Stock Code:6112

SYSAGE TECHNOLOGY CO., LTD.

Parent Company Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020 (Restated)

Address: 10F., No. 516, Sec. 1, Neihu Rd., Neihu Dist., Taipei City 114006, Taiwan (R.O.C.)

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The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

Table of contents

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Independent Auditors' Report

To the Board of Directors of SYSAGE TECHNOLOGY CO., LTD.:

Opinion

We have audited the parent company only financial statements of SYSAGE TECHNOLOGY CO., LTD.("the Company"), which comprise the parent company only balance sheets as of December 31, 2021 and 2020 (restated), the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, (restated), and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020 (restated), and its financial performance and its cash flows for the years ended December 31, 2021 and 2020, (restated), in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Emphasis of Matter

As stated in Note 1 and Note 6(g), SYSAGE TECHNOLOGY CO., LTD. fully acquired 100% shareholdings in COREX (PTY) LTD from subsidiary of Qisda Corporation, Partner Tech Corporation by cash on January 4, 2021. Pursuant to the Interpretations (2012) No. 301 issued by Accounting Research and Development Foundation, the aforementioned transaction is an organizational reorganization under common control and had been regarded as a combination from beginning. The Company restated the parent company only financial statements for the year ended December 31, 2020. Our conclusion is not modified in respect of this matter.

Other Matter

We did not audit the financial statements of certain investments accounted for using equity method. Those financial statements were audited by other auditors. Therefore, our opinion, insofar as it relates to amounts included for those investees, is based solely on the reports of the other auditors. The recognized investments accounted for using the equity method constituted 1.85% and 1.79% of the total assets as of December 31, 2021 and 2020 (restated), respectively, and the recognized share of profit or loss of subsidiaries and associates accounted for using equity method constituted 1.65% and 1.59% of the profit before tax for the year ended December 31, 2021 and 2020 (restated) , respectively.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Valuation of inventories

   Please refer to Note 4(g) for the accounting policy for inventories, Note 5(a) for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and Note 6(e) for the details and related expenses for inventories.

   Description of key audit matter:

   Inventories are measured at the lower of cost or net realizable value. Since information products, such as network and servers, are constantly evolving, and prices impact end-consumers' decisions on expenditure, sales of related products may fluctuate, resulting in a risk that the cost of inventories may exceed their net realizable values. Consequently, the estimate of the net realized value of inventories, dependent on management's subjective judgment, was considered to be a matter of high concern in our audit of the financial statements.

   How the matter was addressed in our audit:

   Our audit procedures included understanding the Company's policy for recognizing inventory allowances so as to assess whether inventory valuation was conducted pursuant to the policy; comparing the reasonableness of management's recognition of the allowance for inventory loss for prior years with the approach and assumption about the recognition of the allowance for inventory loss for the current period, in order to evaluate the appropriateness of the latter; looking into and sampling the sales prices adopted by management and reviewing sales transactions after the balance sheet date, with a view to assessing whether the estimate of the net realizable value of inventories and the loss allowance was reasonable.

2. Impairment of goodwill included in investment in subsidiaries

   Please refer to Note 4(n) for the accounting policy on impairment of non-financial assets, Note 5(b) for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and Note 6(g) for the assessment of impairment of goodwill.

   Description of key audit matter:

   Goodwill arising from investments in subsidiaries is included in the carrying amount of the investments accounted for using equity method in the parent company only financial statements. The goodwill is annually subject to impairment test or when there are indications that goodwill may have been impaired. The assessment of the recoverable amount of goodwill involves management's judgment and estimation. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

   How the matter was addressed in our audit:

   Our audit procedures included obtaining the assessment of goodwill impairment provided by the management; assessing the appropriateness of the valuation model and key assumptions; performing a sensitivity analysis of the results; and assessing the adequacy of the Company's disclosures with respect to the related information.

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

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

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only 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 Company'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 Company'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 parent company only 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 Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 the investment in other entities accounted for using the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are HUNG-WEN, FU and MEI-PIN, WU.

KPMG

Taipei, Taiwan (Republic of China)
Febuary 24, 2022

Notes to Readers

The accompanying parent company only financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

SYSAGE TECHNOLOGY CO., LTD.

Balance Sheets

December 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020 (Restated)	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 385,915	5	589,695	8
1110	Current financial assets at fair value through profit or loss (Note 6(b))	-	-	150,003	2
1170	Notes and accounts receivable, net (Notes 6(c) and (u))	2,368,915	31	1,795,611	24
1180	Accounts receivable due from related parties, net (Notes 6(c), (u) and 7)	134,201	2	31,156	1
1300	Inventories (Note 6(e))	2,460,115	33	2,734,354	37
1460	Non-current assets classified as held for sale, net (Note 6(i))	-	-	123,922	2
1470	Other current assets (Notes 6(d) and 7)	27,852	-	23,726	-
		5,376,998	71	5,448,467	74
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (Notes 6(b) and (f))	338,296	4	157,694	2
1550	Investments accounted for using equity method (Notes 6 (b), (f), (g), (h), (i) and 7)	751,705	10	521,452	7
1600	Property, plant and equipment (Notes 6(j) and 8)	842,046	11	815,380	11
1755	Right-of-use assets (Note 6(k))	144,228	2	164,487	2
1760	Investment property, net (Notes 6(l) and 8)	36,169	-	74,123	1
1840	Deferred income tax assets (Note 6(r))	52,538	1	56,816	1
1931	Long-term notes receivable (Notes 6(c) and (u))	9,314	-	24,161	1
1900	Other non-current assets	64,885	1	69,910	1
		2,239,181	29	1,884,023	26
	Total assets	$ 7,616,179	100	7,332,490	100

		December 31, 2021		December 31, 2020 (Restated)	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Note 6(m))	$ 1,000,000	13	300,000	4
2120	Current financial liabilities at fair value through profit or loss (Notes 6(b) and (g))	7,522	-	3,050	-
2130	Contract liability (Note 6(u))	184,710	3	295,836	4
2170	Accounts payable (Note 7)	1,177,226	16	1,463,165	20
2200	Other payables	434,408	6	388,026	6
2280	Current lease liabilities (Notes 6(o) and 7)	24,168	-	23,702	-
2310	Advance receipts	22,614	-	13,319	-
2320	Long-term borrowings, current portion (Note 6(n))	14,325	-	14,109	-
2399	Other current liabilities	1,124	-	910	-
		2,866,097	38	2,502,117	34
	Non-Current liabilities:				
2500	Non-current financial liabilities at fair value through profit or loss (Notes (b) and (g))	97,986	1	78,836	1
2540	Long-term borrowings (Note 6(n))	237,044	3	251,420	4
2580	Non-current lease liabilities (Notes 6(o) and 7)	123,239	2	143,306	2
2640	Other non-current liabilities (Note 6(r))	1,250	-	3,141	-
		459,519	6	476,703	7
	Total liabilities	3,325,616	44	2,978,820	41
3100	Share capital (Note 6(s))	1,883,573	24	1,883,573	26
3200	Capital surplus (Notes 6(f), (g), (h) and (s))	1,275,919	17	1,333,011	18
3310	Legal reserve (Note 6(s))	383,289	5	328,387	4
3350	Unappropriated retained earnings (Note 6(s))	778,125	10	726,330	10
3400	Other equity interest	(30,343)	-	-	-
	Subtotal equity	4,290,563	56	4,271,301	58
35XX	**Equity attributable to former owner of business combination under common control**	-	-	82,369	1
	Total equity	4,290,563	56	4,353,670	59
	Total liabilities and equity	$ 7,616,179	100	7,332,490	100

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

SYSAGE TECHNOLOGY CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

		For the years ended December 31, 2021		2020 (Restated)	
		Amount	%	Amount	%
4000	**Operating revenue (Notes 6(u) and 7)**	$ 9,437,728	100	11,071,939	100
5000	**Operating costs (Notes 6(e) and 7)**	8,259,037	88	9,753,493	88
	Gross profit	1,178,691	12	1,318,446	12
	Operating expenses (Notes 6(c), (q), (v), 7 and 12):				
6100	Selling expenses	603,782	6	510,552	5
6200	General and administrative expenses	151,884	2	200,705	2
6300	Research and development expense	23,683	-	16,582	-
6450	Expected credit loss (Reversal of expected credit loss)	(15,300)	-	11,226	-
		764,049	8	739,065	7
	Net operating income	414,642	4	579,381	5
	Non-operating income and expenses:				
7010	Other income (Notes 6(o), (p), (w) and 7)	17,729	-	26,718	-
7100	Interest income	355	-	556	-
7020	Other gains and losses (Notes 6(i), (w) and 7)	189,859	2	57,846	1
7050	Finance costs (Notes 6(o), (w) and 7)	(10,445)	-	(7,889)	-
7070	Share of profit (loss) of subsidiaries and associates accounted for using equity method (Note 6(f))	66,685	1	17,438	-
		264,183	3	94,669	1
	Profit before income tax	678,825	7	674,050	6
7950	**Less: Income tax expenses (Note 6(r))**	101,234	1	137,000	1
	Profit	577,591	6	537,050	5
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8330	Share of other comprehensive income of subsidiaries and associates for using equity method (Note 6(f))	(83)	-	-	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Items that may not be reclassified subsequently to profit or loss	(83)	-	-	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(30,260)	-	(21,718)	-
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	-	-	-	-
	Items that may be reclassified subsequently to profit or loss	(30,260)	-	(21,718)	-
8300	**Other comprehensive income, net of tax**	(30,343)	-	(21,718)	-
	Total comprehensive income	**$ 547,248**	**6**	**515,332**	**5**
	Profit (loss) attributable to:				
	Owners of parent	$ 577,591	6	549,017	5
	Former owner of business combination under common control	-	-	(11,967)	
		$ 577,591	**6**	**537,050**	**5**
	Comprehensive income (loss) attributable to:				
	Owners of parent	$ 547,248	6	549,017	5
	Former owner of business combination under common control	-	-	(33,685)	-
		$ 547,248	6	515,332	5
	Earnings per share (Note 6(t)):				
9750	**Basic earnings per share (NT dollars)**	**$**	**3.07**		**2.91**
9850	**Diluted earnings per share (NT dollars)**	**$**	**3.04**		**2.89**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

SYSAGE TECHNOLOGY CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

			Retained earnings		Total other equity interest					
	Share capital	Capital surplus	Legal reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from investment in equity instruments measured at fair value through other comprehensive income	Remeasurements of defined benefit	Subtotal equity	Equity attributable to former owner of business combination under common control	Total equity
Balance on January 1, 2020 (Restated)	$ 1,883,573	1,520,908	290,442	591,973	-	-	-	4,286,896	116,054	4,402,950
Profit	-	-	-	549,017	-	-	-	549,017	(11,967)	537,050
Other comprehensive income	-	-	-	-	-	-	-	-	(21,718)	(21,718)
Total comprehensive income	-	-	-	549,017	-	-	-	549,017	(33,685)	515,332
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	37,945	(37,945)	-	-	-	-	-	-
Cash dividends	-	-	-	(376,715)	-	-	-	(376,715)	-	(376,715)
Cash dividends from capital surplus	-	(188,357)	-	-	-	-	-	(188,357)	-	(188,357)
Changes in ownership interests in subsidiaries	-	460	-	-	-	-	-	460	-	460
Balance on December 31, 2020	1,883,573	1,333,011	328,387	726,330	-	-	-	4,271,301	82,369	4,353,670
Profit	-	-	-	577,591	-	-	-	577,591	-	577,591
Other comprehensive income	-	-	-	-	(29,705)	(2)	(636)	(30,343)	-	(30,343)
Total comprehensive income	-	-	-	577,591	(29,705)	(2)	(636)	547,248	-	547,248
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	54,902	(54,902)	-	-	-	-	-	-
Cash dividends	-	-	-	(470,894)	-	-	-	(470,894)	-	(470,894)
Reorganization	-	(57,631)	-	-	-	-	-	(57,631)	(82,369)	(140,000)
Difference between the consideration and the carrying amount of subsidiaries' share acquired	-	(440)	-	-	-	-	-	(440)	-	(440)
Changes in equity of associates accounted for using equity method	-	979	-	-	-	-	-	979	-	979
Balance on December 31, 2021	**$ 1,883,573**	**1,275,919**	**383,289**	**778,125**	**(29,705)**	**(2)**	**(636)**	**4,290,563**	**-**	**4,290,563**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

SYSAGE TECHNOLOGY CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(In Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2021	**2020 (Restated)**
Cash flows from operating activities:		
Profit before income tax	$ 678,825	674,050
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	57,906	56,760
Amortization expense	769	1,057
Gains on disposal of property, plant and equipment	(136)	(325)
Expected credit loss (Reversal of expected credit loss)	(15,300)	11,226
Net gains from financial assets or liabilities at fair value through profit or loss	(76,542)	(18,636)
Share of profit (loss) of subsidiaries and associates accounted for using equity method	(66,685)	(17,438)
Gain on disposal of subsidiaries	(20,696)	-
Gain on disposal of non-current assets held for sale	(57,528)	-
Interest expense	10,445	7,889
Interest income	(355)	(556)
Dividend income	(7,812)	(10,085)
Others	-	(1,425)
Total adjustments to reconcile profit (loss)	(175,934)	28,467
Changes in operating assets and liabilities:		
Total net changes in operating assets:		
Current financial assets at fair value through profit or loss	150,043	250,731
Notes and accounts receivable (including related parties)	(646,202)	(48,205)
Inventories	258,693	(55,828)
Other current assets	(4,126)	9,971
Other non-current assets	-	(1,123)
Total net changes in operating assets	(241,592)	155,546
Total net changes in operating liabilities:		
Contract liability	(111,126)	(367,160)
Accounts payable	(285,782)	227,535
Other payables	45,016	26,364
Advance receipts	9,295	(24,723)
Other current liabilities	214	124
Total net changes in operating liabilities	(342,383)	(137,860)
Total net changes in operating assets and liabilities	(583,975)	17,686
Total adjustments	(759,909)	46,153
Cash inflows (outflows) generated from operations	(81,084)	720,203
Interest received	355	556
Dividends received	32,263	37,405
Interest paid	(10,336)	(7,823)
Income taxes paid	(97,417)	(92,008)
Net cash inflows (outflow) from operating activities	(156,219)	658,333
Cash flows from investing activities:		
Acquisition of non-current financial assets at fair value through profit or loss	(100,000)	(40,752)
Proceeds from disposal of non-current financial assets at fair value through profit or loss	-	627
Acquisition of investments accounted for using equity method	(367,495)	(200,853)
Proceeds from disposal of investments accounted for using equity method	49,890	-
Proceeds from disposal of non-current assets as held for sale	181,450	-
Acquisition of property, plant and equipment	(6,127)	(3,154)
Proceeds from disposal of property, plant, and equipment	708	786
Decrease in refundable deposits	4,256	4,275
Net cash outflows from investing activities	(237,318)	(239,071)
Cash flows from financing activities:		
Increase in short-term borrowings	700,000	300,000
Repayments of long-term borrowings	(14,160)	(13,973)
Decrease in guarantee deposits	(330)	(3,584)
Payments of lease liabilities	(24,859)	(25,596)
Cash dividends paid	(470,894)	(565,072)
Net cash inflows (outflows) from financing activities	189,757	(308,225)
Increase (decrease) in cash and cash equivalents	(203,780)	111,037
Cash and cash equivalents, beginning of period	589,695	478,658
Cash and cash equivalents, end of period	$ **385,915**	**589,695**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SYSAGE TECHNOLOGY CO., LTD.

Notes to the Parent Company Only Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

SYSAGE TECHNOLOGY CO., LTD. ("the Company") was incorporated on April 16, 1998 under the approval of Ministry of Economic Affair, Republic of China ("R.O.C."). The address of its registered office is 10F, No. 516, Sec. 1, Neihu Rd., Taipei City 114064, Taiwan (R.O.C.). The Company's major business activities include distributing and reselling software and hardware equipment of ICT Infrastructures from Cisco and other companies, Computing & Data Utilization from IBM, Dell, EMC, and other companies, Digitalization from Oracle and other companies. The Company provides integrated planning for the products it sells, including related consulting education services, as well as research, development of information applications, services and sales business.

The Company had fully acquired COREX (PTY) LTD ("COREX") from Partner Tech Corporation ("Partner Tech") by cash on January 4, 2021. Partner Tech and the Company has the same ultimate parent, which is Qisda Corporation. The transaction is an organizational reorganization under common control; please refer to Note 6(g) for details.

(2) Approval date and procedures of the parent company only financial statements:

The parent company only financial statements have been authorized for issue by the Board of Directors on Febuary 24, 2022.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission ("FSC"), R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent company only financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent company only financial statements, from April 1, 2021:

- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

(b) The impact of IFRSs issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective from January 1, 2022, would not have a significant impact on its parent company only financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"

(Continued)

- Annual Improvements to IFRSs Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(c) The impact of IFRSs issued by International Accounting Standards Board (“IASB”) but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the IASB, but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its parent company only financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent company only financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

(4) Summary of significant accounting policies:

The significant accounting policies applied in the preparation of these parent company only financial statements are set out as below. Except for those specifically indicated, the following accounting policies have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

These parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“ the Regulations”).

(b) Basis of preparation

(i) Basis of measurement

Except for financial assets (liabilities) at fair value through profit or loss, the parent company only financial statements have been prepared on a historical cost basis.

(ii) Functional and presentation currency

The functional currency is determined based on the primary economic environment in which the Company operates. The parent company only financial statements are presented in New Taiwan Dollars, the Company’ s functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(iii) Business combinations under common control

The business combinations under common control often occur as the ownership of the company change to another but they are both controlled by the same ultimate parent company. These combinations are treated as the later of either the earliest comparative period in financial statements or the date under common control to restate comparative information of prior period. Under common control, assets and liabilities are recognized at their original carrying amount. The parent company only financial statements do not recognize the goodwill or the fair value of acquirer’ s share of the acquiree’ s interest in the acquiree’ s identifiable assets, liabilities, and contingent liabilities in excess of the common controlled carrying amount.

In preparing the balance sheet, the equity from acquisition record as “Equity attributable to former owner of business combination under common control” ; In preparing the statements of comprehensive income, the profit or loss belong to former controlling shareholders record as “profit (loss), attributable to former owner of business combination under common control”.

(Continued)

(c) Foreign currency transactions and operations

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period ("the reporting date") monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies measured based on historical cost are translated using the exchange rate at the date of transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting date; or

(iv) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

(Continued)

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in its normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting date; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and deposits. Cash equivalents comprise short-term highly liquid investments that are readily convertible into known amount of cash and are subject to an insignificant risk of changes in their fair value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial assets

Accounts receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value, plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(Continued)

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus/minus the cumulative amortization using the effective interest method, and adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets at fair value through profit or loss

All financial assets not classified as amortized cost or fair value through comprehensive income ("FVOCI") described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. These assets are subsequently measured at fair value.

Net gains and losses, including any dividend and interest income, are recognized in profit or loss.

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses ("ECL") on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposits and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

· debt securities that are determined to have low credit risk at the reporting date; and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables are always measured at an amount equal to lifetime ECL.

(Continued)

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12-month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months)

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’s historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly once it is past due.

The Company considers a financial asset to be in default when the financial asset is more than 120 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

ECL are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 120 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(Continued)

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recognized at the amount of consideration received less the direct issuing cost.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is held for trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(Continued)

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged, cancelled or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

Derivatives held for hedging risk exposure to currency and interest rate are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

(g) Inventories

Inventories are measured at the lower of cost or net realizable value. The costs of inventories weighted-average principle include expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.

(h) Non-current assets classified as held for sale

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through a sale transaction, rather than through continuing use, are reclassified as non-current assets held for sale. Immediately before the initial classification of the non-current assets or disposal groups as held for sale, the carrying amount of the assets (or all the assets and liabilities in the group) is measured in accordance with the Company' s applicable accounting policies. Thereafter, the assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell.

Once classified as held for sale, intangible assets and property, plant and equipment, are no longer amortized or depreciated and any equity-accounted investee is no longer equity accounted.

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(i) Investment in associates

Associates are those entities in which the Company has significant influence, but not control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The parent company only financial reports include the Company’s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company from the date on which significant influence commences until the date on which significant influence ceases. When an associate’s equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes of the Company’s shareholding percentage in the associate, the Company recognizes equity changes attributable to the Company by its shareholding percentage as capital surplus.

Unrealized gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated party’s interests in the associate.

When the Company’s share of losses of an associate equal or exceed its interest in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company’s proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company’s ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) Investments in subsidiaries

Investments in subsidiaries are accounted for using the equity method when preparing the parent company only financial reports. There is no difference between net income and comprehensive income in the Company’s parent company only financial statements and net income and comprehensive income attributable to stockholders of the parent. The equity in the Company’s parent company only financial statements and the equity attributable to stockholders of the parent in the Company’s consolidated financial statements are also the same.

Changes in the Company’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(k) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful lives, and residual value which are the same as those adopted for property, plant, and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant, and equipment are measured at cost, which includes capitalized borrowing cost, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of assets less their residual values and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant, and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant, and equipment are as follows:

1) Buildings and improvements: 50 years

2) Office and other equipment: 2 to 7 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

(iv) Reclassification to investment property

The property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(m) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company' s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments or penalties for purchase or termination options that are reasonably certain to be exercised.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change in the assessment of whether it will have the option to exercise a purchase; or

— there is a change in its assessment of whether it will exercise an extension or termination option; or

— there is any lease modification in lease subject, scope of the lease, or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheets.

The Company has elected not to recognize right of use assets and lease liabilities for short term leases of office equipment of low value assets, The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a leasor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

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For operating lease, the Company recognizes rental income on a straight-line basis over the lease term.

(n) Impairment of non-derivative financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’ s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (“CGU”). Goodwill arising from a business combination is allocated to CGU or groups of CGU that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized in prior years.

(o) Revenue from contracts with customers

Revenue is measured basing on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The following is a description of the Company’s major revenues:

(i) Sale of goods

Revenue is recognized when the control over a product has been transferred to the customer. When the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’ s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional. Advance sales receipts are recognized as contract liabilities and are transferred to revenue upon the delivery of goods.

(ii) Services

The Company provides installation and maintenance services on hardware and software. The recognition of the revenue generated was based on the progress towards completing the transaction recognized by the two parties as of the reporting date.

(iii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income taxes

Income taxes include both current taxes and deferred taxes. Except for expenses related to business combinations, or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are measured using tax rates enacted or substantively enacted at the reporting date.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for the following exceptions:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

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(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted on the reporting date.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs incurred are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Company measures any non-controlling equity interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquire’ s net assets in the event of liquidation. Other components of non-controlling interest are measured at their acquisition date fair values, unless another measurement basis is required by IFRSs endorsed by FSC.

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The Company recognizes the acquisition-date fair value of the contingent consideration as part of the consideration transferred. The cost of the acquisition and measuring goodwill will retrospectively be adjusted when some changes in the fair value of contingent consideration that the Company recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Company obtained after that date about facts and circumstances that existed at the acquisition date. The measurement period will not exceed one year from the acquisition date. The Company accounts for the changes in the fair value of contingent consideration that are not measurement period adjustments based on the classification of contingent consideration. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement will be accounted for within equity. Others will be measured at fair value at each reporting date and changes in fair value will be recognized in profit or loss.

(s) Earnings per share

The Company discloses the Company’s basic and diluted earnings per share attributable to ordinary equity holders. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company divided by weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise accrued employee remuneration.

(t) Operating segments

Please refer to the Company’s consolidated financial statements for the year ended December 31, 2021, for further details.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the parent company only financial statements in conformity with the Regulations requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Management continues to monitor the accounting estimates and assumptions. Any changes in accounting estimates are recognized during the period and the impact of those changes in accounting estimates are recognized in the following period.

Regarding control of investees or judgment of significant influence, please refer to the Company’s consolidated financial statements for the year ended December 31, 2021, for further details. There are no critical judgments made in applying the accounting policies that have significant effects on the amounts recognized in the parent company only financial statements.

(Continued)

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(a) Valuation of inventories

As inventories are measured at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for normal loss, obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(e) for the valuation of inventories.

(b) Valuation of impairment of goodwill arising from investment subsidiaries

The carrying amounts of investments in subsidiaries include goodwill arising from the acquisition, the assessment of impairment of goodwill requires the Company to make subjective judgments to identify CGU, allocate the goodwill to relevant CGU, and estimate the recoverable amount of relevant CGU. Any changes in these estimates based on the change in economic conditions or business strategies could result in significant adjustments.

Valuation process

The Company's accounting policies and disclosure include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Company's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2: 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).
- Level 3: input for the asset or liability is not based on the observable market information.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date.

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2021	December 31, 2020
Cash on hand and petty cash	$	300	228
Check and demand deposits		385,615	589,467
	$	**385,915**	**589,695**

(b) Financial assets and liabilities at fair value through profit or loss

(i) Details are set out in the following table:

		December 31, 2021	December 31, 2020
Financial assets at fair value through profit or loss:			
Current:			
Open-end funds	$	-	150,003
Non-current:			
Foreign and domestic unlisted stocks		240,694	157,694
Domestic unlisted equities		97,602	-
Total	$	**338,296**	**307,697**
Financial liabilities at fair value through profit or loss:			
Current:			
Pre-purchased foreign currency forward contracts	$	(2,286)	(655)
Contingent considerations arising from business combinations		(5,236)	(2,395)
Non-current:			
Contingent considerations arising from business combinations		(97,986)	(78,836)
	$	**(105,508)**	**(81,886)**

The above contingent considerations arising from business combinations were generated from the merger of COREX, the Partner Tech' s sale and purchase agreement and the related accessory contracts from the prior year, and the merger of STATINC. Under the contingent consideration arrangement, the contingent consideration was estimated by the discounted cash flow method based on the future profitability of each subsidiary.

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

(ii) The Company acquired 18.89% of equity interest in GRANDSYS INC. (GRANDSYS), an unlisted company, at a price totaling $74,580 thousand in May 2020, resulting in significant impact on GRANDSYS, which was transferred to investment under the equity method. Please see Note 6(f) for information on the equity interest transaction.

(iii) Derivative financial instruments are used to hedge assets or liabilities denominated in foreign currencies for risks arising from exchange rate fluctuations. The following table sets out the Company's derivatives recognized as held-for-trading financial liabilities to which hedging accounting was not applicable:

	December 31, 2021		
Financial instruments	**Nominal amounts**	**Maturity period**	**Pre-agreed exchange rate**
Pre-purchased foreign currency			
Buy USD/Sell NTD	USD14,240 thousand	2022.01.01~ 2022.03.01	27.692 to 27.895
Buy NTD/Sell CNY	RMB 1,000 thousand	2022.03.31~ 2022.04.15	4.296

	December 31, 2020		
Financial instruments	**Nominal amounts**	**Maturity period**	**Pre-agreed exchange rate**
Pre-purchased foreign currency			
Buy USD/Sell NTD	USD22,818 thousand	2021.01.04~ 2021.03.25	28.096 to 28.655

(c) Notes and accounts receivable (including long-term and related parties)

	December 31, 2021	**December 31, 2020**
Notes receivable (including long-term)	$ 275,999	172,478
Accounts receivable	2,123,615	1,689,794
Accounts receivable due from related parties	134,201	31,156
Less: loss allowance	(21,385)	(42,500)
Total	**$ 2,512,430**	**1,850,928**
Current	$ 2,503,116	1,826,767
Non-current	9,314	24,161
Total	**$ 2,512,430**	**1,850,928**

(i) The Company did not discount or provide any of the notes and accounts receivable (including long-term and related parties) as collateral. The aforementioned notes and accounts receivable, whose maturity period were less than 1 year, were not discounted, and their carrying amounts were assumed to approximate their fair values.

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

(ii) Non-current notes receivable mainly arose from installment sales.

(iii) The Company applies the simplified approach to provide for its ECL, the use of lifetime ECL provision for all notes and accounts receivables (including long-term and related parties). To measure the ECL, notes and accounts receivable have been grouped based on shared credit risk characteristics and customer’s ability to pay all the amounts due based on the terms of the contract as well as incorporated forward-looking information. The analysis of expected credit losses on notes and accounts receivable was as follows:

	December 31, 2021		
	Gross carrying amount of accounts and notes receivable	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Current	$ 2,460,719	0.12%	2,940
1 to 30 days past due	24,716	3.00%	742
31 to 60 days past due	8,714	10.00%	871
61 to 90 days past due	1,422	20.00%	284
91 to 120 days past due	2,494	50.00%	1,247
More than 121 days past due	35,750	42.80%	15,301
	$ 2,533,815		**21,385**

	December 31, 2020		
	Gross carrying amount of accounts and notes receivable	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Current	$ 1,796,892	0.11%	1,972
1 to 30 days past due	14,474	3.00%	434
31 to 60 days past due	22,014	10.00%	2,201
61 to 90 days past due	16,787	20.00%	3,357
91 to 120 days past due	17,451	50.00%	8,726
More than 121 days past due	25,810	100.00%	25,810
	$ 1,893,428		**42,500**

(Continued)

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

(iv) The movements in the loss allowance for notes and accounts receivable (including long-term and related parties) were as follows:

	For the years ended December 31	
	2021	2020
Beginning balance	$ 42,500	46,000
Impairment losses recognized (reversal of impairment loss)	(15,300)	11,226
Transferred to other receivables	(5,815)	(14,726)
Ending balance	**$ 21,385**	**42,500**

(d) Other receivables

	December 31, 2021	December 31, 2020
Other receivables	$ 21,519	19,004
Less: loss allowance	(19,641)	(16,927)
	$ 1,878	**2,077**

(i) As of December 31, 2021 and 2020, there was no other receivable that was past due but not impaired.

(ii) The movements in the loss allowance for other receivables were as follows:

	For the years ended December 31	
	2021	2020
Beginning balance	$ 16,927	5,156
Write-offs of uncollectible amount for the period	(3,101)	(2,955)
Transferred from accounts receivable	5,815	14,726
Ending balance	**$ 19,641**	**16,927**

(e) Inventories

	December 31, 2021	December 31, 2020
Merchandise inventory	**$ 2,460,115**	**2,734,354**

During 2021 and 2020, losses on inventories written down to net realizable value and recognized as operating costs amounted to $0 thousand and $37,000 thousand, respectively.

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

(f) Investments accounted for using equity method

Investments accounted for using the equity method were as follows:

	December 31, 2021	December 31, 2020
Subsidiaries	$ 641,393	389,187
Associates	110,312	132,265
	$ 751,705	**521,452**

(i) Subsidiaries

1) Please refer to Notes 6(g), (h) and (i) for the acquisition and disposal of subsidiaries by the Company.

2) Please refer to the Company’ s consolidated financial statements for the year ended December 31, 2021, for details of subsidiaries.

(ii) Associates

1) As of February 1, 2021, the Company acquired 500 thousand shares of Everlasting Digital ESG Co., Ltd. (29.41% of ownership) by $5,000 thousand of cash. The price had been fully paid up.

2) In September and October 2020, the Company purchased 1,153 thousand shares of ADVANCEDTEK INTERNATIONAL from their former shareholders at a price totaling $30,091 thousand, representing a percentage of ownership of 34.09%. Although the Company was the largest shareholder, it did not obtain more than half of the total number of directors of the Board and more than half of the voting rights of the shareholder meeting. The Company only had significant influence over ADVANCEDTEK INTERNATIONAL and evaluated using the equity method. In January 2021, the Company obtained letters of support signed by original shareholders representing 20.36% of the company’ s shareholding, promising and supporting the Company to direct the company’ s significant operating activities and obtain more than half of the total number of directors of the Board. After evaluation, the Company has substantive control over ADVANCEDTEK INTERNATIONAL. Therefore, it has been included in the Company’ s only financial statements, and the Company obtained more than half of the total number of directors of the Board in May 2021; please refer to Note 6(g) for details.

(Continued)

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

3) The Company originally held 3.46% equity interest in GRANDSYS, which was accounted for under non-current financial assets at fair value through profit or loss. In May 2020, pursuant to the resolution of the Board, the Company purchased 4,520 thousand shares (18.89% ownership) from their former shareholders, the transaction price totaling $74,580 thousand, resulting in a significant influence on GRANDSYS. Consequently, the investment, as a whole, was transferred from non-current financial assets at fair value through profit or loss to investments accounted for using equity method. In November and December 2020, the Company purchased 259 thousand shares of GRANDSYS (1.08% ownership) and 36 thousand shares (0.15% ownership) at $4,138 thousand and $582 thousand, respectively, resulting in a total percentage of ownership of 23.58%. The above transaction price has been fully paid up. In December 2021, GRANDSYS issued 1,913 thousand shares to be exercised as employee stock options, resulting in the Group’ s shareholding in GRANDSYS to decrease from 23.58% to 21.84%, and the Group’s capital surplus to increase by $158 thousand due to the change in equity.

4) Aggregate financial information of associates for using equity method that were not individually material was summarized as follows. The financial information was included in the Company’s parent company only financial statements.

	For the years ended December 31		
		2021	**2020**
Attributable to the Company:			
Profit	$	3,839	9,042
Other comprehensive income		349	-
Total comprehensive income	**$**	**4,188**	**9,042**

5) As of December 31, 2021 and 2020, none of the investments accounted for using the equity method was pledged as collateral.

(g) Acquisition of the subsidiary

(i) Acquisition of the subsidiary-COREX

1) Acquisition of consideration transferred of the subsidiary

On January 4, 2021, the Company acquired 100% ownership of COREX amounting $140,000 thousand from Partner Tech, and obtained control over COREX. COREX is primarily engaged in the sale of computer peripherals. The Company acquired COREX for its business and customers and expend its marketing channel in Africa.

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In addition, the equity sale and purchase agreement and the Partner Tech' s sale and purchase agreement, as well as the related accessory contracts from the prior year, were as follows:

a) The sales unit of COREX, POS, merged with COREX due to business restructuring in February 2019. If the company makes a profit between June 1, 2018, and December 31, 2022, the amount paid to sellers of POS shall be calculated based on profit after tax for each year multiplied by 54% and exchanged at the fixed rate of ZAR to NTD of 2.1108 in accordance with the agreement.

b) If the company makes a profit between November 1, 2018 and December 31, 2023, the amount paid to sellers shall be calculated based on profit before tax for each year multiplied by 50% and exchanged at the fixed rate of ZAR to NTD of 2.1108 in accordance with the agreement. The limitation of accumulated profit before income tax during the period amounted to ZAR 240,000 thousand. If the accumulated profit before income tax does not reach the limited amount of ZAR 240,000 thousand, the Company shall decide whether to extend the period to December 31, 2025. The above-mentioned profit before income tax of each year is not included profit before tax from POS sales unit.

The above agreement were revised in December, 2021 as follows:

If the company makes a profit between May 31, 2018 and December 31, 2023, the amount paid in ZAR to sellers each year shall be calculated based on profit before tax for offsetting the accumulated losses from prior years multiplied by 50% in accordance with the agreement. The limitation of accumulated profit before income tax during the period amounted to ZAR 240,000 thousand. If the accumulated profit before income tax does not reach the limited amount of ZAR 240,000 thousand, both companies will extend the period to December 31, 2025.

Under the contingent consideration arrangement, the Company estimated the contingent consideration based on discounted cash flow method. As of acquisition date, the future potential amount of the contingent payment that the Company has to pay amounted to $81,231 thousand, which is recorded as current and non-current financial liabilities at fair value through profit or loss.

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

2) Identifiable net assets acquired

The following table summarized the carrying amount of COREX's identifiable assets acquired and liabilities assumed recognized at January 4, 2021:

Consideration transferred:		
Cash		$ 140,000
Fair value of contingent considerations transferred		81,231
Carrying amounts of identifiable assets and liabilities acquired:		
Cash and cash equivalents	$ 30,976	
Current financial assets at fair value through profit or loss	101	
Notes and accounts receivable (including related parties)	74,041	
Inventories	106,499	
Prepayments	34,255	
Other current assets	17,741	
Property, plant and equipment	4,027	
Right-of-use assets	16,629	
Intangible assets	117,304	
Other non-current assets	15,004	
Short-term borrowings	(84,759)	
Contract liabilities	(4,323)	
Notes and accounts payable	(22,376)	
Other payables	(117,837)	
Current lease liabilities	(8,462)	
Other current liabilities	(2,584)	
Non-current lease liabilities	(11,384)	
Other non-current liabilities	(1,252)	163,600
Capital surplus		**$ 57,631**

The combination is an organizational reorganization under common control. Accordingly, the difference between the consideration paid and the carrying amount of the net identifiable assets of COREX is debited to the capital surplus of $57,631 thousand.

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

(ii) Acquisition of the subsidiary-STATINC

1) Acquisition of consideration transferred of the subsidiary

On February 4, 2021, the Company obtained 251 thousand ordinary shares from original shareholders from STATINC for $10,013 thousand. Furthermore, the Company subscribed 1,504 thousand preferred shares of STATINC for $60,010 thousand and obtained 35.01% of voting shares. The Company became the largest shareholder and had more than half directors of the Board; therefore, the Company has control over the company. STATINC is primarily provide services for enterprises such as market research, marketing consulting, and cloud database of Big data. The Company acquired STATINC for improving the software and hardware business of the Company and increase the enterprise's value in finance and medical services.

In addition, according to the equity investment agreement, the former preferred stocks shall not be allowed to participate in the distribution of surplus in the three years preceding their holding and shall be forcibly converted into ordinary shares in proportion to one share after three years of holding. Under the contingent consideration arrangement, the Company estimated the contingent consideration based on discounted cash flow method and the shareholding ratio of 35.01%. As of acquisition date, the future potential amount of the contingent payment that the Company has to pay amounted to $23,298 thousand, which is recorded as current and non-current financial liabilities at fair value through profit or loss.

2) Identifiable net assets acquired

The following table summarized the fair value of STATINC' s identifiable assets acquired and liabilities assumed recognized at February 4, 2021:

Consideration transferred:		
Cash	$	70,023
Non-controlling interests		81,123
Fair value of contingent considerations transferred		23,298

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

Fair value of identifiable assets and liabilities assumed:			
Cash and cash equivalents	$	86,330	
Current contract assets		13,972	
Notes and accounts receivable, net		9,717	
Prepayments		2,199	
Other current assets		322	
Property, plant and equipment		1,056	
Right-of-use assets		1,675	
Intangible assets		35,216	
Deferred income tax assets		1,849	
Other non-current assets		7,747	
Short-term borrowings		(6,000)	
Notes and accounts payable		(2,669)	
Other payables		(12,574)	
Current lease liabilities		(1,706)	
Other current liabilities		(5,275)	
Other non-current liabilities		(1,402)	130,457
Goodwill			**$ 43,987**

The carrying amount of the investments in subsidiaries accounted for using the equity method includes goodwill arising from the acquisition.

(iii) Acquisition of the subsidiary-ADVANCEDTEK INTERNATIONAL and its subsidiaries

1) Acquisition of the subsidiary

The Company holds 34.09% of the voting shares and is the largest shareholder of ADVANCEDTEK INTERNATIONAL. In January 2021, the Company obtained letters of support signed by original shareholders representing 20.36% of the company' s shareholding, promising and supporting the Company to direct the company's significant operating activities and obtain more than half of the total number of directors of the Board. The Company had control over ADVANCEDTEK INTERNATIONAL and its subsidiaries. In May 2021, the Company obtained more than half of the total number of directors of the Board. ADVANCEDTEK INTERNATIONAL mainly provides integrated service for domestic ERP systems and related consulting services of Oracle. The main activities included the sale consulting services of ERP and related systems. The Company expends its information-related consultancy service for strategic investment.

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

2) Identifiable net assets acquired

The following table summarized the fair value of ADVANCEDTEK INTERNATIONAL's identifiable assets acquired and liabilities assumed recognized at January 4, 2021:

Consideration transferred:				
Fair value of pre-existing interest in the acquiree			$	32,120
Non-controlling interests				38,578
Fair value of identifiable assets acquired and liabilities assumed recognized at the acquisition date:				
Cash and cash equivalents	$	44,124		
Notes and accounts receivable, net		46,556		
Prepayments		11,155		
Other current assets		691		
Property, plant and equipment		630		
Right-of-use assets		21,185		
Intangible assets		44		
Other non-current assets		11,985		
Contract liability		(35,974)		
Notes and accounts payable		(9,434)		
Other payables		(11,088)		
Current lease liabilities		(5,423)		
Non-current lease liabilities		(15,884)		58,567
Goodwill			**$**	**12,131**

The carrying amount of the investments in subsidiaries accounted for using the equity method includes goodwill arising from the acquisition.

(iv) Impairment test on goodwill

The Company evaluated the recoverable amounts of its goodwill, which is based on its value-in-use, for impairment testing at the reporting date. Value-in-use is based on three to four years of the estimated future cash flow, according to the future operation plan of the Company, discounted to their present value using the yearly discount rate, which reflects the risks specific to CGU by 8.19%~14.75%, for the year ended December 31, 2021. There were no impairment losses of goodwill in 2021.

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

(h) Changes in ownership interest in a subsidiary

(i) On March 2, 2021, the Company subscribed 4,000 thousand shares of EPIC CLOUD INFORMATION INTEGRATION for $40,000 thousand. On March 29, 2021, the Company paid $500 thousand for 50 thousand shares from the original shareholders and paid $100 thousand for 10 thousand shares from GLOBAL INTELLIGENCE NETWORK in the same month. Therefore, the Company's shareholding ratio increased to 100%, and capital surplus decreased by $440 thousand due to changes in equity.

(ii) In November and December 2020, the Company acquired a portion of shareholdings in GLOBAL INTELLIGENCE NETWORK, increasing its percentage of ownership in GLOBAL INTELLIGENCE NETWORK from 62.12% to 79.43% and increasing the capital surplus by $1,104 thousand as a result of the change in equity.

(iii) In December 2020, the Company acquired a portion of shareholdings in EPIC CLOUD INFORMATION INTEGRATION, increasing its percentage of ownership in EPIC CLOUD INFORMATION INTEGRATION from 70.00% to 95.00%, and decreasing the capital surplus by $644 thousand as a result of the change in equity.

(i) Loss control of subsidiaries

(i) Disposal of subsidiary-NEO TREND TECH

On February 26, 2021, the Company disposed the entire shares of its subsidiary, NEO TREND TECH, with the approval of the Chairman. The contract of purchase and sale of shares had been signed, and disposal-related matters had been completed. Therefore, the Company had lost control over its subsidiary. As of the disposal date, the carrying amount of investments accounted for using equity method and the disposal price, which had been fully received, were $29,154 thousand and $50,000 thousand, respectively, resulting in a gain of $20,696 thousand (including the deduction of the expenditure associated with the consideration of $150 thousand), to be recorded as other gains and losses.

(ii) Disposal of the subsidiary-DAWNING TECHNOLOGY

On November 5, 2020, a change in the shareholding of the Company in its subsidiary, DAWNING TECHNOLOGY, had been made based on resolution approved during the Board meeting. Accordingly, the carrying amount of investments accounted for using equity method of $123,922 thousand was recognized as non-current assets classified as held-for-sale on December 31, 2020. However, on January 4, 2021, the Company entered into an agreement and completed the sale of its shares in Dawning Technology at the disposal price of $181,997 thousand, which had been fully received, resulting in a gain amounting to $57,528 thousand (including the deduction of the expenditure associated with the consideration of $547) to be recorded as other gains and losses. Thereafter, the Company lost control over DAWNING TECHNOLOGY.

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

(j) Property, plant and equipment

Information about the costs and accumulated depreciation of property, plant and equipment was presented below:

	Land	Buildings and improvements	Office and other equipment	Total
Cost:				
Balance on January 1, 2021	$ 495,211	324,912	178,602	998,725
Additions	-	-	6,127	6,127
Disposal	-	-	(53,970)	(53,970)
Transferred from investment property	26,605	14,053	-	40,658
Transferred from inventories	-	-	15,546	15,546
Balance on December 31, 2021	**$ 521,816**	**338,965**	**146,305**	**1,007,086**
Balance on January 1, 2020	$ 495,211	324,912	179,113	999,236
Additions	-	-	3,154	3,154
Disposal	-	-	(11,207)	(11,207)
Transferred from inventories	-	-	7,542	7,542
Balance on December 31, 2020	**$ 495,211**	**324,912**	**178,602**	**998,725**
Accumulated depreciation:				
Balance on January 1, 2021	$ -	63,689	119,656	183,345
Depreciation	-	6,722	25,386	32,108
Disposal	-	-	(53,398)	(53,398)
Transferred from investment property	-	2,985	-	2,985
Balance on December 31, 2021	**$ -**	**73,396**	**91,644**	**165,040**
Balance on January 1, 2020	$ -	57,243	107,362	164,605
Depreciation	-	6,446	23,040	29,486
Disposal	-	-	(10,746)	(10,746)
Balance on December 31, 2020	**$ -**	**63,689**	**119,656**	**183,345**
Carrying amount:				
December 31, 2021	**$ 521,816**	**265,569**	**54,661**	**842,046**
December 31, 2020	**$ 495,211**	**261,223**	**58,946**	**815,380**
January 1, 2020	**$ 495,211**	**267,669**	**71,751**	**834,631**

As of December 31, 2021 and 2020 property, plant, and equipment were pledged as collateral for short-term and long-term borrowings, please refer to Note 8.

(Continued)

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

(k) Right-of-use assets

Information about the costs and accumulated depreciation of leases for which the Company as a lessee was presented below:

	Buildings and improvements
Cost:	
Balance on January 1, 2021	$ 212,194
Additions	5,258
Decrease	(3,257)
Balance on December 31, 2021	**$ 214,195**
Balance on January 1, 2020	$ 217,000
Additions	1,714
Decrease	(6,520)
Balance on December 31, 2020	**$ 212,194**
Accumulated depreciation:	
Balance on January 1, 2021	$ 47,707
Depreciation	25,517
Decrease	(3,257)
Balance on December 31, 2021	**$ 69,967**
Balance on January 1, 2020	$ 27,510
Depreciation	26,717
Decrease	(6,520)
Balance on December 31, 2020	**$ 47,707**
Carrying amount:	
December 31, 2021	**$ 144,228**
December 31, 2020	**$ 164,487**
January 1, 2020	**$ 189,490**

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

(l) Investment property

Information about the costs and accumulated depreciation of investment property was presented below:

		Land	Buildings and improvements	Total
Cost:				
Balance on January 1, 2021	$	51,382	28,408	79,790
Transferred to property, plant and equipment		(26,605)	(14,053)	(40,658)
Balance on December 31, 2021	$	**24,777**	**14,355**	**39,132**
Balance on January 1, 2020	$	51,382	28,408	79,790
Balance on December 31, 2020	$	**51,382**	**28,408**	**79,790**
Accumulated depreciation:				
Balance on January 1, 2021	$	-	5,667	5,667
Depreciation		-	281	281
Transferred to property, plant and equipment		-	(2,985)	(2,985)
Balance on December 31, 2021	$	**-**	**2,963**	**2,963**
Balance on January 1, 2020	$	-	5,110	5,110
Depreciation		-	557	557
Balance on December 31, 2020	$	**-**	**5,667**	**5,667**
Carrying amount:				
December 31, 2021	$	**24,777**	**11,392**	**36,169**
December 31, 2020	$	**51,382**	**22,741**	**74,123**
January 1, 2020	$	**51,382**	**23,298**	**74,680**
Fair value:				
December 31, 2021			$	**83,880**
December 31, 2020			$	**224,183**

(i) Investment property comprises a number of commercial properties which are leased to third parties. Each of the leases contains an initial non-cancellable period from 1 to 3 years. Subsequent renewals are negotiated with the lessee, and no contingent rents are charged. Please refer to Note 6(p) for further information (including rental income and related direct operating expense).

(Continued)

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

(ii) As there is no readily comparable information regarding the fair value of the aforementioned investment property, management determined its fair value according to the latest prices within the vicinity. The inputs used to evaluate the fair value belonged to Level 3.

(iii) As of both December 31, 2021 and 2020, investment property was pledged as collateral for short-term borrowings, please refer to Note 8.

(m) Short-term borrowings

(i) The details of the Company's short-term borrowings were as follows:

	December 31, 2021	December 31, 2020
Credit bank loans	$ 900,000	250,000
Secured bank loans	100,000	50,000
	$ 1,000,000	**300,000**
Range of interest rates at the end of period	**0.80%~0.84%**	**0.82%~0.90%**

(ii) For the collateral for bank loans, please refer to Note 8.

(n) Long-term borrowings

The details of the Company's long-term borrowings were as follows:

	December 31, 2021			
	Currency	**Range of interest rates**	**Maturity period**	**Amount**
Secured bank loans	NTD	1.10%~1.20%	2022.01~2039.03	$ 251,369
Less: current portion				(14,325)
Total				**$ 237,044**
Unused credit lines				**$ -**

	December 31, 2020			
	Currency	**Range of interest rates**	**Maturity period**	**Amount**
Secured bank loans	NTD	1.10%~1.30%	2021.01~2039.03	$ 265,529
Less: current portion				(14,109)
Total				**$ 251,420**
Unused credit lines				**$ -**

For the collateral for bank loans, please refer to Note 8.

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

(o) Lease liabilities

The carrying amounts of the Company’s lease liabilities were as follows:

	December 31, 2021	December 31, 2020
Current	$ 24,168	23,702
Non-current	123,239	143,306
	$ 147,407	**167,008**

The amounts recognized in profit or loss were as follows：

	For the years ended December 31	
	2021	**2020**
Interest on lease liabilities	**$ 1,519**	**1,721**
Revenue from sublease of right-of-use asset	**$ 4,637**	**10,350**

The amounts recognized in the statements of cash flows of the Company were as follows:

	For the years ended December 31	
	2021	**2020**
Interest payments for lease liabilities in operating activities	$ 1,519	1,721
Payments of lease liabilities in financing activities	24,859	25,596
Total cash outflow for leases	**$ 26,378**	**27,317**

Real estate leases

As of December 31, 2021 and 2020, the Company leases buildings and improvements for its office and warehouse space. The leases typically run for 2 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

For the Company’s leased right-of-use assets under operating leases, please refer to Note 6(p).

(p) Operating leases

The Company leases out its investment property and right-of-use assets. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to Notes 6(k) and 6(l).

(Continued)

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date was as follows:

		December 31, 2021	December 31, 2020
Less than one year	$	7,104	11,515
1 to 2 years		1,139	4,655
2 to 3 years		1,159	-
3 to 4 years		1,174	-
4 to 5 years		1,174	-
More than 5 years		1,565	-
Undiscounted lease payments	**$**	**13,315**	**16,170**

For the years ended December 31, 2021 and 2020, the amounts of rental income from investment property were $2,880 thousand and $6,496 thousand, respectively.

(q) Employee benefits－defined contribution plans

The Company allocates 6% of each employee's monthly wages to the Labor Pension personal account of the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Company's pension costs under the defined contribution method amounted to $16,469 thousand and $14,462 thousand for the years ended December 31, 2021 and 2020, respectively. Payment to the Bureau of Labor Insurance has been made.

(r) Income taxes

(i) Income tax expenses:

Income tax expenses are summarized as follows:

		For the years ended December 31	
		2021	2020
Current income tax expenses	$	98,674	144,103
Deferred income tax expenses (benefit)		2,560	(7,103)
Income tax expenses	**$**	**101,234**	**137,000**

(ii) The Company had no income taxes recognized directly in equity and other comprehensive income.

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

(iii) Reconciliation of income tax expenses and profit before income tax was as follows:

	For the years ended December 31	
	2021	**2020**
Profit before income tax	$ 678,825	674,050
Income tax using the Company’s domestic tax rate	135,765	134,810
Undistributed earnings additional tax	1,161	-
Tax-exempt income	(17,216)	-
Share of profit accounted for using equity method	(9,467)	(5,734)
Gains on evaluation of financial assets	(15,626)	(4,979)
Others	6,617	12,903
Income tax expense	**$ 101,234**	**137,000**

(iv) Deferred income tax assets and liabilities

The Company had no unrecognized deferred income tax assets and liabilities. Changes in the amount of deferred income tax assets and liabilities for 2021 and 2020 were as follows:

	Fair value gains and others
Deferred income tax liabilities:	
Balance on January 1, 2021	$ 1,914
Credit profit or loss	(1,718)
Balance on December 31, 2021	**$ 196**
Balance on January 1, 2020	$ 1,112
Debit profit or loss	802
Balance on December 31, 2020	**$ 1,914**

	Inventory allowances	**Allowance limit on bad debts**	**Others**	**Total**
Deferred income tax assets:				
Balance on January 1, 2021	$ (44,400)	(8,065)	(4,351)	(56,816)
Debit (credit) profit or loss	-	4,966	(688)	4,278
Balance on December 31, 2021	**$ (44,400)**	**(3,099)**	**(5,039)**	**(52,538)**
Balance on January 1, 2020	$ (37,000)	(6,501)	(5,410)	(48,911)
Debit (credit) profit or loss	(7,400)	(1,564)	1,059	(7,905)
Balance on December 31, 2020	**$ (44,400)**	**(8,065)**	**(4,351)**	**(56,816)**

(Continued)

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

(v) The Company's income tax returns have been assessed and approved by the R.O.C. tax authority through the years to 2019.

(s) Capital and other equity

As of both December 31, 2021 and 2020, the Company's authorized shares amounted to $2,500,000 thousand, divided into 250,000 thousand shares, with par value of $10 per share. The issued 188,357 thousand shares comprised only ordinary shares, and all issued shares were paid up upon issuance.

(i) Capital surplus

The components of capital surplus were as follows:

	December 31, 2021	December 31, 2020
Share capital premium	$ 1,192,319	1,249,950
Treasury share transactions	54,637	54,637
Difference arising from subsidiary's share price and its carrying value from acquired or disposed of	27,984	28,424
Changes in equity of associates accounted under equity method	979	-
	$ 1,275,919	1,333,011

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding. The capital increases by transferring capital surplus in excess of par value shall be capitalized in the subsequent year after such capital reserve has been authorized for registration by the regulator.

(ii) Retained earnings

In accordance with the Articles of Association, if there are earnings at year end, 10 percent should be set aside as legal reserve (unless the amount in the legal reserve is already equal to or greater than the total paid-in capital) and special reserve shall be appropriated or reversed, according to operating requirements or regulations of the Company, after the payment of income tax and offsetting the accumulated losses from prior years. The remaining portion will be combined with the earnings from prior years, and the Board of directors can propose the distribution plan to be approved during the shareholders' meeting. The abovementioned distribution plan, by way of cash dividends, should be approved by the Company's Board of directors and should be reported during the Company's shareholder's meeting.

(Continued)

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

As the Company is in its growth phase, it has adopted a residual dividend policy to pay the dividends after the end of the year from the earnings of the current year and the accumulated earnings from prior years. If there are earnings at year end and the current unappropriated retained earnings exceeded the lower of 2% of the capital stock, the distribution ratio for dividends shall not be less than 10% of the current unappropriated retained earnings after taking into consideration the Company's profit, capital structure, and future operating needs. Dividends are distributed as either cash or stock, where cash dividends represent no less than 10% of the total dividends and the actual amount distributed is based on the amount approved by the Board of directors.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with FSC 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

On February 25, 2021, the distribution plan for 2020 was resolved at the Board of Directors' meeting. Other distribution items have reached the requirement the statutory resolution threshold by electronic vote on May 25, 2021, and have held a shareholders' meeting on August 25, 2021. The distribution plan for 2019 was approved in shareholders' meeting on May 28, 2020. The amounts of dividends distributed to shareholders were as follows:

	For the years ended December 31	
	2021	2020
Dividends to shareholders - cash, $2.5 and $2 per share	$ 470,894	376,715
Dividends to shareholders - capital increase transferred from capital surplus, $1 per share	-	188,357
	$ 470,894	565,072

(Continued)

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

(t) Earnings per share

The Company's basic and diluted earnings per share were calculated as follows:

	For the years ended December 31 2021	2020
Basic earnings per share:		
Profit attributable to the Company	$ **577,591**	**549,017**
Weighted-average number of ordinary shares outstanding (basic/thousand shares)	**188,357**	**188,357**
Basic earnings per share (dollars)	$ **3.07**	**2.91**

	For the years ended December 31 2021	2020
Diluted earnings per share:		
Profit attributable to the Company	$ **577,591**	**549,017**
Weighted-average number of ordinary shares outstanding (diluted/ thousand shares)	**190,083**	**190,106**
Earnings per share (dollars)	$ **3.04**	**2.89**

	For the years ended December 31 2021	2020
Weighted-average number of ordinary shares outstanding (basic/ thousand shares)	188,357	188,357
Effect of employee remuneration	1,726	1,749
Weighted-average number of ordinary shares outstanding (diluted/thousand shares)	**190,083**	**190,106**

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	2021 ICT Infrastructures	Computing & Data Utilization	Digitalization	Clouds, Software and Services	Total
Major product/service lines:					
Sale of goods	$ 3,433,251	3,814,184	1,622,257	232,523	9,102,215
Rendering of services	-	-	-	335,513	335,513
Total	$ **3,433,251**	**3,814,184**	**1,622,257**	**568,036**	**9,437,728**

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

	2020				
	ICT Infrastructures	Computing & Data Utilization	Digitalization	Clouds, Software and Services	Total
Major product/service lines:					
Sale of goods	$ 3,214,339	4,391,088	3,011,696	114,455	10,731,578
Rendering of services	-	-	-	340,361	340,361
Total	$ 3,214,339	4,391,088	3,011,696	454,816	11,071,939

(ii) Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable (including long-term)	$ 275,999	172,478	347,965
Accounts receivable (including related parties)	2,257,816	1,720,950	1,511,984
Less: loss allowance	(21,385)	(42,500)	(46,000)
	$ 2,512,430	1,850,928	1,813,949
Contract liability	$ 184,710	295,836	662,996

1) For the impairment of notes and accounts receivable (including long-term and related parties), please refer to Note 6(c).

2) The amounts of contract liability balance, recognized as revenue as of January 1, 2021 and 2020 at the beginning of the period, were as follows:

	For the years ended December 31	
	2021	2020
Revenue Recognition	$ 264,198	609,971

3) The major changes in the balance of contract asset and liability is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

(v) Remuneration to employees and directors

In accordance with the pre-amended Article of Association, once the company has annual earnings, the Company should contribute no less than 8% of the profit as employee remuneration and less than 2% as directors' remuneration. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Employees entitled to receive the aforementioned employee remuneration, in shares or cash, include employees of affiliates with over 50% of the shareholding ratio. The Company estimated its remuneration to employees at $60,450 thousand for the year ended December 31, 2020, and estimated its remuneration to directors at $5,650 thousand.

On August 25, 2021, the Company amended its Article of Association based on the resolution approved during the annual shareholders' meeting. In accordance with the amended Article of Association, once the Company has annual earnings, it should contribute 5% to 20% of the earnings as employee remuneration, and less than 1% as directors' remuneration. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Employees entitled to receive the aforementioned employee remuneration, in shares or cash, include the employees of the Company who meet certain specific requirement. The aforementioned requirement and distribution methods should first be approved by the Company' s Board of directors or its authorized person. The Company estimated its remuneration to employees at $59,513 thousand for the year ended December 31, 2021, and estimated its remuneration to directors at $5,580 thousand.

The aforementioned amounts were calculated using the Company's net income before tax, without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period, related information is available on the website of the Market Observation Post System. The differences between the estimated amounts and the actual amounts approved by the Board of directors for 2021, if any, shall be accounted for as changes in accounting estimates and recognized in 2022. The actual amounts distributed for 2020 and the estimated amounts for 2020 in the financial statements were the same.

(w) Non-operating income and expenses

(i) Other income

The Company's other income was as follows:

	For the years ended December 31	
	2021	**2020**
Rental income	$ 9,917	16,633
Dividend income	7,812	10,085
	$ 17,729	**26,718**

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

(ii) Other gains and losses

The Company's other gains and losses were as follows:

	For the years ended December 31	
	2021	2020
Net foreign exchange gains	$ 21,868	29,882
Net gains on valuation of financial assets (liabilities) at fair value through profit or loss	76,542	18,636
Gain on disposal of non-current assets held for sale	57,528	-
Gain on disposal of subsidiaries	20,696	-
Gains on disposal of property, plant and equipment	136	325
Revenue from system consulting and technical services	5,979	5,345
Others	7,110	3,658
	$ 189,859	**57,846**

(iii) Finance costs

The Company's finance costs were as follows:

	For the years ended December 31	
	2021	2020
Interest on bank loans	$ 8,926	6,168
Interest on lease liabilities	1,519	1,721
	$ 10,445	**7,889**

(x) Financial instruments

(i) Credit risk

A credit risk is the risk of having financial losses arising from counterparties failing to meet their required contract obligation. The major potential credit risks are from defaults from counterparties who fail to meet their required contract obligation.

1) Accounts receivable and other receivables

The Company's credit policy is transacting with creditworthy customers, and obtains collateral to mitigate risks arising from financial loss due to default if necessary. The Company assesses the ratings based on publicly available financial information and transactions records with its major customers. The Company continues to monitor the exposure to credit risk and the credit rating of counterparties, transaction amount to all qualified customers, and review annually the credit limit of counterparties, so as to manage risk exposure.

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

2) Other financial assets

The credit risk exposure in cash and cash equivalents, fixed income investments and other financial instruments are measured and monitored by the Company' s finance department. As the Company deals with the banks and other external parties with good credit standing and financial institutions which are graded above investment level, the management believes that the Company does not have any compliance issues, and therefore, there is no significant credit risk.

The carrying amount of financial assets, represents the maximum amount exposed to credit risk. As of December 31, 2021 and 2020, the maximum exposure to credit risk amounted to $3,289,153 thousand, and $2,805,287 thousand, respectively.

(ii) Liquidity risk

The followings were the contractual maturities of financial liabilities, including estimated interest payment.

	Carrying amount	Contractual cash flows	Within 1 year	1~5 years	Over 5 years
December 31, 2021					
Non-derivative financial liabilities					
Financial liabilities at fair value through profit or loss – Contingent considerations arising from business combinations (Current and Non-current)	$ 103,222	147,776	5,609	142,167	-
Long-term and short-term borrowings	1,251,369	1,276,443	1,018,052	68,612	189,779
Lease liabilities	147,407	151,956	25,467	94,387	32,102
Accounts payable	1,177,226	1,177,226	1,177,226	-	-
Other payables	330,428	330,428	330,428	-	-
Guarantee deposits	897	897	-	897	-
Derivative financial liabilities					
Outflow	2,286	400,463	400,463	-	-
Inflow	-	(398,177)	(398,177)	-	-
	$ 3,012,835	3,087,012	2,559,068	306,063	221,881

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

	Carrying amount	Contractual cash flows	Within 1 year	1~5 years	Over 5 years
December 31, 2020					
Non-derivative financial liabilities					
Financial liabilities at fair value through profit or loss – Contingent considerations arising from business combinations (Current and Non-current)	$ 81,231	157,887	2,395	6,767	148,725
Long-term and short-term borrowings	565,529	594,071	317,530	68,863	207,678
Lease liabilities	167,008	173,006	25,194	91,833	55,979
Accounts payable	1,463,165	1,463,165	1,463,165	-	-
Other payables	285,302	285,302	285,302	-	-
Guarantee deposits	1,227	1,227	-	1,227	-
Derivative financial liabilities					
Outflow	655	647,224	647,224	-	-
Inflow	-	(646,569)	(646,569)	-	-
	$ 2,564,117	2,675,313	2,094,241	168,690	412,382

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2021			December 31, 2020		
	Foreign currency (in thousands)	Exchange rate	NTD	Foreign currency (in thousands)	Exchange rate	NTD
Financial assets						
Monetary items						
USD/NTD	$ 1,709	27.68	47,299	834	28.35	23,635
Financial liabilities						
Monetary items						
USD/NTD	$ 13,578	27.68	375,828	24,557	28.35	696,194

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises mainly from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, and accounts payable denominated in foreign currency. To avoid the decrease in the value of foreign currency assets and fluctuations of future cash flows resulted from changes in exchange rates, the Company uses derivative instruments to hedge exchange rate risk (see Note 6(b)). An appreciation (depreciation) of 1% of the USD against NTD as of December 31, 2021 and 2020, with all other variables including derivative financial instruments remaining constant, would have increased or decreased the profit before income tax by $656 thousand and $257 thousand for the years ended December 31, 2021 and 2020, respectively. The analysis for both periods was performed on the same basis.

3) Foreign exchange gains and losses on monetary items

The Company's functional currency is NTD, and foreign exchange gain (loss) on monetary items are recognized as foreign exchange gain (loss); please refer to Note 6(w) for details.

(iv) Interest rate analysis

The details of interest-bearing financial instruments at the reporting date were as follows:

	Carrying amount	
	December 31, 2021	**December 31, 2020**
Variable-rate instrument:		
Financial assets	$ 385,615	589,467
Financial liabilities	(1,251,369)	(565,529)
	$ (865,754)	**23,938**

According to the Company's sensitivity analysis of risk exposure to non-derivative instruments on the reporting date, if the interest rate had increased or decreased by 0.25%, with all other variable factors remaining constant, the Company's profit before income tax would have decreased or increased by $2,164 thousand and increased or decresased $60 thousand for the years ended December 31, 2021 and 2020, respectively. This is mainly due to risk exposures to borrowings at variable interest rate.

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

(v) Fair value of financial instruments

1) Kinds of financial instrument and fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss are measured on a recurring basis. The following sets out carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy but excluding financial instruments not measured at fair value with carrying amount reasonably close to their fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Foreign and domestic unlisted stocks	$ 240,694	-	-	240,694	240,694
Domestic unlisted stocks	97,602	-	-	97,602	97,602
	$ 338,296				
Financial assets at amortized cost					
Cash and cash equivalents	$ 385,915				
Notes and accounts receivable, net (including long-term and related parties)	2,512,430				
Other receivables	1,878				
Refundable deposits	50,634				
	$ 2,950,857				
Financial liabilities at fair value through profit or loss					
Pre-purchased forward exchange contracts	$ 2,286	-	-	2,286	2,286
Contingent considerations arising from business combinations	103,222	-	-	103,222	103,222
	$ 105,508				

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

	December 31, 2021				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	$ 1,251,369				
Lease liabilities	147,407				
Accounts payable	1,177,226				
Other payables	330,428				
Guarantee deposits	897				
	$ 2,907,327				

	December 31, 2020				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Open-end funds	$ 150,003	-	150,003	-	150,003
Foreign and domestic unlisted stocks	157,694	-	-	157,694	157,694
	$ 307,697				
Financial assets at amortized cost					
Cash and cash equivalents	$ 589,695				
Notes and accounts receivable, net (including long-term and related parties)	1,850,928				
Other receivables	2,077				
Refundable deposits	54,890				
	$ 2,497,590				

(Continued)

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

	December 31, 2020				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Pre-purchased foreign currency forward contracts	$ 655	-	-	655	655
Contingent considerations arising from business combinations	81,231	-	-	81,231	81,231
	$ 81,886				
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	$ 565,529				
Lease liabilities	167,008				
Accounts payable	1,463,165				
Other payables	285,302				
Guarantee deposits	1,227				
	$ 2,482,231				

2) Valuation techniques for financial instruments measured at fair value

The measurements of fair value of equity instruments without an active market are based on the market comparable listed company approach, which assumes that the fair value is measured by the investee' estimated net worth and the price-book ratio estimated based on comparable quoted market price. The estimate of the fair value of equity instruments has been adjusted due to the effect of the discount arising from the lack of market liquidity of the equity security.

Discounted cash flow model is used to estimate the fair value of contingent consideration arising from business combination. The main assumption takes into consideration the possibility of occurrence to estimate the consideration for payment, by the discounted present value.

Measurement of the fair value of derivative instruments is based on the valuation techniques accepted by the market participants, such as the discounted cash flow or option pricing models. Fair value of forward exchange contracts is usually determined by the forward currency exchange rate.

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

3) Transfers between Level 1 and Level 2

There was no transfer between the level 1 and level 2 of fair value hierarchy for the years ended December 31, 2021 and 2020.

4) Reconciliation of Level 3 fair values

	Measured at fair value through profit or loss	
	Derivative financial assets (liabilities)	**Non-derivative financial assets (liabilities) measured at fair value through profit or loss**
January 1, 2021	$ (655)	76,463
Recognized in profit or loss	(1,631)	78,132
Additions	-	100,000
Contingent considerations payments	-	3,777
Contingent considerations arising from business combinations	-	(23,298)
December 31, 2021	**$ (2,286)**	**235,074**
January 1, 2020	$ (4,935)	33,806
Recognized in profit or loss	4,280	13,945
Additions	-	40,752
Disposal	-	(627)
Reclassification to investments accounted for using equity method	-	(11,413)
December 31, 2020	**$ (655)**	**76,463**

The aforementioned total gains and losses that were recognized in "other gains and losses". The gains or losses attributable to the assets and liabilities held on December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	**2020**
Total gains and losses		
Recognized in profit or loss (recognized as other gains and losses)	**$ 75,846**	**13,290**

(Continued)

SYSAGE TECHNOLOGY CO., LTD.

Notes to the Parent Company Only Financial Statements

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company' s financial instruments that use Level 3 inputs to measure fair value include financial assets measured at fair value through profit or loss and derivative financial instruments.

The fair value of derivative financial instruments resulted from the quotation of a third party and did not use any unobservable inputs in its calculation. Therefore, the Company did not disclose the quantitative information about significant unobservable inputs and sensitivity analysis.

Quantified information on other significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss investments in equity instrument without active market	Comparable listed Companies approach	· Market liquidity discount rate (25.00%~31.34% as of December 31, 2021, 25.00%~34.61% as of December 31, 2020)	· The higher the market liquidity discount rate, the lower the fair value
Financial liabilities at fair value through profit or loss-Contingent considerations arising from business combinations	Discounted cash flow methods	· Discount rate (8.19%~14.75% as of December 31, 2021, 15.15% as of December 31, 2020)	· The higher the discount rate, the lower the fair value

(Continued)

SYSAGE TECHNOLOGY CO., LTD.

Notes to the Parent Company Only Financial Statements

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company' s measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or parameters may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit:

	Inputs	Current profit (loss) arising from changes in fair value	
		10% increase	10% decrease
December 31, 2021			
Financial assets (liabilies) at fair value through profit or loss			
Investments in equity instrument without active market	Discount for marketability	$ (33,780)	33,780
Contingent considerations arising from business combinations	Discount for discount rate	$ 3,223	(3,399)
December 31, 2020			
Financial assets (liabilies) at fair value through profit or loss			
Investments in equity instrument without active market	Discount for marketability	$ (22,579)	22,579
Contingent considerations arising from business combinations	Discount for discount rate	$ 4,760	(5,146)

(y) Financial risk management

(i) Overview

The Company is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note expressed the information on risk exposure and objectives, policies and process of risk measurement and management of the Company. For more details about the quantitative effects of these risk exposures, please refer to respective notes in the report.

(ii) Structure of risk management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities, so as to minimize risk exposure.

The Board of directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board of directors is assisted in its oversight role by an internal auditor. The internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of directors.

(z) Capital management

The Board's policy is to maintain a strong capital base, in order to maintain investor, creditor, and market confidence. Capital consists of ordinary shares, capital surplus and retained earnings. As of December 31, 2021, the Company had sufficient capital to meet the needs for working capital and other expenditure in the next 12 months. The Company's approach to capital management has not changed on each reporting date.

As of December 31, 2021 and 2020, the debt ratios were 44% and 41%, respectively.

(aa) Investing and financing activities not affecting current cash flow

(i) Non-current financial assets at fair value through profit or loss were transferred to investments accounted for using equity method, please refer to Notes 6(b) and (f).

(ii) The investments accounted for using equity method were transferred to non-current assets classified as held for sale, please refer to Note 6(i).

(iii) For the acquisition of right-of-use assets by lease, please refer to Note 6(k).

(iv) The reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2021	Cash flows	Non-cash changes	December 31, 2021
Long-term borrowings	$ 265,529	(14,160)	-	251,369
Short-term borrowings	300,000	700,000	-	1,000,000
Guarantee deposits	1,227	(330)	-	897
Lease liabilities	167,008	(24,859)	5,258	147,407
Total liabilities from financing activities	**$ 733,764**	**660,651**	**5,258**	**1,399,673**

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

	January 1, 2020	Cash flows	Non-cash changes	December 31, 2020
Long-term borrowings	$ 279,502	(13,973)	-	265,529
Short-term borrowings	-	300,000	-	300,000
Guarantee deposits	4,811	(3,584)	-	1,227
Lease liabilities	190,890	(25,596)	1,714	167,008
Total liabilities from financing activities	**$ 475,203**	**256,847**	**1,714**	**733,764**

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

Qisda Corporation ("Qisda") is both the parent company and the ultimate controlling party of the Company. As of December 31, 2021 and 2020, Qisda holds 51.41% and 35.04%, respectively, of the number of ordinary shares outstanding of the Company, and it has prepared the consolidated financial statements for public use.

(b) Names and relationship with related parties

The followings are the subsidiaries and related parties that have had transactions with the Company during the periods covered in the parent company only financial statements:

Name of related party	Relationship with the Company
Qisda Corporation (Qisda)	Parent of the Company
GLOBAL INTELLIGENCE NETWORK CO., LTD. (GLOBAL INTELLIGENCE NETWORK)	Subsidiary of the Company
EPIC CLOUD CO., LTD. (EPIC CLOUD)	Subsidiary of the Company
ADVANCEDTEK INTERNATIONAL CORP. (ADVANCEDTEK INTERNATIONAL)	Subsidiary of the Company
APEO Human Capital Services Corp. (APEO Human Capital)	Subsidiary of the Company
STATINC COMPANY (STATINC)	Subsidiary of the Company
DKABio Co., Ltd. (DKABio)	Subsidiary of the Company
COREX (PTY) LTD.	Subsidiary of the Company
DAWNING TECHNOLOGY INC. (DAWNING TECHNOLOGY)	Subsidiary of the Company (Note 1)
NEO TREND TECH CORPORATION (NEO TREND TECH)	Subsidiary of the Company (Note 2)
UNISAGE DIGITAL CO., LTD. (UNISAGE DIGITAL)	Associate of the Company
GRANDSYS INC. (GRANDSYS)	Associate of the Company (Note 4)

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

Name of related party	Relationship with the Company
BenQ Foundation	Substantive related party
BenQ Material Corporation (BenQ Material)	It and the Company have the same ultimate parent company
Partner Tech Corporation (Partner Tech)	It and the Company have the same ultimate parent company
BenQ Guru Corporation (BenQ Guru)	It and the Company have the same ultimate parent company
BenQ Corporation (New BenQ)	It and the Company have the same ultimate parent company
BenQ ESCO Corporation (BenQ ESCO)	It and the Company have the same ultimate parent company
DFI Inc. (DFI)	It and the Company have the same ultimate parent company
Data Image Corporation (Data Image)	It and the Company have the same ultimate parent company
BenQ AB DentCare Corp. (BenQ AB DentCare)	It and the Company have the same ultimate parent company
AEWIN Technologies Co., Ltd (AEWIN Technologies)	It and the Company have the same ultimate parent company
ACE PILLAR CO., LTD. (ACE PILLAR)	It and the Company have the same ultimate parent company
BenQ Asia Pacific Corporation (BenQ Asia Pacific)	It and the Company have the same ultimate parent company
Suzhou Super Pillar Automation Equipment Co., Ltd. (Suzhou Super Pillar)	It and the Company have the same ultimate parent company
Interactive Digital Technologies Inc. (Interactive Digital)	It and the Company have the same ultimate parent company (Note 3)
HITRON TECHNOLOGIES INC. (HITRON TECHNOLOGIES)	It and the Company have the same ultimate parent company (Note 3)
AU Optronics Corporation (AUO)	Associate of the parent company
Darfon Electronics Corporation (Darfon Electronics)	Associate of the parent company
Webest Solution Corporation (Webest Solution)	Subsidiary of Partner Tech
Key management personnel	Key management personnel of the Company

Note 1: As of January 4, 2021, the Company sold the entire shares of its subsidiary, DAWNING TECHNOLOGY, resulting in a loss of control over it. Thereafter, DAWNING TECHNOLOGY is no longer a related party of the Company.

Note 2: As of February 26, 2021, the Company sold the entire shares of its subsidiary, NEO TREND TECH, resulting in a loss of control over it. Thereafter, NEO TREND TECH is no longer a related party of the Company.

(Continued)

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

Note 3: The parent company of HITRON TECHNOLOGIES and INTERACTIVE DIGITAL is Alpha Networks Inc. ("Alpha"), a former associate of Qisda, after which Qisda acquired Alpha in July 2020, making them have the same ultimate parent company with the Company.

Note 4: The Company acquired the shares of GRANDSYS in May 2020, after which the percentage of ownership in GRANDSYS was 22.35%, making it an associate of the Company.

(c) Significant related-party transactions

(i) Sales

The amounts of significant sales by the Company to related parties were as follows:

	For the years ended December 31	
	2021	2020
Parent company	$ 126,885	34,843
Subsidiaries	65,328	42,809
Associates	2,337	408
Other associates	95,515	101,544
Other related parties	-	67,368
	$ 290,065	246,972

The selling price and payment terms to related parties were not significant different from those of sales to customers, and the credit terms for 2021 and 2020 ranged from 30 to 120 days from the end of the month.

(ii) Purchases

The amounts of significant purchases by the Company from related parties were as follows:

	For the years ended December 31	
	2021	2020
Parent company	$ -	200
Subsidiaries	12,649	27,602
Other associates	326	6,728
Other related parties	-	20
	$ 12,975	34,550

Purchase prices and payment terms from related parties were not significant different from third-party suppliers. The payment terms ranged between 30~60 days from the end of the month and 30~120 days from the end of the month for the years ended December 31, 2021 and 2020, respectively.

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

(iii) Receivables from related parties

The receivables due from related parties were as follows:

Account	Category of related party	December 31, 2021	December 31, 2020
Accounts receivable	Parent company	$ 99,293	-
Accounts receivable	Subsidiaries	17,016	21,202
Accounts receivable	Associates	1,890	33
Accounts receivable	Other associates	16,002	9,921
		$ 134,201	31,156

(iv) Payables to related parties

The payables to related parties were as follows:

Account	Category of related party	December 31, 2021	December 31, 2020
Accounts receivable	Subsidiaries	$ 2,068	6,999
Accounts receivable	Other associates	8	-
		$ 2,076	6,999

(v) Lease

1) Lessor

The Company leased out buildings to its related parties. The amounts of rental income were as follows:

Lessee	Rental income For the years ended December 31 2021	2020
Subsidiaries:		
GLOBAL INTELLIGENCE NETWORK	$ 5,697	5,697
DAWNING TECHNOLOGY	-	9,091
Associates	-	3
Other Associates:		
DFI	2,012	-
Total	$ 7,709	14,791

According to the terms of the contracts, the deposit and the rental were by reference of the rental price of the nearby offices. The rental was collected on a monthly basis. For the years ended December 31, 2021 and 2020, receivables of the rental income have been fully paid up.

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

2) Lessee

The Company rented buildings from GLOBAL INTELLIGENCE NETWORK and entered into 3-years lease contract by reference of the rental price of the nearby offices. For the years ended December 31, 2021 and 2020, the Company recognized the amounts of $8 thousand and $17 thousand, respectively, as interest expense. As of December 31, 2021 and 2020, the balance of lease liabilities amounted to $401 thousand and $1,359, respectively.

(vi) Guarantee and endorsements

The company guarantees and endorsements for related parties are as follows:

Counterparty of guarantees and endorsements		Guarantees and endorsements amount December 31, 2021	Guarantees and endorsements amount December 31, 2020
Subsidiaries			
COREX (PTY) LTD.	$	221,440	141,750
GLOBAL INTELLIGENCE NETWORK		100,000	-
	$	**321,440**	**141,750**

(vii) Services revenue

The Company provided system consulting and project supporting services to its related parties. The amounts of services revenue were as follows:

		Services revenue For the years ended December 31 2021	Services revenue For the years ended December 31 2020
Subsidiaries			
GLOBAL INTELLIGENCE NETWORK	$	4,372	2,354
DAWNING TECHNOLOGY		-	2,991
EPIC CLOUD		1,607	-
	$	**5,979**	**5,345**

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

The outstanding balances for providing system consulting and project supporting services to its related parties were as follows:

Account	Category of related party	December 31, 2021	December 31, 2020
	Subsidiaries		
Other receivables	GLOBAL INTELLIGENCE NETWORK	$ 1,148	618
Other receivables	DAWNING TECHNOLOGY	-	785
Other receivables	EPIC CLOUD	422	-
		$ 1,570	**1,403**

(viii) Donation

In 2021, the Company made a donation of $2,000 thousand to its substantive related party, BenQ Foundation.

(ix) Investments accounted for using equity method acquired

The Company acquired investments accounted for using equity method from its related parties.

Account	Category of related party	For the years ended December 31 2021	2020
Investments accounted for using equity method	Subsidiaries- GLOBAL INTELLIGENCE NETWORK	$ 100	-
Investments accounted for using equity method	Other associates- Partner Tech	140,000	-
Investments accounted for using equity method	Key management personnel	-	10,344
		$ 140,100	**10,344**

(x) Disposal of investments accounted for using equity method

As of February 2021, the Company sold 1 thousand shares of STATINC to its subsidiary, EPIC CLOUD, at the amount of $40 thousand, wherein the price had been fully received.

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2021	2020
Short-term employee benefits	$ 58,699	62,352
Post-employment benefits	622	600
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payment	-	-
	$ 59,321	**62,952**

(8) Pledged assets:

The carrying amounts of the assets which the Company pledged as collateral were as follows:

Asset Name	Object	December 31, 2021	December 31, 2020
Property, plant and equipment	Long-term and short-term borrowings	$ 732,888	701,501
Investment property	Short-term borrowings	36,169	74,123
		$ 769,057	**775,624**

(9) Commitments and contingencies:

(a) The promissory notes, issued by the Company for loans from financial institutions, forward exchange transactions, and purchase limits, are detailed as follows:

	Currency	December 31, 2021	December 31, 2020
Promissory notes issued	NTD	**$ 4,915,000**	**3,965,000**
	USD	**$ 14,350**	**13,850**

(b) For the amounts of guarantees and endorsements for related parties, please see Note 7(c) 6.

(10) Losses due to major disasters:None

(11) Subsequent Events:None

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

(12) Other:

The summary of employee benefits, depreciation, and amortization, by function, was as follows:

By function / By item	For the years ended December 31, 2021 Operating expenses	2020 Operating expenses
Employee benefits		
Salary	429,458	411,264
Labor and health insurance	35,322	29,286
Pension	16,469	14,462
Benefits of directors	16,666	15,102
Other employee benefits expense	22,726	20,768
Depreciation	57,906	56,760
Amortization	769	1,057

The following were the additional information on the Company's employees and employee benefits for the years ended December 31, 2021 and 2020:

	For the years ended December 31 2021	2020
Numbers of employees	452	404
Numbers of directors, but not employees concurrently	6	7
The average employee benefits	$ 1,130	1,198
The average salaries	$ 963	1,036
Adjustment of the average salaries	(7.05)%	
Benefits of supervisors	$ -	-

The following was the information about the Company's benefits policies (including directors, executive officers and employees):

The Company's directors' benefits consisted of remuneration and compensation. In accordance with the pre-amended Article of Association of the Company, the Company should contribute less than 2 percent as directors' remuneration when there is profit for the year. On August 25, 2021, the Company amended its Article of Association based on the resolution approved during the annual shareholders' meeting. In accordance with the amended Article of Association, once the Company has annual earnings, it should contribute less than 1% as directors' remuneration. The compensation is evaluated by Human Resources Department and based on competitive environment and operational risk. It is proposed by management after considering regulation and bonus plan then submitted to the Board of Directors for approval.

The benefits of executive officers and employees consisted of fixed salary and variable salary. The former is basic salaries of employees and the latter is connected to operational performance and strategic objectives that the Company wants to achieve. The Company's benefits policies are proposed by Human Resources Department, which is based on management regulation and bonus plan and then submitted to the Board of Directors for approval.

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the year ended December 31, 2021:

(i) Loans to other parties:None

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company guarantees/ endorsements to third parties on behalf of subsidiary	Subsidiary guarantees/ endorsements to third parties on behalf of parent company	Guarantees/ endorsements to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	the Company	COREX (PTY) LTD.	Subsidiary of Partner Tech	(Note 1)	222,400	221,440	94,737	-	5.16 %	(Note 1)	Y	-	-
0	the Company	GLOBALINTELLIGENCENETWORK	〃	〃	100,000	100,000	100,000	-	2.33 %	〃	Y	-	-

Note 1: The amount of the guarantees and endorsements for a single entity company shall not exceed 20% of the Company's net worth of $858,113 thousand when the guarantees and endorsements was provided; the total amount of guarantees and endorsements provided by the Company shall not exceed 50% of the Company's net worth of $2,145,282 thousand.

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand shares/thousand units

Holder name	Category and name of security	Relationship with company	Account	Ending balance				Remark
				Shares/Units	Carrying amount	Percentage of Ownership (%)	Fair value	
	Stock:							
the Company	DYNASAFE	-	Non-current financial assets at fair value through profit or loss	3,906	227,410	19.53	227,410	(Note 1)
〃	CDS Holdings Limited	-	〃	600	-	1.11	-	〃
〃	YOBON TECHNOLOGIES, INC	-	〃	3	-	0.42	-	〃
〃	Touch Cloud Inc.	-	〃	200	856	1.50	856	〃
〃	Gemini Data, Inc.	-	〃	2,706	10,930	1.70	10,930	〃
〃	KINGTEL	-	〃	443	1,498	18.09	1,498	〃
	Equity:							
〃	Taiwania Capital Buffalo Fund V, LP.	-	〃	(Note 2)	97,602	12.78	97,602	〃
					338,296		338,296	

Note 1: Unlisted company.
Note 2: Limited partnership.

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	Qisda	Parent of the Group	Sales	(126,885)	(1.34)%	120 days from the end of the month	No significant difference	No significant difference	99,293	3.92%	-

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:None

(ix) Trading in derivative instruments:Please refer to notes the Company’s consolidated financial statem Note 6(b).

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2021:

				Original investment amount		Balance as of December 31, 2020					
Name of investor	Name of investee	Location	Main businesses and products	December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying amount	Net income (losses) of investee	Share of profits/losses of investee	Note
the Company	GLOBAL INTELLIGENCE NETWORK	Taiwan	Trading in hardwareand software fornetwork andcommunicationssystems	119,142	119,142	10,475	79.36 %	205,502	54,169	42,981	(Note 1)
〃	DAWNINGTECHNOLOGY		Trading in hardwareand software fornetwork systems	-	106,018	-	- %	-	-	-	(Note 3)
〃	EPIC CLOUD	Taiwan	Data software and dataprocessing services	50,000	9,400	5,000	100.00 %	27,428	(19,117)	(18,884)	(Note 1)
〃	COREX	South Africa	Import and export ofelectronic products forsale and purchase	251,872	-	1	100.00 %	286,481	39,611	41,268	(Note 1)
〃	STATINC	Taiwan	Market research, management consultingand data processing services	69,983	-	1,754	34.99 %	86,493	(7,680)	(2,047)	(Note 1)
〃	NEO TRENDTECH	Taiwan	Telecommunicationsengineering	-	50,000	-	- %	-	(6,809)	(6,809)	(Note 3)
〃	UNISAGE	Taiwan	Medical equipment manufacturing	506	1,687	67	38.01 %	580	(389)	(148)	(Notes 2 and 4)
〃	GRANDSYS	Taiwan	Data software and data processing services	94,547	94,547	5,643	21.84 %	105,599	32,970	4,854	(Note 2)

SYSAGE TECHNOLOGY CO., LTD.
Notes to the Parent Company Only Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount December 31, 2021	Original investment amount December 31, 2020	Balance as of December 31, 2020 Shares (thousands)	Balance as of December 31, 2020 Percentage of ownership	Balance as of December 31, 2020 Carrying amount	Net income (losses) of investee	Share of profits/losses of investee	Note
the Company	ADVANCEDTEKINTERNATIONAL	Taiwan	Applications of software implementing services	30,091	30,091	1,153	34.09 %	35,489	18,647	6,337	(Note 1)
〃	Everlasting DigitalESG	Taiwan	Development and sale of software	5,000	-	500	29.41 %	4,133	(2,948)	(867)	(Note 2)
EPIC CLOUD	GLOBALINTELLIGENCENETWORK	Taiwan	Trading in hardware and software for network and communications systems	172	-	10	0.08 %	172	54,169	-	(Note 1)
〃	STATINC	Taiwan	Market research, management consultingand data processingservices	40	-	1	0.02 %	40	(7,680)	-	(Note 1)
GLOBALINTELLIGENCENETWORK	DAWNING TECHNOLOGY		Trading in hardwareand software fornetwork systems	-	44,344	-	- %	-	-	-	(Note 3)
ADVANCEDTEKINTERNATIONAL	APEO HumanCapital	Taiwan	Applications of software implementing services	2,060	-	200	100.00 %	2,564	52	52	(Note 1)
STATINC	DKABio	Taiwan	Market research, management consultingand data processing	20,000	-	2,000	100.00 %	18,912	(1,088)	(1,088)	(Note 1)

Note 1: Subsidiary of the Company.
Note 2: Associates of the Company
Note 3: The Company has fully disposed of the equity; please refer to Note 6(i) for details.
Note 4: The investees company have applied for dissolution on November 30, 2021.

(c) Information on investment in Mainland China:None

(d) Major shareholders:

Unit: share

Major shareholders Shareholding	Shareholding	Percentage of Ownership
Qisda	96,841,239	51.41 %

(14) Segment information:

Please refer to the Company's consolidated financial statements for the year ended December 31, 2021, for details.

SYSAGE TECHNOLOGY CO., LTD.

Statement of cash and cash equivalents

December 31, 2021

(In thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand and pretty cash		$ 300
Checking and demand deposits	NTD	348,170
	USD 1,352,773.36; Exchange rate 27.68	37,445
Total		**$ 385,915**

SYSAGE TECHNOLOGY CO., LTD.

Statement of notes and accounts receivables (including long-term and related parties)

December 31, 2021

(In thousands of New Taiwan Dollars)

Item	Description	Amount
Notes receivable		
G-TREND INTEGRATION CORP.	Operating revenue of non-related parties	$ 61,018
CG TECHNOLOGIES & CONSULTING CO., LTD.	〃	37,401
STARK TECHNOLOGY INC.	〃	32,594
OPENPOWER INFORMATION CO., LTD.	〃	26,615
CHENG GEE INTERNATIONAL INC.	〃	19,908
ROO HSING CO., LTD.	〃	15,997
Others (individual amount not exceeding 5%)	〃	82,466
Subtotal		275,999
Accounts receivable:		
GENESIS TECHNOLOGY INC.	〃	236,524
ADVANCED COMMUNICATION TECHNOLOGY & SOLUTIONS CORPORATION	〃	157,625
SYSTEX CORPORATION	〃	117,291
DYNASAFE TECHNOLOGIES, INC.	〃	131,931
MULTICOM SYSTEM INTEGRATED LTD.	〃	124,180
Others (individual amount not exceeding 5%)	〃	1,356,064
Subtotal		2,123,615
Accounts receivable due from related parties:		
Others (individual amount not exceeding 5%)	Operating revenue of related parties	134,201
Subtotal		134,201
		2,533,815
Less: Loss allowance		(21,385)
Total		**$ 2,512,430**

SYSAGE TECHNOLOGY CO., LTD.

Statement of inventories

December 31, 2021

(In thousands of New Taiwan Dollars)

Item	Cost	Net realizable value
Merchandise inventory	$ 2,682,115	2,997,557
Less: Inventory allowances	(222,000)	
Total	$ 2,460,115	

Statement of other current assets

Item	Description	Amount
Prepayments to suppliers	Prepaid suppliers' payment	$ 6,914
Prepaid expenses	Prepaid year-end party, ERP systems and rent, etc.	19,060
Other receivables	System consulting and project supporting revenue, etc.	1,878
Total		$ 27,852

Sysage Technology Co., Ltd.

Statement of changes in Non-current financial assets at fair value through profit or loss

For the year ended December 31, 2021

(In thousands of New Taiwan Dollars and Shares)

Name of investee	Beginning balance		Additions		Disposal		Other adjustments (Note 1)		Ending balance		Pledged or
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	guaranteed
DYNASAFE TECHNOLOGIES, INC.	3,906	$ 145,695	-	-	-	-	-	81,715	3,906	227,410	None
YOBON TECHNOLOGIES,INC.	3	(Note 2)	-	-	-	-	-	-	3	(Note 2)	〃
CDS Holdings Limited	600	(Note 2)	-	-	-	-	-	-	600	(Note 2)	〃
Touch Cloud Inc.	200	410	-	-	-	-	-	446	200	856	〃
Gemini Data, Inc.	2,706	8,540	-	-	-	-	-	2,390	2,706	10,930	〃
KINGTEL CORPORATION	443	3,049	-	-	-	-	-	(1,551)	443	1,498	〃
Taiwan Capital Buffalo Fund V, LP.	(Note 3)	-	(Note 3)	100,000	-	-	-	(2,398)	(Note 3)	97,602	〃
Total		$ 157,694		100,000		-	-	80,602		338,296	

Note 1: Gains (losses) from financial assets at fair value through profit or loss.

Note 2: All impairment losses have been recognized.

Note 3: Limited company.

SYSAGE TECHNOLOGY CO., LTD.

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2021

(In thousands of New Taiwan Dollars and Shares)

	Beginning balance		Addition		Decrease		Other adjustments (Note 1)		Ending balance				
Name of investee	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Percentage of shareholding	Amount	Market value or net assets value	Pledged or guaranteed
GLOBAL INTELLIGENCE NETWORK CO., LTD.	10,475	$ 183,471	-	-	-	-	-	22,031	10,475	79.36 %	205,502	205,502	None
EPIC CLOUD CO., LTD.	940	6,153	4,060	40,600	-	-	-	(19,325)	5,000	100.00 %	27,428	27,428	〃
NEO TREND TECH CORPORATION	5,000	35,963	-	-	(5,000)	(29,154)	-	(6,809)	-	- %	-	-	(Note 2)
ADVANCEDTEK INTERNATIONAL CORP.	1,153	32,120	-	-	-	-	-	3,369	1,153	34.09 %	35,489	35,489	None
STATINC COMPANY	-	-	1,755	70,023	(1)	(40)	-	16,510	1,754	34.99 %	86,493	86,493	〃
COREX (PTY) LTD	1	163,600	-	111,872	-	-	-	11,009	1	100.00 %	286,481	286,481	〃
UNISAGE DIGITAL CO., LTD.	225	728	-	-	(158)	-	-	(148)	67	38.01 %	580	580	〃
GRANDSYS INC.	5,643	99,417	-	-	-	-	-	6,182	5,643	21.84 %	105,599	105,599	〃
Everlasting Digital ESG Co., Ltd.	-	-	500	5,000	-	-	-	(867)	500	29.41 %	4,133	4,133	〃
Total		$ 521,452		227,495		(29,194)		31,952			751,705	751,705	

Note 1: Other adjustments include the share of profits and losses of subsidiaries and associates accounted for using equity method, share of other comprehensive income of subsidiaries and associates for using equity method, cash dividends, adjustments for subscriptions that are not based on shareholding ratios, difference between the acquisition or disposal of equity prices and carrying amounts of subsidiaries, adjustments for reorganization and adjustments for contingent considerations arising from business combinations.

Note 2: Equity sold.

SYSAGE TECHNOLOGY CO., LTD.

Statement of changes in property, plant and equipment

For the year ended December 31, 2021

(In thousands of New Taiwan Dollars)

Please refer to Note 6(j) for Property, plant and equipment.

Statement of changes in right-of-use assets

Please refer to Note 6(k) for Right-of-use assets.

Statement of changes in investment property

Please refer to Note 6(l) for Investment property.

SYSAGE TECHNOLOGY CO., LTD.

Statement of other non-current assets

December 31, 2021

(In thousands of New Taiwan Dollars)

Item	Description	Amount
Refundable deposits	Refundable deposits of golf club, bid bond and deposits for renting buildings and cars, etc.	$ 50,634
Other assets	Office ornaments	12,800
Long-term prepaid expenses	ICT software	1,451
Total		**$ 64,885**

Statement of short-term borrowings

Name of bank	Description	Term of contract	Interest rate	Credit lines	Amount	Pledged or guaranteed
Shanghai Commercial & Savings Bank	Secured loans	2021.06.05~ 2022.06.05	0.83%	500,000	$ 100,000	Note
Yuanta Commercial Bank	Credit loans	2021.09.01~ 2022.08.31	0.80%~ 0.81%	200,000	200,000	None
Entie Commercial Bank	〃	2021.07.24~ 2022.08.24	0.80%	150,000	100,000	〃
Cathay United Bank	〃	2021.08.31~ 2022.08.30	0.81%	200,000	200,000	〃
Taishin International Bank	〃	2021.05.11~ 2022.04.30	0.84%	400,000	100,000	〃
HSBC Bank	〃	2021.10.31~ 2022.06.30	0.83%	400,000	300,000	〃
Total					**$ 1,000,000**	

Note：Property, plant and equipment and investment property were pledged as collateral for loans.

SYSAGE TECHNOLOGY CO., LTD.

Statement of long-term borrowings

December 31, 2021

(In thousands of New Taiwan Dollars)

Bank	Description	Amount	Term of contract	Interest rate	Pledged or guaranteed
Mega International Commercial Bank	Secured loans	$ 109,815	2017.10~ 2037.10	1.20%	Note
E.SUN Commercial Bank	〃	97,728	〃	1.13%	〃
Land Bank of Taiwan	〃	43,826	2019.03~ 2039.03	1.10%	〃
Less: Current portion		(14,325)			
		$ 237,044			

Note：Property, plant and equipment were pledged as collateral for loans.

Statement of accounts payable

Item	Description	Amount
DELL TAIWAN B.V.	Purchases and operating cost	$ 237,974
Cisco International Limited	〃	185,156
VMware International Unlimited Company	〃	59,846
Others (individual amount not exceeding 5%)	〃	694,250
Total		**$ 1,177,226**

SYSAGE TECHNOLOGY CO., LTD.

Statement of other payables

December 31, 2021

(In thousands of New Taiwan Dollars)

Item	Description	Amount
Accrued payroll	Salary and bonus	$ 107,991
Remuneration due to employees, directors and supervisors	Accrued remuneration due to employees, directors and supervisors for the year ended December 31,2021	65,093
Income taxes payable	Accrued Income taxes payable for the year ended December 31,2021	103,980
Others (individual amount not exceeding 5%)		157,344
Total		**$ 434,408**

Statement of lease liabilities

Item	Description	Lease term	Discount rate	Ending Balance	Note
Lease Liabilities	Buildings and improvements	2022.01~2028.05	0.86%~1.01%	**$ 147,407**	
Current				$ 24,168	
Non-current				123,239	
				$ 147,407	

Statement of other non-current liabilities

Item	Description	Amount
Guarantee deposits		$ 897
Deferred income tax liabilities－non-current		196
Others		157
Total		**$ 1,250**

Sysage Technology Co., Ltd.

Statement of operating revenue

For the year ended December 31, 2021

(In thousands of New Taiwan Dollars)

Item	Amount
Sales revenue	$ 9,111,164
Services revenue	335,513
	9,446,677
Less: Sales returns	2,498
Sales and services discounts and allowances	6,451
Operating revenue	**$ 9,437,728**

Statement of operating costs

Item	Amount
Inventories on January 1, 2021	$ 2,956,354
Add: Purchases	7,908,382
Less: Inventories on December 31, 2021	2,682,115
Transfer to property, plant and equipment and miscellaneous purchases for operating purpose	24,005
Costs of sales	8,158,616
Add: Technical service cost	100,421
Operating costs	**$ 8,259,037**

Sysage Technology Co., Ltd.

Statement of selling, general and administrative, research and development expenses

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Selling expenses	General and administrative expenses	Research and development expenses
Salaries (including remuneration of employees and directors)	$ 339,307	91,382	15,435
Depreciation	45,611	10,185	2,110
Entertainment expense	81,494	538	-
Other expenses(individual amount not exceeding 5%)	137,370	49,779	6,138
Total	**$ 603,782**	**151,884**	**23,683**