35,177	-	0.91	7,136,253	Y	N	Y	(Notes 2 and 3)
		Systex Software & Service Corporation	b	3,568,127	1,000,000	1,000,000	695,742	-	7.01	7,136,253	Y	N	N	(Notes 2 and 3)
1	Systek Information (Shanghai) Ltd.	Systex Group (China) Ltd.	d	884,834	225,865	216,760	195,084	216,760	48.99	884,834	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 equity of the provider.

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

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

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

SYSTEX CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note	
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value		
Controlling company - Systex Corporation	<u>Ordinary shares</u>								
	GCH Systems		Financial assets at FVTPL - non-current	56,226	\$ -	0.74	\$ -		
	Taiwan Futures Exchange Corporation		"	17,919,276	1,493,636	3.28	1,493,636		
	Saho Corporation		"	795,895	-	1.79	-		
	Far Eastern Electronic Toll Collection Co., Ltd.		"	25,263,076	261,588	8.42	261,588		
	Sysjust Co., Ltd.		"	1,108,592	22,282	4.22	22,283		
	3Probe Technologies Co., Ltd.		"	205,567	1,523	6.42	1,523		
	Da Ho Marketing Co., Ltd.		"	1,260,000	12,428	14.63	12,428		
	Princo Co., Ltd.		"	808,415	-	0.20	-		
	Wegoluck Co., Ltd.		"	471,700	-	3.20	-		
	Yankey Inc.		"	150,000	-	3.57	-		
	Germini Data Inc.		"	3,404,000	-	1.54	-		
	Prudence Capital Management Co., Ltd.			Financial assets at FVTOCI - non-current	33,137	429	0.50	429	
	Alpha Core Philosophy Co., Ltd.			"	555,560	366	1.69	366	
	iSpan International Inc.			"	600,000	7,258	6.12	7,258	
	Firstweb Limited.			"	236,000	32,804	3.58	32,804	
		<u>Preference shares</u>							
	Gemini Data, Inc.		Financial assets at FVTOCI - non-current	7,720,167	-	3.49	-		
Subordinate company - Ching Pu Investment Corporation	<u>Ordinary shares</u>								
	Systex Corporation	Parent company	Financial assets at FVTOCI - non-current	10,981,476	1,229,925	4.03	1,229,925	(Note 2)	
	Enova Technology Corp.		Financial assets at FVTPL - non-current	1,177,629	-	5.57	-		
	Princo Co., Ltd.		"	8,558,064	-	2.08	-		
	Sysjust Co., Ltd.		"	1,276,448	25,656	4.85	25,656		
	Axtronics Inc.		"	64,063	-	0.37	-		
	Universal EC Inc.		"	111,829	-	0.22	-		
	Taiwan Electronic Packaging Co., Ltd.		"	326,000	-	0.54	-		
		<u>Mutual funds</u>							
	Fuh Hwa Legend Fund VI		Financial assets at FVTPL - current	250,000	6,773	-	6,773		
Yuanta 0-2 Year Investment Grade Corporate Bond Fund - TWD (A)		"	1,000,000	10,346	-	10,346			

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Subordinate company - Taiwan Electronic Data Processing Corporation	<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 - Hanmore Investment Corporation	<u>Ordinary shares</u> Systex Corporation Monterey International Corp. Enova Technology Corp. NITS Technology Inc. <u>Mutual funds</u> PineBridge Global ESG Quantitative Bond Fund A Fuh Hwa 3-8 Year Maturity A-Rated Bond Fund TWD	Parent company	Financial assets at FVTOCI - non-current	21,316,678	2,387,468	7.82	2,387,468	(Note 2)
			Financial assets at FVTPL - non-current	1,196,371	11,958	4.68	11,958	
			"	1,840,046	-	8.70	-	
			"	3,910,646	-	5.83	-	
			Financial assets at FVTPL - current	968,720	8,890	-	8,890	
			"	1,500,000	15,221	-	15,221	
Subordinate company - Systex 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. <u>Preference shares</u> Techgains Pan-Pacific Corporation CipherMax Tonbu Inc. Gemini Data, Inc. <u>Other</u> Current Ventures II Limited		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	165	0.07	165	
			Financial assets at FVTOCI - non-current	-	135,604	2.91	135,604	
			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	-	11.59	-	
			Financial assets at FVTOCI - non-current	2,500,000	-	4.20	-	
			Subordinate company - Syscore Corporation	<u>Ordinary shares</u> Far Eastern Electronic Toll Collection Co., Ltd. GrandTech C.G. Systems Inc. <u>Preference shares</u> Taiwania Capital Buffalo Fund Preference Shares - Class A <u>Limited partnership</u> Digital-Economy limited partnership		Financial assets at FVTPL - non-current	7,716,831	
Financial assets at FVTOCI - non-current	600,000	39,720				0.97	39,720	
Financial assets at FVTPL - non-current	92,600,000	74,215				2.15	74,215	
Financial assets at FVTPL - non-current	-	30,086				6.29	30,086	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	<u>Mutual funds</u>							
	Taishin Flexible Income Fund		Financial assets at FVTPL - current	300,000	\$ 3,004	-	\$ 3,004	
	Allianz Global Investors US Short Duration High Income Bond Fund		"	3,000,000	32,459	-	32,459	
	Yuanta 0-2 Year Investment Grade Corporate Bond Fund - TWD (A)		"	2,000,000	20,693	-	20,693	
	Yuanta Wan Tai Money Market Fund		"	3,015,075	30,151	-	30,151	
	Fuh Hwa Legend Fund VI		"	14,900,000	403,641	-	403,641	
	<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	-	502,442	-	502,442	(Note 3)
Subordinate company - Syslink Corporation	<u>Ordinary shares</u>							
	Caloudi Corporation		Financial assets at FVTOCI - non-current	1,225,000	26,342	19.68	26,342	
	Ckmates International Co., Ltd.		"	2,370,000	19,036	19.01	19,036	
	AIWin Technology Co., Ltd.		Financial assets at FVTPL - current	180,000	3,600	10.64	3,600	
Subordinate company - Kimo.com (BVI) Corporation	<u>Ordinary shares</u>							
	ISHARES A50 (2823.HK)		Financial assets at FVTPL - current	392,000	18,574	-	18,574	
	CSOP A50 (2822.HK)		"	397,000	17,673	-	17,673	
	<u>Mutual funds</u>							
	ALLIANZ GLOBAL ARTIFICIAL INTELLIGENCE-CLASS AT ACC (USD)		Financial assets at FVTPL - current	15,768	12,264	-	12,264	
	ALLIANZ TOTAL RETURN ASIAN EQUITY-CLASS A DIS (USD)		"	10,352	10,352	-	10,352	
	ALLIANZ CHINA A SHARES SHS-AT (USD)		"	75,810	21,811	-	21,811	
	<u>Other</u>							
	New Economy Ventures L.P.		Financial assets at FVTPL - non-current	-	80,182	14.73	80,182	
	<u>Preference shares</u>							
	XREX Inc.		Financial assets at FVTOCI - non-current	254,148	1,334	0.96	1,334	
Subordinate company - Syslong Corporation	<u>Ordinary shares</u>							
	SMY Internet of Package Co., Ltd.		Financial assets at FVTOCI - non-current	234,568	15,716	0.19	15,716	

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 transactions were eliminated.

Note 3: The carrying amount includes the unamortized bond premium of \$2,442 thousand generated from acquiring the bonds from the Corporation and Ching Pu Investment Corporation. In preparing the consolidated financial statements, the amount was eliminated.

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

(Concluded)

SYSTEX CORPORATION AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(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)	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain on Disposal	Number of Shares	Amount (Note)
Controlling company - Systex Corporation	<u>Mutual funds</u>													
	CTBC Huaying Money Market Fund	Financial assets at FVTPL - current	-	-	-	\$ -	47,306,246	\$ 530,000	47,306,246	\$ 530,559	\$ 530,000	\$ 559	-	\$ -
	Fuh Hwa Money Market Fund	"	-	-	-	-	25,561,533	375,000	25,561,533	375,349	375,000	349	-	-
	Capital Money Market Fund	"	-	-	11,600,930	190,000	17,356,124	285,000	28,957,054	475,780	475,000	780	-	-
	Taishin Ta-Chong Money Market Fund	"	-	-	13,174,412	190,000	10,022,041	145,000	23,196,453	335,868	335,000	868	-	-
	UPAMC James Bond Money Market Fund	"	-	-	11,218,908	190,000	11,184,172	190,000	22,403,080	380,969	380,000	969	-	-
	Jih Sun Money Market Fund	"	-	-	-	-	35,076,634	530,000	35,076,634	530,423	530,000	423	-	-
Subordinate company - Systex Software & Service Corporation	<u>Mutual funds</u>													
	Taishin Ta-Chong Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	32,454,166	470,000	32,454,166	470,581	470,000	581	-	-
	Mega Diamond Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	36,362,468	465,000	36,362,468	465,624	465,000	624	-	-

Note: Financial assets are classified as at FVTPL, the ending balances are measured at acquisition cost, excluding adjustment for fair value.

SYSTEX CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)	
			Purchase/Sale	Amount (Note)	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note)	% of Total
Controlling company - Systex Corporation	Systex Software & Service Corporation	Subsidiary	Purchase	\$ 1,194,628	20	78 days after transaction month	\$ -	-	\$ (977,478)	37
	Dawning Technology Inc.	Subsidiary	Purchase	167,510	3	78 days after transaction month	-	-	(43,855)	2
	Palsys Digital Technology Corporation	Subsidiary	Purchase	504,797	9	78 days after transaction month	-	-	(103,817)	4
Subordinate company - Systex Software & Service Corporation	Systex Corporation	Parent company	Sale	(1,194,628)	13	78 days after transaction month	-	-	977,478	42
Subordinate company - Dawning Technology Inc.	Systex Corporation	Parent company	Sale	(167,510)	6	78 days after transaction month	-	-	43,855	6
Subordinate company - Palsys Digital Technology Corporation	Systex Corporation	Parent company	Sale	(504,797)	25	78 days after transaction month	-	-	103,817	32
	Concord System Management Corporation	Associate	Sale	(325,980)	16	78 days after transaction month	-	-	47,466	14
Subordinate company - Concord System Management Corporation	Palsys Digital Technology Corporation	Associate	Purchases	325,980	19	78 days after transaction month	-	-	(47,466)	14
Subordinate company - Systex Group (China) Ltd.	Systex Ucom (Shanghai) Information Ltd. Co.	Associate	Purchase	236,576	10	120 days after transaction month	-	-	(16,066)	3
Subordinate company - Systex Ucom (Shanghai) Information Ltd. Co.	Systex Group (China) Ltd.	Associate	Sale	(236,576)	89	120 days after transaction month	-	-	16,066	45
Subordinate company - Rainbow Tech Information (HK) Ltd.	Systex Information (HK) Ltd.	Associate	Purchase	186,509	47	30 days after transaction month	-	-	(60,347)	66
Subordinate company - Systex Information (HK) Ltd.	Rainbow Tech Information (HK) Ltd.	Associate	Sale	(186,509)	14	30 days after transaction month	-	-	60,347	14

Note: In preparing the consolidated financial statements, the transactions were eliminated.

SYSTEX CORPORATION AND SUBSIDIARIES

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

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Subordinate company - System Software & Service Corporation Palsys Digital Technology Corporation	System Corporation System Corporation	Parent company (Note)	\$ 997,478 103,817	1.41 7.72	\$ - -	- -	\$ 32,013 107,557	\$ - -

Note: In preparing the consolidated financial statements, the transactions were eliminated.

SYSTEX CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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	\$ 118,308	Net 78 days	-
		Systex Software & Service Corporation	a	Cost of goods sold	1,160,281	Net 78 days	3
		Systex Software & Service Corporation	a	Service cost	34,949	Net 78 days	-
		Systex Software & Service Corporation	a	Receivables from related parties	38,615	Net 78 days	-
		Systex Software & Service Corporation	a	Payables to related parties	977,478	Net 78 days	3
		Syspower Corporation	a	Sales	22,741	Net 78 days	-
		Syspower Corporation	a	Cost of goods sold	54,773	Net 78 days	-
		Syspower Corporation	a	Receivables from related parties	9,064	Net 78 days	-
		Concord System Management Corporation	a	Sales	83,017	Net 78 days	-
		Concord System Management Corporation	a	Receivables from related parties	28,538	Net 78 days	-
		Systex Solutions Corporation	a	Sales	16,910	Net 78 days	-
		Systex Solutions Corporation	a	Cost of goods sold	2,361	Net 78 days	-
		Systex Solutions Corporation	a	Service cost	4,494	Net 78 days	-
		Systex Solutions Corporation	a	Receivables from related parties	8,865	Net 78 days	-
		Systex Solutions Corporation	a	Payables to related parties	3,521	Net 78 days	-
		Softmobile Technology Corporation	a	Cost of goods sold	6,770	Net 78 days	-
		Softmobile Technology Corporation	a	Service cost	45,423	Net 78 days	-
		Softmobile Technology Corporation	a	Payables to related parties	8,178	Net 78 days	-
		Systex Fintech Corporation	a	Service cost	18,671	Net 78 days	-
		Systex Fintech Corporation	a	Receivables from related parties	7,446	Net 78 days	-
		Systex Fintech Corporation	a	Payables to related parties	6,585	Net 78 days	-
		Systex Fintech Corporation	a	Sales	11,738	Net 78 days	-
		Taifon Computer Co., Ltd.	a	Receivables from related parties	3,614	Net 78 days	-
		Taifon Computer Co., Ltd.	a	Sales	5,720	Net 78 days	-
		Top Information Technologies Co., Ltd.	a	Service cost	12,604	Net 78 days	-
		Top Information Technologies Co., Ltd.	a	Sales	2,078	Net 78 days	-
		Top Information Technologies Co., Ltd.	a	Receivables from related parties	3,426	Net 78 days	-
		Top Information Technologies Co., Ltd.	a	Payables to related parties	3,836	Net 78 days	-
		Dawning Technology Inc	a	Cost of goods sold	167,510	Net 78 days	-
		Dawning Technology Inc	a	Payables to related parties	43,855	Net 78 days	-
		Naturint Corporation	a	Service cost	20,750	Net 78 days	-
		Naturint Corporation	a	Payables to related parties	5,471	Net 78 days	-
		Palsys Digital Technology Corporation	a	Cost of goods sold	504,797	Net 78 days	1
Palsys Digital Technology Corporation	a	Service cost	8,201	Net 78 days	-		
Palsys Digital Technology Corporation	a	Receivables from related parties	5,100	Net 78 days	-		
Palsys Digital Technology Corporation	a	Payables to related parties	103,817	Net 78 days	-		
Palsys Digital Technology Corporation	a	Sales	2,869	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	
		UniXecure Corporation	a	Receivables from related parties	\$ 3,821	Net 78 days	-
		UniXecure Corporation	a	Payables to related parties	15,831	Net 78 days	-
		UniXecure Corporation	a	Sales	6,769	Net 78 days	-
		UniXecure Corporation	a	Cost of goods sold	28,427	Net 78 days	-
		UniXecure Corporation	a	Sales	2,633	Net 78 days	-
		UniXecure Corporation	a	Acquisition of property, plant and equipment and intangible assets	8,300	-	-
		Docutek Solutions, Inc.	a	Cost of goods sold	21,655	Net 78 days	-
		Docutek Solutions, Inc.	a	Payables to related parties	2,028	Net 78 days	-
		MISYS Corporation	a	Cost of goods sold	17,550	Net 78 days	-
		MISYS Corporation	a	Service cost	38,481	Net 78 days	-
		MISYS Corporation	a	Sales	10,770	Net 78 days	-
		MISYS Corporation	a	Receivables from related parties	4,101	Net 78 days	-
		MISYS Corporation	a	Payables to related parties	7,796	Net 78 days	-
1	System Software & Service Corporation	System Solutions Corporation	b	Receivables from related parties	3,083	Net 78 days	-
		System Solutions Corporation	b	Payables to related parties	7,820	Net 78 days	-
		System Solutions Corporation	b	Sales	5,945	Net 78 days	-
		System Solutions Corporation	b	Cost of goods sold	5,799	Net 78 days	-
		Softmobile Technology Corporation	b	Cost of goods sold	5,704	Net 78 days	-
		System Fintech Corporation	b	Sales	2,114	Net 78 days	-
		Taifon Computer Co., Ltd.	b	Sales	3,268	Net 78 days	-
		Dawning Technology Inc.	b	Cost of goods sold	56,215	Net 78 days	-
		Dawning Technology Inc.	b	Payables to related parties	18,551	Net 78 days	-
		Palsys Digital Technology Corporation	b	Cost of goods sold	93,107	Net 78 days	-
		Palsys Digital Technology Corporation	b	Service cost	3,031	Net 78 days	-
		Palsys Digital Technology Corporation	b	Payables to related parties	14,214	Net 78 days	-
		UniXecure Corporation	b	Payables to related parties	9,525	Net 90 days	-
		UniXecure Corporation	b	Cost of goods sold	17,132	Net 90 days	-
		UniXecure Corporation	b	Service cost	11,030	Net 90 days	-
		System Group (China) Ltd. (System China)	b	Sales	34,531	Net 90 days	-
		System Group (China) Ltd. (System China)	b	Receivables from related parties	21,156	Net 90 days	-
		System Rainbow Tech Inc.	b	Receivables from related parties	28,578	Net 90 days	-
		System Rainbow Tech Inc.	b	Sales	28,820	Net 90 days	-
		System Information (Shanghai) Ltd.	b	Receivables from related parties	3,738	Net 90 days	-
		System Information (Shanghai) Ltd.	b	Sales	4,945	Net 90 days	-
2	Syspower Corporation	System Solutions Corporation	b	Service cost	5,336	Net 78 days	-
		System Solutions Corporation	b	Payables to related parties	2,266	Net 78 days	-
		Softmobile Technology Corporation	b	Service cost	2,162	Net 78 days	-
		Dawning Technology Inc.	b	Cost of goods sold	4,726	Net 78 days	-
		Dawning Technology Inc.	b	Payables to related parties	3,822	Net 78 days	-
		Palsys Digital Technology Corporation	b	Interest revenue	587	Short-term financing, with a term of one year	-
		Palsys Digital Technology Corporation	b	Sales	31,964	Net 78 days	-
		Palsys Digital Technology Corporation	b	Payables to related parties	2,554	Net 78 days	-
		Naturint Corporation	b	Operating expenses	5,722	Net 78 days	-
		UniXecure Corporation	b	Cost of goods sold	2,055	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	
3	Concord System Management Corporation	Top Information Technologies Co., Ltd.	b	Cost of goods sold	\$ 2,102	Net 78 days	-
		Top Information Technologies Co., Ltd.	b	Service cost	4,238	Net 78 days	-
		Top Information Technologies Co., Ltd.	b	Payables to related parties	2,139	Net 78 days	-
		E-service Information Corporation	b	Payables to related parties	2,258	Net 78 days	-
		Dawning Technology Inc	b	Cost of goods sold	2,060	Net 78 days	-
		Palsys Digital Technology Corporation	b	Cost of goods sold	325,980	Net 78 days	1
		Palsys Digital Technology Corporation	b	Service cost	17,976	Net 78 days	-
		Palsys Digital Technology Corporation	b	Payables to related parties	47,466	Net 78 days	-
		Docutek Solutions, Inc.	b	Service cost	4,712	Net 78 days	-
		Syscore Corporation	b	Interest expense	3,181	Short-term financing, with a term of one year	-
		Syscore Corporation	b	Payables to related parties (including interest receivables)	200,690	Short-term financing, with a term of one year	1
	Syslink Corporation	b	Interest expense	869	Short-term financing, with a term of one year	-	
4	Systex Solutions Corporation	Dawning Technology Inc.	b	Cost of goods sold	24,869	Net 78 days	-
		Dawning Technology Inc.	b	Payables to related parties	9,165	Net 78 days	-
		Palsys Digital Technology Corporation	b	Cost of goods sold	25,439	Net 78 days	-
		Palsys Digital Technology Corporation	b	Service cost	2,224	Net 78 days	-
		UniXecure Corporation	b	Cost of goods sold	2,524	Net 78 days	-
		UniXecure Corporation	b	Service cost	35,338	Net 78 days	-
		UniXecure Corporation	b	Payables to related parties	17,281	Net 78 days	-
5	Softmobile Technology Corporation	Dawning Technology Inc	b	Cost of goods sold	8,131	Net 78 days	-
		Dawning Technology Inc	b	Payables to related parties	6,277	Net 78 days	-
6	Taifon Computer Co., Ltd.	Dawning Technology Inc.	b	Cost of goods sold	26,825	Net 78 days	-
		Dawning Technology Inc.	b	Payables to related parties	7,972	Net 78 days	-
		Palsys Digital Technology Corporation	b	Cost of goods sold	8,261	Net 78 days	-
7	Top Information Technologies Co., Ltd.	Dawning Technology Inc.	b	Cost of goods sold	6,597	Net 78 days	-
		MISYS Corporation	b	Cost of goods sold	7,425	Net 78 days	-
		MISYS Corporation	b	Service cost	24,153	-	-
		MISYS Corporation	b	Payables to related parties	11,001	Net 78 days	-
		MISYS Corporation	b	Disposal of property, plant and equipment and intangible assets	2,020	-	-
8	Docutek Solutions, Inc.	Docutek Solutions, Inc.	b	Payables to related parties	14,151	Net 78 days	-
		Docutek Solutions, Inc.	b	Receivables from related parties	2,495	Net 78 days	-
		Docutek Solutions, Inc.	b	Sales	5,365	Net 78 days	-
		Docutek Solutions, Inc.	b	Cost of goods sold	32,360	Net 78 days	-
9	Systex Group (China) Ltd.	Docutek Services Corporation	b	Service cost	23,763	Net 78 days	-
10	Systex Information (HK) Corporation	Palsys Digital Technology Corporation	b	Interest revenue	2,104	Short-term financing, with a term of one year	-
		Syspower Corporation	b	Acquisition of investments accounted for using the equity method (Palsys Digital Technology Corporation)	272,351	According to the conditions	1

(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	
11	Systex Rainbow Tech Inc.	Systex Rainbow Tech Inc.	b	Sales	\$ 15,181	Net 120 days	-
		Systex Rainbow Tech Inc.	b	Interest revenue	2,683	Short-term financing, with a term of one year	-
		Systex Rainbow Tech Inc.	b	Payables to related parties	16,863	Net 120 days	-
		Systex Rainbow Tech Inc.	b	Receivables from related parties (including interest receivables)	95,374	Short-term financing, with a term of one year	-
		Systex Rainbow Tech Inc.	b	Cost of goods sold	4,907	Net 120 days	-
		Systex Rainbow Tech Inc.	b	Service cost	11,350	Net 120 days	-
		Systek Information (Shanghai) Corporation	b	Interest revenue	382	Short-term financing, with a term of one year	-
		Systek Information (Shanghai) Corporation	b	Acquisition of investments accounted for using the equity method (Systex Rainbow Tech Inc.)	238,214	According to the conditions	1
		Systex Ucom (Shanghai) Information Ltd. Co.	b	Sales	20,256	Net 120 days	-
		Systex Ucom (Shanghai) Information Ltd. Co.	b	Cost of goods sold	236,576	Net 120 days	1
		Systex Ucom (Shanghai) Information Ltd. Co.	b	Receivables from related parties	2,443	Net 120 days	-
		Systex Ucom (Shanghai) Information Ltd. Co.	b	Payables to related parties	16,066	Net 120 days	-
		12	Sysware Shenglong Information Systems Corporation	Systek Information (Shanghai) Corporation	b	Interest revenue	1,586
13	Systex Rainbow Tech Inc.	Systex Ucom (Shanghai) Information Ltd. Co.	b	Sales	17,852	Net 120 days	-
		Systex Ucom (Shanghai) Information Ltd. Co.	b	Receivables from related parties	10,215	Net 120 days	-
14	Systex Information (HK) Ltd.	Rainbow Tech Information (HK) Corporation	b	Sales	326,718	Net 30 days	1
		Rainbow Tech Information (HK) Corporation	b	Receivables from related parties	69,709	Net 30 days	-
15	Systex Ucom (Shanghai) Information Ltd. Co.	Systex Rainbow Tech Inc.	b	Acquisition of investments accounted for using the equity method (Systex Rainbow (Shanghai) Information Ltd. Co.)	2,387	According to the conditions	-

Note 1: The method of filling in the number:

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

Note 2: Categories of relationships:

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

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

For balance sheet accounts: Transaction amount ÷ Total consolidated assets.

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

(Concluded)

SYSTEX CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	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	\$ 3,687	\$ -	\$ -	-
	Hanmore Investment Corporation	Taiwan	General investment activities	47,125	47,125	9,640,680	48.92	28,913	106,304	(137)	Subsidiary (1, 3)
	Ching Pu Investment Corporation	Taiwan	General investment activities	30,775	50,472	23,437,500	100.00	495,388	130,163	76,000	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	30,413,372	100.00	537,375	134,601	132,521	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	51,086	(6,999)	(2,373)	-
	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	311,438	41,343	41,924	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	50,551	78,913	10,842	-
	Golden Bridge Corporation	Taiwan	General investment activities	230,000	230,000	23,000,000	100.00	307,454	44,904	44,904	Subsidiary (3)
	Systex Software & Service Corporation	Taiwan	Sale and development of computer software, data-processing services	450,000	450,000	54,450,000	100.00	1,310,798	506,842	507,002	Subsidiary (3)
	Syspower Corporation	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	15,195	15,195	1,096,200	4.67	20,751	51,072	2,424	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	348,503	63,743	64,875	Subsidiary (3)
	Systex Fintech 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	290,500	290,500	13,996,500	70.00	270,030	73,487	47,823	Subsidiary (3)
	Systex Capital Group, Inc.	British Virgin Island	Investment activities including financial trust and holding	91,695	91,695	550	100.00	2,617,752	227,480	227,582	Subsidiary (3)
	Kimo.com (BVI) Corporation	British Virgin Island	Investment activities including financial trust and holding	13,185	13,185	500,000	100.00	4,250,007	146,723	146,348	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	13,569	(7,594)	(7,594)	Subsidiary (3)
	FinRobo Advisor Securities Investment Consulting Co., Ltd.	Taiwan	Securities investment advisor	23,272	16,500	1,500,000	30.00	6,094	(5,344)	(678)	-
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	11,173	2,032	796	-	
Shengsen Cloud Technology	Taiwan	Information software service	-	10,800	-	-	-	-	2,561	(4)	

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	Ratio (%)	Carrying Amount			
Ching Pu Investment Corporation	Retail System Co.	Taiwan	Manufacturing, processing, assembling and sale of business machinery equipment	\$ -	\$ 24,000	-	-	\$ -	\$ -	\$ 1,695	-
	Frog-jump Information Co., Ltd.	Taiwan	Information software service	18,969	18,969	863,202	10.00	13,855	19,463	2,056	-
	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	-	(3,553)	-	-
	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	27,693,289	27.90	1,041,002	285,433	49,998	-
	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	101,355	10,287	9,466	Subsidiary (3)
	Bao Ruh Electronic Co., Ltd.	Taiwan	Manufacturing and sale of ticket system equipment, e-payment machine, IC electronic card, vehicle trip recorder, satellite position system, access control system	128,363	128,363	4,339,500	29.72	83,014	64,910	16,513	-
	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	44,487	8,979	6,050	Subsidiary (3)
	Collaboration Co., Ltd.	Taiwan	General investment activities	200,015	200,015	6,160,000	44.55	201,413	26,077	10,474	-
	UniXecure Corporation	Taiwan	Design, construction and sale of telecom instrument, electronic calculator and computer	150,000	50,000	15,000,000	100.00	108,762	(33,684)	(33,379)	Subsidiary (3)
	Docutek Solutions, Inc.	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	286,000	286,000	7,568,413	54.92	274,766	66,739	32,388	Subsidiary (3)
	MISYS Corporation	Taiwan	Information software service	100,000	100,000	10,000,000	100.00	52,946	(46,791)	(46,791)	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	155,131	2,698,643	69.59	11,167	110	-	Subsidiary (3)
	Investment Media Ltd.	Taiwan	Magazine and book publishing	95,600	95,600	4,000,000	40.00	81,522	22,000	-	-
Syspower Corporation	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	162,789	162,789	9,052,889	38.60	171,680	51,072	-	Subsidiary (3)	
Golden Bridge Corporation	Syspower Corporation	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	189,023	189,023	10,331,022	44.05	195,919	51,072	-	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	72,170	22,493	-	Subsidiary (3)

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	Ratio (%)	Carrying Amount			
Syscore Corporation	Syslink Corporation	Taiwan	General investment activities	\$ 1,400,000	\$ 1,400,000	140,000,000	100.00	\$ 1,383,116	\$ 183,373	\$ -	Subsidiary (3)
	Syslong Corporation	Taiwan	General investment activities	250,000	250,000	25,000,000	100.00	253,916	2,154	-	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	103,638	93,000	3,631,877	29.63	70,770	53,117	-	-
	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	25,793	13,618	-	-
	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	3,906,996	3.94	143,596	285,433	-	-
Syslink Corporation	Smartsys Technology Corporation	Taiwan	Design, installation 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	12,110	(825)	-	Subsidiary (3)
	Syswiser Technology Corporation	Taiwan	Design, installation 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	4,007	(2,379)	-	Subsidiary (3)
	Palsys Digital Technology Corporation	Taiwan	Sale of computer peripheral equipment and office machines, design of computer system and professional repairs services	272,351	-	24,794,862	79.26	299,614	48,341	-	Subsidiary (3)
	Dawning Technology Inc.	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	743,963	743,963	32,608,896	91.60	707,172	99,698	-	Subsidiary (3)
	AIWin Technology Co., Ltd.	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	-	12,000	-	-	-	(13,769)	-	(5)
	CKmates International Co., Ltd.	Taiwan	Type II telecommunications business, internet certificates service, and retail sale of computer software	-	60,002	-	-	-	(5,122)	-	(4)
Concord System Management Corporation	Top Information Technologies Co., Ltd.	Taiwan	Sale of computer peripheral equipment and office machines, design of computer system and professional repairs services	152,608	152,608	18,000,000	100.00	213,271	23,280	-	Subsidiary (3)
Kimo.com (BVI) Corporation	Systex Information (HK) Ltd.	Hong Kong	Sale of computer and peripheral equipment, retailing and processing of information of software	1,081,457	860,852	262,336,600	100.00	1,004,619	46,320	-	Subsidiary (3)
	Systex Solutions (HK) Limited	Hong Kong	Investment activities including financial trust and holding	316,050	316,050	10,400,000	100.00	354,688	15,783	-	Subsidiary (3)
	Rainbow Tech Information (HK) Ltd.	Hong Kong	Sale of computer and peripheral equipment, retailing and processing of information of software	114,690	58,384	27,426,823	92.00	131,130	17,033	-	Subsidiary (3)
	Syscore Corporation	Taiwan	General investment activities	1,600,000	1,600,000	160,000,000	55.17	1,947,081	352,981	-	Subsidiary (3)
	Gemini Data	Japan	IT services, software development, wholesale and retail of computers and related equipment, electronic data processing and related services	24,485	24,485	11,000	100.00	15,831	(6,475)	-	Subsidiary (3)
	QFPay Haojin FinTech Limited	Hong Kong	Online and offline mobile payment, one-stop smart collection and trade, Information Technology Services	143,350	95,574	85,834	28.61	110,933	(31,423)	-	-

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	Ratio (%)	Carrying Amount			
	Spread-it Limited Aillumission Co., Ltd.	Hong Kong Japan	Social Media Marketing Mobile Network Construction, ICT infrastructure Construction, DX/ICT solution services, AI consultations	\$ 2,959 106,435	\$ - 106,435	85,834 200	28.61 20.00	\$ 9,390 15,756	\$ 27,195 (6,161)	\$ - -	-
System Capital Group, Inc.	Syscore Corporation	Taiwan	General investment activities	1,300,000	1,300,000	130,000,000	44.83	1,582,003	352,981	-	Subsidiary (3)
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	-	-	-	48,341	-	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	11,488	(9,343)	-	-
System Software & Service Corporation	Smartsys Technology Corporation	Taiwan	Design, installation 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	12,110	(825)	-	Subsidiary (3)
Docutek Solutions, Inc.	ANSecurity Inc.	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	10,000	10,000	2,674,443	100.00	30,788	(8,044)	-	Subsidiary (3)
ANSecurity Inc.	Docutek Services Corporation	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	5,800	5,800	3,432,551	100.00	28,688	(7,537)	-	Subsidiary (3)

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 transactions were eliminated.

Note 4: The investment was transferred to financial assets at FVTOCI - non-current due to loss of significant influence in the current period.

Note 5: The investment was transferred to financial assets at FVTPL - current due to loss of significant influence in the current period.

Note 6: Refer to Table 10 for information on investments in Mainland China.

(Concluded)

SYSTEX CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	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	960,402	b	1,179,992	-	219,590	960,402	(22,627)	100.00	(22,627)	181,186	-	Subsidiary (Note 2)
Sysware Shenglong Information Systems Co., Ltd.	Design of computer system, information processing service provider, retailing of computer and peripheral equipment	-	b	-	-	-	-	(7,266)	-	(7,266)	-	-	Subsidiary (Note 2)
Systex Group (China) Ltd.	Management consultation, marketing and sale, and capital and operation financial management	512,150	b	292,700	219,450	-	512,150	(6,884)	100.00	(6,884)	373,812	-	Subsidiary (Note 2)
Systex Rainbow Tech Inc.	Research, development, installation and wholesale of software and hardware technique and internet system	-	b	-	-	-	-	6,059	100.00	6,059	301,651	-	Subsidiary (Note 2)
Systex Ucom (Shanghai) Information Ltd. Co.	Software design and data processing, retailing and service of software	-	b	-	-	-	-	(1,116)	100.00	(1,116)	38,339	-	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.	14,504	b	-	-	-	-	(900)	29.62	-	-	-	-
Systex Rainbow (Shanghai) Tech Inc.	Research, development, installation and wholesale of software and hardware technique and internet system	-	b	-	-	-	-	2,084	100.00	2,084	5,287	-	Subsidiary (Notes 2 and 3)

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$1,695,816	\$1,920,903	\$8,563,504

(Continued)

Note 1: The methods of investment are as follows:

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

Note 2: In preparing the consolidated financial statements, the transactions were eliminated.

Note 3: Systex Rainbow (Shanghai) Tech Inc. was formerly known as Systex Rainbow (Guangzhou) Tech Inc. and was renamed Systex Rainbow (Shanghai) Tech Inc. in March 2023 as a result of the relocation.

Note 4: Systek Information (Shanghai) Ltd. and Sysware Shenglong Information Systems Co., Ltd. were merged in December 2023, with Systek Information (Shanghai) Ltd. being the surviving entity and Sysware Shenglong Information Systems Co., Ltd. being dissolved.

(Concluded)

SYSTEX CORPORATION AND SUBSIDIARIES**INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Hanmore Investment Corporation (Hanmore)	21,316,678	7.82

Note 1: 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.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.