

**SYSAGE TECHNOLOGY CO., LTD.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2021 and 2020**

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The independent auditors' review report and the accompanying consolidated 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' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of SYSAGE TECHNOLOGY CO., LTD. and its subsidiaries ("the Group") as of June 30, 2021 and 2020 (restated), the related consolidated statements of comprehensive income for the three and six months ended June 30, 2021 and 2020(restated), as well as the changes in equity and cash flows for the six months ended June 30, 2021 and 2020(restated), and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Conclusions paragraph, we conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusions

As stated in Note 4(b), the consolidated financial statements included in the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$1,441,727 thousand and \$1,614,719 thousand, constituting 17% and 19% of the consolidated total assets; and the total liabilities amounting to \$753,795 thousand and \$891,812 thousand, constituting 17% and 21% of consolidated total liabilities as of June 30, 2021 and 2020 (restated), respectively; as well as the absolute value of total comprehensive income amounting to \$37,791 thousand, \$7,028 thousand, \$111,938 thousand and 83,149 thousand, constituting 31%, 4%, 28% and 24% of the absolute value of consolidated total comprehensive income for the three and six months ended June 30, 2021 and 2020 (restated), respectively.

Furthermore, as stated in Note 6(f), the investments accounted for using equity method of the Group in its investee companies of \$101,240 thousand and \$219,209 thousand, as of June 30, 2021 and 2020 (restated), respectively, and its related share of income (loss) of associates accounted for using equity method of \$(3,037) thousand, \$512 thousand, \$(5,075) thousand and \$394 thousand for the three and six months ended June 30, 2021 and 2020 (restated) respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2021 and 2020 (restated), and of its consolidated financial performance and its consolidated cash flows for the three and six months ended June 30, 2021 and 2020 (restated) in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” endorsed by the Financial Supervisory Commission of the Republic of China.

Emphasis of Matter

As stated in Note 4(b), SYSAGE TECHNOLOGY CO., LTD. fully acquired 100% shareholdings in Corex (Pty) Ltd. from subsidiary of Qisda Corporation, Partner Tech Corporation by cash. 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 subsidy from beginning. The Group restated the consolidated financial statements for the six months ended June 30, 2020. Our conclusion is not modified in respect of this matter.

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

KPMG

Taipei, Taiwan (Republic of China)
August 5, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors’ review report and the accompanying consolidated 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 consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards as of June 30, 2021 and 2020

SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2021, December 31 and June 30, 2020

(In Thousands of New Taiwan Dollars)

	June 30, 2021		December 31, 2020 (Restated)		June 30, 2020 (Restated)			June 30, 2021		December 31, 2020 (Restated)		June 30, 2020 (Restated)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets							Liabilities and Equity						
Current assets:							Current liabilities:						
1100 Cash and cash equivalents (note 6(a))	\$ 1,328,701	15	761,715	9	1,178,620	14	2100 Short-term borrowings (Note 6(n))	\$ 979,604	11	514,759	6	388,950	4
1110 Current financial assets at fair value through profit or loss (notes 6(b) and (f))	430	-	177,118	2	201,172	2	2120 Current financial liabilities at fair value through profit or loss (Notes 6(b) and (g))	13,607	-	3,050	-	4,337	-
1141 Current contract assets (Note 6(v))	2,996	-	-	-	-	-	2130 Contract liability (Note 6(v))	243,398	3	323,854	4	492,228	6
1170 Notes and accounts receivable, net (Notes 6(c), (v) and 8)	2,142,949	25	1,993,571	23	2,122,759	25	2170 Notes and accounts payable (Note 7)	1,635,166	19	1,572,265	18	1,539,949	18
1180 Accounts receivable due from related parties, net (Notes 6(c), (v) and 7)	66,658	1	10,903	-	114,682	1	2200 Other payables (note 7)	378,883	4	548,330	7	584,384	7
1300 Inventories (Note 6(e))	3,002,257	35	3,014,963	35	3,171,266	37	2216 Dividends payable	475,796	6	-	-	595,076	7
1410 Prepayments	70,535	1	56,894	1	79,435	1	2260 Liabilities related to non-current assets or disposal groups classified as held for sale	-	-	358,207	4	-	-
1460 Non-current assets or disposal groups classified as held for sale	-	-	770,609	9	-	-	2280 Current lease liabilities (note 6(p))	37,956	1	35,265	1	40,357	-
1470 Other current assets (Note 6(d))	17,807	-	18,936	-	24,939	-	2310 Advance receipts	15,112	-	13,319	-	23,032	-
	<u>6,632,333</u>	<u>77</u>	<u>6,804,709</u>	<u>79</u>	<u>6,892,873</u>	<u>80</u>	2320 Long-term borrowings, current portion (Note 6(o))	16,944	-	16,822	-	16,807	-
							2399 Other current liabilities	1,477	-	3,759	-	2,125	-
								<u>3,797,943</u>	<u>44</u>	<u>3,389,630</u>	<u>40</u>	<u>3,687,245</u>	<u>42</u>
Non-current assets:							Non-current liabilities:						
1510 Non-current financial assets at fair value through profit or loss (Note 6(b))	287,119	3	157,694	2	9,650	-	2500 Non-current financial liabilities at fair value through profit or loss (Notes 6(b) and (g))	91,292	1	78,836	1	70,301	1
1550 Investments accounted for using equity method (Notes 6(b) and (f))	101,240	1	132,265	2	219,209	3	2540 Long-term borrowings (Note 6(o))	285,134	4	293,675	3	302,105	4
1600 Property, plant and equipment (Notes 6(j) and 8)	952,367	11	958,530	11	980,998	11	2580 Non-current lease liabilities (Note 6(p))	155,957	2	168,349	2	204,094	2
1755 Right-of-use assets (Note 6(l))	187,578	2	201,408	2	246,946	3	2600 Other non-current liabilities	4,449	-	4,786	-	8,699	-
1760 Investment property (note 6(k))	12,930	-	12,970	-	13,010	-		<u>536,832</u>	<u>7</u>	<u>545,646</u>	<u>6</u>	<u>585,199</u>	<u>7</u>
1780 Intangible assets (Notes 6(g) and (m))	207,727	3	117,304	2	104,269	1	Total liabilities	<u>4,334,775</u>	<u>51</u>	<u>3,935,276</u>	<u>46</u>	<u>4,272,444</u>	<u>49</u>
1840 Deferred income tax assets	58,204	1	60,017	1	56,706	1	Equity attributable to owners of parent:						
1931 Long-term notes receivable (Notes 6(c) and (v))	17,962	-	24,161	-	18,591	-	3100 Share capital	1,883,573	22	1,883,573	22	1,883,573	22
1900 Other non-current assets (Note 8)	120,050	2	106,673	1	98,555	1	3200 Capital surplus (Notes 6(g), (h), and (t))	1,287,501	15	1,333,011	16	1,332,551	15
	<u>1,945,177</u>	<u>23</u>	<u>1,771,022</u>	<u>21</u>	<u>1,747,934</u>	<u>20</u>	3310 Legal reserve	383,289	4	328,387	4	328,387	4
							3350 Unappropriated retained earnings (Note 6(t))	513,149	6	726,330	8	456,241	5
							3400 Other equity interest	6,955	-	-	-	-	-
								<u>4,074,467</u>	<u>47</u>	<u>4,271,301</u>	<u>50</u>	<u>4,000,752</u>	<u>46</u>
							Total equity attributable to owners of parent						
							35XX Equity attributable to former owner of business combination under common control	-	-	94,109	1	67,152	1
							36XX Non-controlling interests	168,268	2	275,045	3	300,459	4
							Total equity	<u>4,242,735</u>	<u>49</u>	<u>4,640,455</u>	<u>54</u>	<u>4,368,363</u>	<u>51</u>
Total assets	<u>\$ 8,577,510</u>	<u>100</u>	<u>8,575,731</u>	<u>100</u>	<u>8,640,807</u>	<u>100</u>	Total liabilities and equity	<u>\$ 8,577,510</u>	<u>100</u>	<u>8,575,731</u>	<u>100</u>	<u>8,640,807</u>	<u>100</u>

See accompanying notes to the Consolidated Financial Statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three and six months ended June 30, 2021 and 2020

(In Thousands of New Taiwan Dollars)

	For the three months ended June 30				For the six months ended June 30				
	2021		2020 (Restated)		2021		2020 (Restated)		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (Notes 6(v) and 7)	\$ 2,748,667	100	3,983,755	100	5,742,002	100	7,493,917	100
5000	Operating costs (Notes 6(e), (r), 7, and 12)	<u>2,397,297</u>	<u>87</u>	<u>3,508,048</u>	<u>88</u>	<u>5,016,796</u>	<u>87</u>	<u>6,587,564</u>	<u>88</u>
	Gross profit	<u>351,370</u>	<u>13</u>	<u>475,707</u>	<u>12</u>	<u>725,206</u>	<u>13</u>	<u>906,353</u>	<u>12</u>
	Operating expenses (Notes 6(c), (r), (w), and 12):								
6100	Selling expenses	199,586	7	199,435	5	413,783	7	422,263	6
6200	Administrative expenses	45,528	2	63,596	2	92,532	2	119,057	1
6300	Research and development expenses	8,348	-	3,900	-	14,177	-	8,903	-
6450	Expected credit loss (Reversal of expected credit loss)	<u>(8,038)</u>	<u>-</u>	<u>3,214</u>	<u>-</u>	<u>(17,113)</u>	<u>-</u>	<u>4,501</u>	<u>-</u>
		<u>245,424</u>	<u>9</u>	<u>270,145</u>	<u>7</u>	<u>503,379</u>	<u>9</u>	<u>554,724</u>	<u>7</u>
	Net operating income	<u>105,946</u>	<u>4</u>	<u>205,562</u>	<u>5</u>	<u>221,827</u>	<u>4</u>	<u>351,629</u>	<u>5</u>
	Non-operating income and expenses:								
7010	Other income (Notes 6(p) and (x))	683	-	840	-	2,113	-	1,960	-
7100	Interest income	355	-	692	-	573	-	809	-
7020	Other gains and losses (Notes 6(i) and (x))	6,848	-	7,481	-	154,251	3	(3,412)	-
7050	Finance costs (Notes 6(p), (x), and 7)	(3,659)	-	(6,483)	-	(7,581)	-	(12,219)	-
7060	Share of profit (loss) of associates accounted for using equity method (Note 6(f))	<u>(3,037)</u>	<u>-</u>	<u>512</u>	<u>-</u>	<u>(5,075)</u>	<u>-</u>	<u>394</u>	<u>-</u>
		<u>1,190</u>	<u>-</u>	<u>3,042</u>	<u>-</u>	<u>144,281</u>	<u>3</u>	<u>(12,468)</u>	<u>-</u>
	Profit before income tax	<u>107,136</u>	<u>4</u>	<u>208,604</u>	<u>5</u>	<u>366,108</u>	<u>7</u>	<u>339,161</u>	<u>5</u>
7950	Less: Income tax expenses (Note 6(s))	<u>16,253</u>	<u>1</u>	<u>41,168</u>	<u>1</u>	<u>47,847</u>	<u>1</u>	<u>72,201</u>	<u>1</u>
	Profit	<u>90,883</u>	<u>3</u>	<u>167,436</u>	<u>4</u>	<u>318,261</u>	<u>6</u>	<u>266,960</u>	<u>4</u>
8300	Other comprehensive income:								
8310	Item's that may not be reclassified subsequently to profit or loss								
8320	Share of other comprehensive income of associates for using equity method	349	-	-	-	349	-	-	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Item's that may not be reclassified subsequently to profit or loss	<u>349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>349</u>	<u>-</u>	<u>-</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of foreign financial statements	3,805	-	(9)	-	6,606	-	(38,372)	(1)
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Items that may be reclassified subsequently to profit or loss	<u>3,805</u>	<u>-</u>	<u>(9)</u>	<u>-</u>	<u>6,606</u>	<u>-</u>	<u>(38,372)</u>	<u>(1)</u>
8300	Other comprehensive income, net of tax	<u>4,154</u>	<u>-</u>	<u>(9)</u>	<u>-</u>	<u>6,955</u>	<u>-</u>	<u>(38,372)</u>	<u>(1)</u>
	Total comprehensive income	<u>\$ 95,037</u>	<u>3</u>	<u>167,427</u>	<u>4</u>	<u>325,216</u>	<u>6</u>	<u>228,588</u>	<u>3</u>
	Profit attributable to:								
8610	Owners of the parent	\$ 89,653	3	159,993	4	312,615	6	278,928	4
8615	Former owner of business combination under common control	-	-	3,019	-	-	-	(22,270)	-
8620	Non-controlling interests	<u>1,230</u>	<u>-</u>	<u>4,424</u>	<u>-</u>	<u>5,646</u>	<u>-</u>	<u>10,302</u>	<u>-</u>
		<u>\$ 90,883</u>	<u>3</u>	<u>167,436</u>	<u>4</u>	<u>318,261</u>	<u>6</u>	<u>266,960</u>	<u>4</u>
	Comprehensive income attributable to:								
8710	Owners of the parent	\$ 93,807	3	159,993	4	319,570	6	278,928	4
8715	Former owner of business combination under common control	-	-	3,010	-	-	-	(60,642)	(1)
8720	Non-controlling interests	<u>1,230</u>	<u>-</u>	<u>4,424</u>	<u>-</u>	<u>5,646</u>	<u>-</u>	<u>10,302</u>	<u>-</u>
		<u>\$ 95,037</u>	<u>3</u>	<u>167,427</u>	<u>4</u>	<u>325,216</u>	<u>6</u>	<u>228,588</u>	<u>3</u>
	Earnings per share (Note 6(u))								
9750	Basic earnings per share (NT dollars)	<u>\$ 0.48</u>		<u>0.85</u>		<u>1.66</u>		<u>1.48</u>	
9850	Diluted earnings per share (NT dollars)	<u>\$ 0.47</u>		<u>0.85</u>		<u>1.65</u>		<u>1.47</u>	

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2021 and 2020

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of parent										
	Share capital	Capital surplus	Retained earnings		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on remeasurements of defined benefit	Total equity attributable to owners of parent	Equity attributable to former owner of business combination		Total equity
			Legal reserve	Unappropriated retained earnings					under common control	Non-controlling interests	
Balance on January 1, 2020 (Restated)	\$ 1,883,573	1,520,908	290,442	591,973	-	-	-	4,286,896	127,794	320,161	4,734,851
Profit	-	-	-	278,928	-	-	-	278,928	(22,270)	10,302	266,960
Other comprehensive income	-	-	-	-	-	-	-	-	(38,372)	-	(38,372)
Comprehensive income	-	-	-	278,928	-	-	-	278,928	(60,642)	10,302	228,588
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)
Dividends to non-controlling interests from subsidiaries	-	-	-	-	-	-	-	-	-	(30,004)	(30,004)
Balance on June 30, 2020 (Restated)	<u>\$ 1,883,573</u>	<u>1,332,551</u>	<u>328,387</u>	<u>456,241</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000,752</u>	<u>67,152</u>	<u>300,459</u>	<u>4,368,363</u>
Balance on January 1, 2021 (Restated)	\$ 1,883,573	1,333,011	328,387	726,330	-	-	-	4,271,301	94,109	275,045	4,640,455
Profit	-	-	-	312,615	-	-	-	312,615	-	5,646	318,261
Other comprehensive income	-	-	-	-	7,161	(2)	(204)	6,955	-	-	6,955
Comprehensive income	-	-	-	312,615	7,161	(2)	(204)	319,570	-	5,646	325,216
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	54,902	(54,902)	-	-	-	-	-	-	-
Cash dividends	-	-	-	(470,894)	-	-	-	(470,894)	-	-	(470,894)
Reorganization	-	(45,891)	-	-	-	-	-	(45,891)	(94,109)	-	(140,000)
Dividends to non-controlling interests from subsidiaries	-	-	-	-	-	-	-	-	-	(4,902)	(4,902)
Difference between the consideration and the carrying amount of subsidiaries' share acquired	-	(440)	-	-	-	-	-	(440)	-	(60)	(500)
Changes in equity of associates accounted for using equity method	-	821	-	-	-	-	-	821	-	-	821
Derecognize non-controlling interests due to dispose subsidiaries	-	-	-	-	-	-	-	-	-	(227,162)	(227,162)
Acquire non-controlling interests in a business combination	-	-	-	-	-	-	-	-	-	119,701	119,701
Balance on June 30, 2021	<u>\$ 1,883,573</u>	<u>1,287,501</u>	<u>383,289</u>	<u>513,149</u>	<u>7,161</u>	<u>(2)</u>	<u>(204)</u>	<u>4,074,467</u>	<u>-</u>	<u>168,268</u>	<u>4,242,735</u>

See accompanying notes to the Consolidated Financial Statements.

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2021 and 2020

(In Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2021	2020 (restated)
Cash flows from operating activities:		
Profit before income tax	\$ 366,108	339,161
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	39,277	39,971
Amortization expense	5,414	3,332
Gains on disposal of property, plant and equipment	(137)	-
Expected credit loss (Reversal of expected credit loss)	(17,113)	4,501
Net gains on valuation of financial assets (liabilities) at fair value through profit or loss	(30,085)	(19,723)
Share of profit (loss) of associates accounted for using equity method	5,075	(394)
Gain on disposal of non-current assets or liabilities held for sale	(84,232)	-
Gain on disposal of subsidiary	(20,696)	-
Interest expense	7,581	12,219
Interest income	(573)	(809)
Total adjustments to reconcile profit (loss)	<u>(95,489)</u>	<u>39,097</u>
Changes in operating assets and liabilities:		
Total net changes in operating assets:		
Notes and accounts receivable (including related parties)	(115,056)	2,658
Current financial assets at fair value through profit or loss	154,049	372,731
Inventories	3,859	(34,223)
Contract assets	10,976	-
Other current assets	654	(30,887)
Other non-current assets	404	2,822
Total changes in operating assets	<u>54,886</u>	<u>313,101</u>
Total changes in operating liabilities:		
Contract liabilities	(116,430)	(291,277)
Notes and accounts payable	44,032	38,732
Other payables	(14,815)	63,095
Advance receipts	1,793	(21,570)
Other current liabilities	(7,557)	1,138
Other non-current liabilities	-	(135)
Total changes in operating liabilities	<u>(92,977)</u>	<u>(210,017)</u>
Total changes in operating assets and liabilities	<u>(38,091)</u>	<u>103,084</u>
Total adjustments	<u>(133,580)</u>	<u>142,181</u>
Cash inflows generated from operations	232,528	481,342
Interest received	553	771
Interest paid	(7,401)	(11,961)
Income taxes paid	(106,976)	(57,286)
Net cash inflows from operating activities	<u>118,704</u>	<u>412,866</u>
Cash flows from investing activities:		
Acquisition of non-current financial assets at fair value through profit or loss	(100,000)	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	627
Acquisition of investments accounted for using equity method	(5,000)	(107,168)
Proceeds from disposal of non-current assets or liabilities held for sale	265,795	-
Share capital from acquisition of subsidiaries	(140,000)	-
Consideration from disposal of subsidiaries	46,246	-
Net cash inflows from business combination	60,431	-
Acquisition of property, plant and equipment	(1,693)	(2,648)
Proceeds from disposal of property, plant and equipment	708	-
Decrease in refundable deposits	1,012	8,551
Acquisition of intangible assets	(106)	-
Acquisition of right-of-use assets	-	(8,094)
Net cash inflows (outflows) from investing activities	<u>127,393</u>	<u>(108,732)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	458,845	150,747
Repayments of long-term borrowings	(8,419)	(8,269)
Increase (decrease) in other payables	(113,742)	58,072
Increase in guarantee deposits received	180	1,206
Payments of lease liabilities	(21,044)	(19,183)
Acquisition of non-controlling interests	(500)	-
Net cash inflows from financing activities	<u>315,320</u>	<u>182,573</u>
Effect of exchange rate changes on cash and cash equivalents	<u>5,569</u>	<u>(12,466)</u>
Increase in cash and cash equivalents	<u>566,986</u>	<u>474,241</u>
Cash and cash equivalents, beginning of period	<u>761,715</u>	<u>704,379</u>
Cash and cash equivalents, end of period	<u>\$ 1,328,701</u>	<u>1,178,620</u>

See accompanying notes to the Consolidated Financial Statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 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 Affairs, 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 consolidated financial statements as of June 30, 2021 consist of the Company and its subsidiaries (collectively as “the Group”), and the interests of associates. The Group’s major business activities include distributing and reselling information infrastructure from Cisco and other companies, computing and cloud applications from IBM, Dell, EMC, and other companies, digital application integration from Oracle and other companies. The Group 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, and market research.

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 consolidated financial statements:

The consolidated financial statements were authorized for issuance by the Board of Directors on August 5, 2021.

(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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated 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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

- Amendments to IFRS 16 “COVID 19 Related Rent Concessions beyond June 30, 2021”

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The Group assesses that the adoption of the following new amendments, effective from January 1, 2022, would not have a significant impact on its consolidated 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”
- 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 Group, 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”	<p>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.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group 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 consolidated 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”

(Continued)

SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(4) Summary of significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers (“the Regulation”) and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (“the IFRSs endorsed by the FSC”) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2020. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2020.

(b) Basis of consolidation

The subsidiaries included in the consolidated financial statements were as follows:

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			June 30, 2021	December 31, 2020	June 30, 2020	
The Company and EPIC CLOUD	GLOBAL INTELLIGENCE NETWORK CO., LTD. (GLOBAL INTELLIGENCE NETWORK)	Trading in hardware and software for network and communications systems	79.43 %	79.43 %	62.12 %	(Notes 1 and 2)
The Company	EPIC CLOUD CO., LTD. (EPIC CLOUD)	Data software and data processing services	100.00 %	95.00 %	70.00 %	(Notes 1 and 3)
The Company	NEO TREND TECH CORPORATION (NEO TREND TECH)	Telecommunications engineering	- %	100.00 %	100.00 %	(Notes 1 and 4)
The Company and GLOBAL INTELLIGENCE NETWORK	DAWNING TECHNOLOGY NETWORK CO., LTD. (DAWNING TECHNOLOGY)	Trading in hardware and software for network systems	- %	44.43 %	44.43 %	(Notes 1 and 5)
The Company	Corex (Pty) Ltd. (Corex)	Sale, import and export of electronic products	100.00 %	- %	- %	(Notes 1 and 6)
The Company	ADVANCEDTEK INTERNATIONAL CORP. (ADVANCEDTEK INTERNATIONAL)	Applications implementing services	34.09 %	- %	- %	(Notes 1 and 7)

(Continued)

SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Principal activity</u>	<u>Shareholding</u>			<u>Note</u>
			<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>	
The Company and EPIC CLOUD	STATINC COMPANY (STATINC)	Market research service, marketing consulting, and big data and cloud database, etc.	35.01 %	- %	- %	(Notes 1 and 8)
ADVANCEDTEK INTERNATIONAL	APEO Human Capital Services Corp. (APEO Human Capital)	Applications implementing services	100.00 %	- %	- %	(Notes 1 and 7)
STATINC	DKABio Co., Ltd. (DKABio)	Market research service, marketing consulting, and big data and cloud database, etc.	100.00 %	- %	- %	(Notes 1 and 9)

Note 1: The company is a non-significant subsidiary, its financial statements have not been reviewed.

Note 2: For the changes in the Group's percentage of ownership in GLOBAL INTELLIGENCE NETWORK, please refer to note 6(h) of the consolidated financial statements for the year ended December 31, 2020.

Note 3: For the changes in the Group's percentage of ownership in EPIC CLOUD INFORMATION INTEGRATION, please refer to note 6(h).

Note 4: NEO TREND TECH was established by the Company in June 2020. For the changes in the Group's percentage of ownership in NEO TREND TECH, please refer to note 6(i).

Note 5: For the changes in the Group's percentage of ownership in DAWNING TECHNOLOGY, please refer to note 6(i).

Note 6: On January 4, 2021, the Group had fully acquired Corex from Parent Tech by cash and obtained control over Corex. This transaction is an organizational reorganization under common control, adopted the book value method and regarded as a subsidy from beginning. The consolidated financial statements for the six months ended June 30 and for the year ended December 31, 2020 have been restated for comparison with the financial statements for the six months ended June 30, 2021.

Note 7: The Group holds 34.09% of the voting shares of ADVANCEDTEK INTERNATIONAL. In January 2021, the Group obtained letters of support signed by original shareholders representing 20.36% of the company's shareholding, making the Group have control over ADVANCEDTEK INTERNATIONAL; and the group obtained more than half of the total number of directors of the Board in May 2021. Please refer to note 5(a).

Note 8: In February 2021, the Group acquired 35.01% of voting shares of STATINC and owned more than half of the total number of directors; therefore, it is determined that the Group has control over STATINC. Please refer to Note 5(b).

Note 9: DKABio was established by STATINC in May 2021.

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) 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 consolidated 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 consolidated balance sheet, the equity from acquisition record as "Equity attributable to former owner of business combination under common control"; In preparing the consolidated 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".

(d) Business combination

The Group 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 Group 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 Group 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 acquiree'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.

The Group 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 Group recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Group 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 Group 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.

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Revenue from Contracts with Customers—Market research and survey services

The Group provides services, such as market research and opinion survey. Revenue was recognized when the progress towards complete satisfaction of performance obligations.

Estimates of revenues, costs, or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

(f) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of IAS 34, “Interim Financial Reporting”.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(g) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using that actuarially determined pension cost rate at the end of the prior fiscal year adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events..

SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 “Interim Financial Reporting” and endorsed by the FSC 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 estimations.

Except for the following, the preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2020.

Judgment of whether the Group has substantive control over its investees

- (a) The Group holds 34.09% of the voting shares and is the sole largest shareholder of ADVANCEDTEK INTERNATIONAL. In January 2021, the Group obtained letters of support signed by original shareholders representing 20.36% of the company’s shareholding, promising and supporting the Group 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 Group has substantive control over ADVANCEDTEK INTERNATIONAL and indirectly control over its subsidiary, APEO Human Capital. Therefore, ADVANCEDTEK INTERNATIONAL and its subsidiary have been included in the Group’s consolidated financial statements.
- (b) The Group holds 35.01% of the voting shares and is the sole largest shareholder of STATINC. Although the Group did not own more than half of the voting rights of the company, the Group owns more than half of their total number of directors of the Board; therefore, it is determined that the Group has substantive control over the entity. Hence, the company has been included in the Group’s consolidated financial statements.

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2020. Please refer to note 6 of the 2020 annual consolidated financial statements.

- (a) Cash and cash equivalents

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Cash on hand and petty cash	\$ 440	283	318
Check and demand deposits	1,328,261	761,432	1,106,505
Time deposits	-	-	18,409
Bonds with repurchase agreement	-	-	53,388
	<u>\$ 1,328,701</u>	<u>761,715</u>	<u>1,178,620</u>

(Continued)

SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Financial assets at fair value through profit or loss:			
Current:			
Open-end funds	\$ -	177,017	201,172
Pre-purchased foreign currency forward contracts	430	101	-
Non-current:			
Foreign and domestic unlisted stocks	187,119	157,694	9,650
Domestic unlisted equities	<u>100,000</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 287,549</u>	<u>334,812</u>	<u>210,822</u>
	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Financial liabilities at fair value through profit or loss:			
Current:			
Pre-purchased foreign currency forward contracts	\$ (370)	(655)	(4,082)
Contingent considerations arising from business combinations	(13,237)	(2,395)	(255)
Non-current:			
Contingent considerations arising from business combinations	<u>(91,292)</u>	<u>(78,836)</u>	<u>(70,301)</u>
Total	<u>\$ (104,899)</u>	<u>(81,886)</u>	<u>(74,638)</u>

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.

(Continued)

SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (ii) The Group 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 Group’s derivatives recognized as held for trading financial assets and liabilities to which hedging accounting was not applicable:

Financial instruments	June 30, 2021		
	Nominal amounts	Maturity period	Pre-agreed exchange rate
Pre-purchased foreign currency forward contracts			
Buy USD/Sell NTD	USD10,110 thousand	2021.07.01~ 2021.08.30	27.693~28.030
Buy USD/Sell ZAR	USD 528 thousand	2021.07.01~ 2021.08.12	14.084~14.342
Financial instruments	December 31, 2020		
	Nominal amounts	Maturity period	Pre-agreed exchange rate
Pre-purchased foreign currency forward contracts			
Buy USD/Sell NTD	USD22,818 thousand	2021.01.04~ 2021.03.25	28.096~28.655
Buy USD/Sell ZAR	USD 1,500 thousand	2021.01.29	14.930
Financial instruments	June 30, 2020		
	Nominal amounts	Maturity period	Pre-agreed exchange rate
Pre-purchased foreign currency forward contracts			
Buy USD/Sell NTD	USD16,502 thousand	2020.07.01~ 2020.09.25	29.539~29.996
Buy USD/Sell ZAR	USD 1,000 thousand	2020.07.31	18.22

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Notes receivable (including long-term)	\$ 73,847	187,429	233,594
Accounts receivable	2,117,476	1,877,636	1,948,604
Accounts receivable due from related parties	66,658	10,903	114,682
Less: loss allowance	<u>(30,412)</u>	<u>(47,333)</u>	<u>(40,848)</u>
Total	<u>\$ 2,227,569</u>	<u>2,028,635</u>	<u>2,256,032</u>
Current	\$ 2,209,607	2,004,474	2,237,441
Non-current	<u>17,962</u>	<u>24,161</u>	<u>18,591</u>
Total	<u>\$ 2,227,569</u>	<u>2,028,635</u>	<u>2,256,032</u>

- (i) As of June 30, 2021, December 31, 2020 and June 30, 2020 the Group provide notes and accounts receivable (including long-term and related parties) pledged as collateral for the short-term borrowings; please refer to Note 8. The above-mentioned notes and accounts receivable, whose maturity period were less than one year, were not discounted and their carrying amounts were presumed to approximate their fair value.
- (ii) Non-current notes receivable mainly arose from installment sales.
- (iii) The Group applies the simplified approach to provide for its expected credit losses (“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 ECL on notes and accounts receivable was as follows:

	<u>June 30, 2021</u>		
	<u>Gross carry amount of accounts and notes receivable</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance for lifetime expected credit losses</u>
Current	\$ 2,133,903	0.24%	5,153
1 to 30 days past due	66,947	2.03%	1,360
31 to 60 days past due	917	9.81%	90
61 to 90 days past due	5,588	20.85%	1,165
91 to 120 days past due	334	47.60%	159
More than 121 days past due	<u>50,292</u>	44.71%	<u>22,485</u>
	<u>\$ 2,257,981</u>		<u>30,412</u>

(Continued)

SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2020		
	Gross carry amount of accounts and notes receivable	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Current	\$ 1,937,264	0.11%	2,105
1 to 30 days past due	46,206	1.17%	542
31 to 60 days past due	25,290	9.54%	2,412
61 to 90 days past due	20,099	19.57%	3,933
91 to 120 days past due	17,492	49.98%	8,742
More than 121 days past due	<u>29,617</u>	99.94%	<u>29,599</u>
	<u>\$ 2,075,968</u>		<u>47,333</u>
	June 30, 2020		
	Gross carry amount of accounts and notes receivable	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Current	\$ 2,174,118	0.24%	5,118
1 to 30 days past due	82,452	3.04%	2,509
31 to 60 days past due	3,093	9.83%	304
61 to 90 days past due	4,859	18.56%	902
91 to 120 days past due	220	38.64%	85
More than 121 days past due	<u>32,138</u>	99.35%	<u>31,930</u>
	<u>\$ 2,296,880</u>		<u>40,848</u>

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

	For the six months ended June 30	
	2021	2020
Beginning balance	\$ 47,333	53,520
Acquisition	162	-
Impairment losses recognized (reversal of impairment loss)	(17,113)	4,501
Transferred to other receivables	-	(15,955)
Effects of exchange rate changes	<u>30</u>	<u>(1,218)</u>
Ending balance	<u>\$ 30,412</u>	<u>40,848</u>

(Continued)

SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Other receivables

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Other receivables	\$ 17,399	18,406	17,863
Less: loss allowance	(16,927)	(16,927)	(16,927)
	<u>\$ 472</u>	<u>1,479</u>	<u>936</u>

(i) As of June 30, 2021, December 31, 2020 and June 30, 2020, there was no other receivables that was past due but not impaired.

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

	<u>For the six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 16,927	9,549
Write-offs of uncollectible amount for the period	-	(8,577)
Transferred from accounts receivable	-	15,955
Ending balance	<u>\$ 16,927</u>	<u>16,927</u>

(e) Inventories

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Merchandise inventory	\$ <u>3,002,257</u>	<u>3,014,963</u>	<u>3,171,266</u>

(i) For the three months ended June 30, 2021 and 2020 and the six months ended June 30, 2021 and 2020, losses (reversal) on inventories written down to net realizable value and recognized as operating costs amounted to \$1,100 thousand, \$(8,035) thousand, \$(5,465) thousand and \$35,895 thousand, respectively.

(f) Investments accounted for using equity method

Investments accounted for using the equity method were as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Associates	\$ <u>101,240</u>	<u>132,265</u>	<u>219,209</u>

(i) As of February 1, 2021, the Group acquired 500 thousand shares (29.41% of ownership) by \$5,000 thousand of cash. The price had been fully paid up.

(Continued)

SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (ii) In September and October 2020, the Group 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 Group 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 Group only had significant influence over ADVANCEDTEK INTERNATIONAL and evaluated using the equity method. In January 2021, the Group obtained letters of support signed by original shareholders representing 20.36% of the company's shareholding, promising and supporting the Group 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 Group has substantive control over ADVANCEDTEK INTERNATIONAL. Therefore, it has been included in the Group's consolidated financial statements; and the Group obtained more than half of the total number of directors of the Board in May 2021; please refer to Note 6(g) for details.
- (iii) The Group 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 Group 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 Group 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.
- (iv) Aggregate financial information of associates that were not individually material was summarized as follows. The financial information was included in the Group's consolidated financial statements.

	For the three months ended		For the six months ended	
	June 30		June 30	
	2021	2020	2021	2020
Attributable to the Group:				
Net Profit (Loss)	\$ (3,037)	512	(5,075)	394
Other comprehensive income	349	-	349	-
Total comprehensive income	<u>\$ (2,688)</u>	<u>512</u>	<u>(4,726)</u>	<u>394</u>

- (v) As of June 30, 2021, December 31, 2020 and June 30, 2020, none of the investments accounted for using the equity method was pledged as collateral, or otherwise subject to any restriction.

(Continued)

SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (g) Acquisition of the subsidiary
- (i) Acquisition of the subsidiary-Corex

- 1) Acquisition of consideration transferred of the subsidiary

On January 4, 2021, the Group acquired 100% ownership of Corex amounting \$140,000 thousand from Partner Tech, and obtained control over Corex. Therefore, Corex has been included in the Group's consolidated financial statement from January 4, 2021. Corex is primarily engaged in the sale of computer peripherals. The Group acquired Corex for its business and customers and expend its marketing channel in Africa.

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 Group 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.

Under the contingent consideration arrangement, the Group estimated the contingent consideration based on discounted cash flow method. As of June 30, 2021, the future potential amount of the contingent payment that the Group 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.

(Continued)

SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated 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		26,744
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)
		<u>175,340</u>
Capital surplus	\$	<u><u>45,891</u></u>

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 \$45,891 thousand.

(Continued)

SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Acquisition of the subsidiary-STATINC

1) Acquisition of consideration transferred of the subsidiary

On February 4, 2021, the Group obtained 251 thousand ordinary shares from original shareholders from STATINC for \$10,013 thousand. Furthermore, the Group subscribed 1,504 thousand preferred shares of STATINC for \$60,010 thousand and obtained 35.01% of voting shares. The Group became the largest shareholder and had more than half directors of the Board; therefore, the Group has control over the company, and STATINC has been included in the Group's consolidated financial statement from the acquisition date. STATINC is primarily provide services for enterprises such as market research, marketing consulting, and cloud database of Big data. The Group acquired STATINC for improving the software and hardware business of the Group 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 Group estimated the contingent consideration based on discounted cash flow method and the shareholding ratio of 35.01%. As of June 30, 2021, the future potential amount of the contingent payment that the Group 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
Fair value of contingent considerations transferred		23,298

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

(Continued)

SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
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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)	
Non-controlling interests	(81,123)	49,334
Goodwill		\$ 43,987

3) Intangible assets

Intangible assets are customer relationships, trademarks, patents and others. These are amortized on a straight-line basis over the estimated future economic useful life of 5.9 years, 10 years, 10 years, and 10 years, respectively.

Goodwill arising from the acquisition of STATINC is due to the control premium, the synergies of the combination, future market development and value of workforce, neither of which qualifies as an identifiable intangible asset. None of the goodwill recognized is expected to be deductible for income tax purposes.

4) Pro-forma information

From the acquisition date to June 30, 2021, STATINC had contributed the operating revenue of \$13,680 thousand and the net loss of \$(13,957) thousand to the Group's operating result. If this acquisition had occurred on January 1, 2021, the management estimates that consolidated operating revenue would have been \$5,742,125 thousand, and net profit would have been \$314,694 thousand for the six months ended June 30, 2021.

(Continued)

SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

1) Acquisition of the subsidiary

The Group holds 34.09% of the voting shares and is the largest shareholder of ADVANCEDTEK INTERNATIONAL. In January 2021, the Group obtained letters of support signed by original shareholders representing 20.36% of the company's shareholding, promising and supporting the Group to direct the company's significant operating activities and obtain more than half of the total number of directors of the Board. The Group had control over ADVANCEDTEK INTERNATIONAL and its subsidiaries; therefore, they had been included in the Group's consolidated financial statements. In May 2021, the Group 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 Group expends its information-related consultancy service for strategic investment.

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
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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)	
Non-controlling interests		(38,578)	19,989
Goodwill	\$		12,131

(Continued)

SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Intangible assets

Goodwill arising from its profitability, future market development and value of workforce, neither of which qualifies as an identifiable intangible asset. None of the goodwill recognized is expected to be deductible for income tax purposes.

4) Pro-forma information

From the acquisition date to June 30, 2021, ADVANCEDTEK INTERNATIONAL had contributed the operating revenue of \$106,883 thousand and the net profit of \$10,300 thousand to the Group's operating result.

(h) Changes in ownership interest in a subsidiary

On March 2, 2021, the Group subscribed 4,000 thousand shares of EPIC CLOUD INFORMATION INTEGRATION for \$40,000 thousand. On March 29, 2021, the Group paid \$500 thousand for 50 thousand shares from the original shareholders. Therefore, the Group's shareholding ratio increased to 100%, and capital surplus decreased by \$440 thousand due to changes in equity.

(i) Loss control of subsidiaries

(i) Disposal of subsidiary - NEO TREND TECH

On February 26, 2021, the Group sold all shares of its subsidiary, NEO TREND TECH, approved by the Chairman. The contract of purchase and sale of shares had been signed, and disposal-related matters had been completed. Therefore, the Group had lost control over the company. The disposal price was \$50,000 thousand, and the gain amounting to \$20,696 thousand was recorded as other gains and losses.

1) Consideration received

Total consideration received	\$ 50,000
Expenditure associated with consideration received	<u>(150)</u>
Net consideration received	<u>\$ 49,850</u>

(Continued)

SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Identifiable net assets acquired of NEO TREND TECH

Cash and cash equivalents	\$	3,604
Current financial assets at fair value through profit or loss		23,017
Notes and accounts receivable, net		29
Inventories		50
Other current assets		1,221
Right-of-use assets		20,809
Other non-current assets		1,837
Notes and accounts payable		(108)
Accrued expenses		(3,860)
Current lease liabilities		(4,065)
Non-current lease liabilities		<u>(13,380)</u>
	\$	<u>29,154</u>

(ii) Disposal of the subsidiary-DAWNING TECHNOLOGY

On November 5, 2020, the Company, pursuant to a resolution of the Board, approved a change in the shareholding in its subsidiary, DAWNING TECHNOLOGY. Accordingly, the assets and liabilities of DAWNING TECHNOLOGY were recognized as disposal groups classified as held for sale. Please refer to Note 6(f) of the consolidated financial statements for the year ended December 31, 2020. On January 4, 2021, the Company entered into an agreement and completed the sale of the shares; therefore, losing control over DAWNING TECHNOLOGY. The disposal price was \$266,595 thousand, and the gain amounting to \$84,232 thousand was recorded as other gains and losses; the details are as follows:

1) Consideration received

Total consideration received	\$	266,595
Expenditure associated with consideration received		<u>(800)</u>
Net consideration received	\$	<u>265,795</u>

(Continued)

SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Identifiable net assets of DAWNING TECHNOLOGY

Non-current assets held for sale

Cash and cash equivalents	\$	107,704
Inventories		177,319
Notes and accounts receivable, net		423,595
Prepayments		1,546
Other current assets		5,773
Property, plant and equipment		9,315
Right-of-use assets		33,630
Deferred income tax assets		8,683
Other non-current assets		3,044

Liabilities directly associated with non-current assets held for sale

Short-term borrowings		(43,022)
Current financial liabilities at fair value through profit or loss		(330)
Contract liabilities		(3,050)
Notes and accounts payable		(230,008)
Other payables		(51,564)
Current and non-current lease liabilities		(22,609)
Advance receipts		(6,907)
Other current liabilities		(582)
Other non-current liabilities		(135)
		412,402
Non-controlling interests		(227,162)
Receivables between the Group		(3,677)
	\$	<u>181,563</u>

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings and construction</u>	<u>Office and other equipment</u>	<u>Total</u>
Cost:				
Balance on January 1, 2021	\$ 589,896	375,930	210,314	1,176,140
Acquisition	-	-	19,133	19,133
Additions	-	-	1,693	1,693
Disposal	-	-	(2,951)	(2,951)
Transferred from inventories	-	-	8,620	8,620
Effects of exchange rate changes	-	-	241	241
Balance on June 30, 2021	<u>\$ 589,896</u>	<u>375,930</u>	<u>237,050</u>	<u>1,202,876</u>
Balance on January 1, 2020	\$ 599,659	379,906	223,097	1,202,662
Additions	-	-	2,648	2,648
Transferred to investment property	(9,763)	(3,976)	-	(13,739)
Transferred from inventories	-	-	7,373	7,373
Effects of exchange rate changes	-	-	(6,292)	(6,292)
Balance on June 30, 2020	<u>\$ 589,896</u>	<u>375,930</u>	<u>226,826</u>	<u>1,192,652</u>
Accumulated depreciation:				
Balance on January 1, 2021	\$ -	70,384	147,226	217,610
Acquisition	-	-	17,447	17,447
Depreciation	-	3,727	13,882	17,609
Disposal	-	-	(2,380)	(2,380)
Effects of exchange rate changes	-	-	223	223
Balance on June 30, 2021	<u>\$ -</u>	<u>74,111</u>	<u>176,398</u>	<u>250,509</u>
Balance on January 1, 2020	\$ -	63,618	135,028	198,646
Depreciation	-	3,748	14,763	18,511
Transferred to investment property	-	(709)	-	(709)
Effects of exchange rate changes	-	-	(4,794)	(4,794)
Balance on June 30, 2020	<u>\$ -</u>	<u>66,657</u>	<u>144,997</u>	<u>211,654</u>
Carrying amounts:				
January 1, 2021	<u>\$ 589,896</u>	<u>305,546</u>	<u>63,088</u>	<u>958,530</u>
June 30, 2021	<u>\$ 589,896</u>	<u>301,819</u>	<u>60,652</u>	<u>952,367</u>
January 1, 2020	<u>\$ 599,659</u>	<u>316,288</u>	<u>88,069</u>	<u>1,004,016</u>
June 30, 2020	<u>\$ 589,896</u>	<u>309,273</u>	<u>81,829</u>	<u>980,998</u>

(Continued)

SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (i) The Group identified its property, plant, and equipment from the acquisition of ADVANCEDTEK INTERNATIONAL and STATINC, respectively, in January and February 2021. Please refer to Note 6(g) for details.
- (ii) As of June 30, 2021, December 31, 2020 and June 30, 2020, property, plant, and equipment were pledged as collateral for short-term and long-term borrowings, please refer to note 8.

(k) Investment property

Information about investment property was presented below:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Total</u>
Carrying amounts:			
January 1, 2021	\$ <u>9,763</u>	<u>3,207</u>	<u>12,970</u>
June 30, 2021	\$ <u>9,763</u>	<u>3,167</u>	<u>12,930</u>
January 1, 2020	\$ -	-	-
June 30, 2020	\$ <u>9,763</u>	<u>3,247</u>	<u>13,010</u>

- (i) There were no significant purchase, disposal, impairment loss or reversal gain on investment property for the six months ended June 30, 2021 and 2020. Please refer to note 6(k) of the consolidated financial statements for the year ended December 31, 2020 for other related information.
- (ii) As of June 30, 2021, December 31, 2020 and June 30, 2020, none of the Group's investment property was pledged as collateral.

(l) Right-of-use assets

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

	<u>Buildings and construction</u>	<u>Others</u>	<u>Total</u>
Cost:			
Balance on January 1, 2021	\$ 280,880	5,475	286,355
Acquisition	34,920	-	34,920
Additions	11,477	-	11,477
Derecognized of subsidiary	(24,416)	-	(24,416)
Decrease	(9,475)	-	(9,475)
Effects of exchange rate changes	<u>398</u>	<u>46</u>	<u>444</u>
Balance on June 30, 2021	<u>\$ 293,784</u>	<u>5,521</u>	<u>299,305</u>

(Continued)

SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Buildings and construction	Others	Total
Balance on January 1, 2020	\$ 268,861	7,702	276,563
Additions	59,883	563	60,446
Decrease	(10,624)	-	(10,624)
Effects of exchange rate changes	(11,048)	(1,555)	(12,603)
Balance on June 30, 2020	\$ 307,072	6,710	313,782
Accumulated depreciation:			
Balance on January 1, 2021	\$ 82,557	2,390	84,947
Acquisition	12,060	-	12,060
Depreciation	20,899	729	21,628
Derecognized of the subsidiary	(3,607)	-	(3,607)
Decrease	(3,652)	-	(3,652)
Effects of exchange rate changes	322	29	351
Balance on June 30, 2021	\$ 108,579	3,148	111,727
Balance on January 1, 2020	\$ 61,571	2,282	63,853
Depreciation	20,388	1,052	21,440
Decrease	(10,624)	-	(10,624)
Effects of exchange rate changes	(7,287)	(546)	(7,833)
Balance on June 30, 2020	\$ 64,048	2,788	66,836
Carrying amount:			
January 1, 2021	\$ 198,323	3,085	201,408
June 30, 2021	\$ 185,205	2,373	187,578
January 1, 2020	\$ 207,290	5,420	212,710
June 30, 2020	\$ 243,024	3,922	246,946

- (i) The Group identified its right-of-use assets from the acquisition of ADVANCEDTEK INTERNATIONAL and STATINC, respectively, in January and February, 2021. Please refer to Note 6(g) for details.
- (ii) The Group derecognized right-of-use assets due to lost control over NEO TREND TECH in February 2021. Please refer to Note 6(i) for details.

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
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(m) Intangible assets

Information about the costs and accumulated depreciation of intangible asset was presented below:

	<u>Goodwill</u>	<u>Patents and trademarks</u>	<u>Customer relationships</u>	<u>Others</u>	<u>Total</u>
Cost:					
Balance on January 1, 2021	\$ 115,515	-	6,856	-	122,371
Additions	-	-	-	106	106
Acquisition	56,118	5,521	1,827	28,149	91,615
Effects of exchange rate changes	<u>1,105</u>	<u>-</u>	<u>58</u>	<u>-</u>	<u>1,163</u>
Balance on June 30, 2021	<u>\$ 172,738</u>	<u>5,521</u>	<u>8,741</u>	<u>28,255</u>	<u>215,255</u>
Balance on January 1, 2020	\$ 127,670	-	7,592	-	135,262
Effects of exchange rate changes	<u>(25,316)</u>	<u>-</u>	<u>(1,533)</u>	<u>-</u>	<u>(26,849)</u>
Balance on June 30, 2020	<u>\$ 102,354</u>	<u>-</u>	<u>6,059</u>	<u>-</u>	<u>108,413</u>
Accumulated impairment loss and amortization:					
Balance on January 1, 2021	\$ 1,966	-	3,101	-	5,067
Acquisition	-	3	-	234	237
Amortization	-	230	885	1,197	2,312
Effects of exchange rate changes	<u>-</u>	<u>-</u>	<u>(88)</u>	<u>-</u>	<u>(88)</u>
Balance on June 30, 2021	<u>\$ 1,966</u>	<u>233</u>	<u>3,898</u>	<u>1,431</u>	<u>7,528</u>
Balance on January 1, 2020	\$ 1,966	-	2,026	-	3,992
Amortization	-	-	756	-	756
Effects of exchange rate changes	<u>-</u>	<u>-</u>	<u>(604)</u>	<u>-</u>	<u>(604)</u>
Balance on June 30, 2020	<u>\$ 1,966</u>	<u>-</u>	<u>2,178</u>	<u>-</u>	<u>4,144</u>
Carrying amount:					
January 1, 2021	<u>\$ 113,549</u>	<u>-</u>	<u>3,755</u>	<u>-</u>	<u>117,304</u>
June 30, 2021	<u>\$ 170,772</u>	<u>5,288</u>	<u>4,843</u>	<u>26,824</u>	<u>207,727</u>
January 1, 2020	<u>\$ 125,704</u>	<u>-</u>	<u>5,566</u>	<u>-</u>	<u>131,270</u>
June 30, 2020	<u>\$ 100,388</u>	<u>-</u>	<u>3,881</u>	<u>-</u>	<u>104,269</u>

(i) The Group identified its intangible assets from the acquisition of ADVANCEDTEK INTERNATIONAL and STATINC, respectively, in January and February, 2021. Please refer to Note 6(g) for details.

(ii) As of June 30, 2021, December 31, 2020 and June 30, 2020, none of the intangible assets was pledged as collateral.

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Short-term Borrowings

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Unsecured bank loans	\$ 979,604	464,759	388,950
Secured bank loans	-	50,000	-
	<u>\$ 979,604</u>	<u>514,759</u>	<u>388,950</u>
Range of interest rates at the end of period	<u>0.84%~1.95%</u>	<u>0.82%~6.20%</u>	<u>0.93%~7.85%</u>

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

(o) Long-term Borrowings

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

	<u>June 30, 2021</u>			
	<u>Currency</u>	<u>Rate</u>	<u>Maturity period</u>	<u>Amount</u>
Secured bank loans	NTD	1.10%~1.21%	2021.07~2039.03	\$ 302,078
Less: current portion				(16,944)
Total				<u>\$ 285,134</u>
Unused credit lines				<u>\$ -</u>
	<u>December 31, 2020</u>			
	<u>Currency</u>	<u>Rate</u>	<u>Maturity period</u>	<u>Amount</u>
Secured bank loans	NTD	1.10%~1.30%	2021.01~2039.03	\$ 310,497
Less: current portion				(16,822)
Total				<u>\$ 293,675</u>
Unused credit lines				<u>\$ -</u>
	<u>June 30, 2020</u>			
	<u>Currency</u>	<u>Rate</u>	<u>Maturity period</u>	<u>Amount</u>
Secured bank loans	NTD	1.05%~1.21%	2020.07~2039.03	\$ 318,912
Less: current portion				(16,807)
Total				<u>\$ 302,105</u>
Unused credit lines				<u>\$ -</u>

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

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
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(p) Lease liabilities

The carrying amounts of the Group's lease liabilities were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Current	\$ 37,956	35,265	40,357
Non-current	155,957	168,349	204,094
	\$ 193,913	203,614	244,451

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Interest on lease liabilities	\$ 875	1,073	1,828	2,211
Revenue from sublease of right-of-use asset	\$ (276)	(552)	(1,250)	(1,543)

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

	For the six months ended June 30	
	2021	2020
Interest payments for lease liabilities in operating activities	\$ (1,828)	(2,211)
Payments of lease liabilities in financing activities	(21,044)	(19,183)
Total cash outflow for leases	\$ (22,872)	(21,394)

Real estate leases

The Group leases buildings and construction 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 Group's leased right-of-use assets under operating leases, please refer to note 6(q).

(q) Operating leases

The Group leases out its investment property and right-of-use assets. The Group 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 (l).

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
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A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date was as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Less than one year	\$ 2,019	1,204	1,714
One to two years	1,997	857	857
Two to three years	1,999	857	857
Three to four years	1,816	857	857
Four to five years	1,174	214	643
More than five years	<u>2,151</u>	<u>-</u>	<u>-</u>
	<u>\$ 11,156</u>	<u>3,989</u>	<u>4,928</u>

(r) Employee benefits - Defined contribution plans

The Group 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. Foreign subsidiaries make contributions in compliance with their respective local regulations. Under these defined contribution plans, the Group allocates a fixed amount to the authorities without additional legal or constructive obligation.

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Operating costs	\$ 845	-	1,580	-
Operating expenses	<u>5,360</u>	<u>5,520</u>	<u>10,374</u>	<u>10,570</u>
	<u>\$ 6,205</u>	<u>5,520</u>	<u>11,954</u>	<u>10,570</u>

(s) Income taxes

(i) Income tax expenses:

Income tax expenses are summarized as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current income tax expense	<u>\$ 16,253</u>	<u>41,168</u>	<u>47,847</u>	<u>72,201</u>

(ii) The Group had no income taxes recognized directly in equity and other comprehensive income for the three and six months ended June 30, 2021 and 2020, respectively.

(iii) The Company's income tax returns for the years through 2019 have been examined and approved by the R.O.C. tax authorities.

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Capital and other equity

Except for the following disclosure, there was no significant change in capital and other equity for the six months ended June 30, 2021 and 2020. For related information, please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2020.

(i) Capital surplus

The components of capital surplus were as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Share capital premium	\$ 1,204,059	1,249,950	1,249,950
Treasury share transactions	54,637	54,637	54,637
Difference arising from subsidiary's share price and its carrying value from acquisition or disposal of the subsidiary	27,984	28,424	27,964
Changes in equity of associates accounted under equity method	821	-	-
	<u>\$ 1,287,501</u>	<u>1,333,011</u>	<u>1,332,551</u>

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 in proportion to shareholders held. 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 increase 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 regulatory agency.

(ii) Retain earning

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 according to operating requirements of the company or regulations, after the payment of income tax and offsetting accumulated losses from prior years. The remaining portion will be combined with earnings from prior years, and the Board of directors can propose distribution plan to be approved by 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 to the Company's shareholder's meeting.

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
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As the Company is in its growth phase, it has adopted a residual dividend policy to pay dividends after the end of the year from the earnings of the current year and accumulated earnings from prior years, and to determine dividend appropriation 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 20% 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 provided that the balance of the reserve exceeds 25% of the Company's paid in capital.

2) 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 expected to hold 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	
	2020	2019
Dividends to shareholders - cash, \$2.5 and \$2 per share	\$ 470,894	376,715
Dividends to shareholders - cash from capital surplus, \$1 per share	-	188,357
	\$ 470,894	565,072

(u) Earnings per share

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

	For the three months ended		For the six months ended	
	June 30		June 30	
	2021	2020	2021	2020
Basic earnings per share:				
Profit attributable to the Company	\$ 89,653	159,993	312,615	278,928
Weighted-average number of ordinary shares outstanding (basic / thousand shares)	188,357	188,357	188,357	188,357
Earnings per share (dollars)	\$ 0.48	0.85	1.66	1.48

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Diluted earnings per share:				
Profit attributable to the Company	\$ <u>89,653</u>	<u>159,993</u>	<u>312,615</u>	<u>278,928</u>
Weighted-average number of ordinary shares outstanding (diluted / thousand shares)	<u>189,099</u>	<u>189,111</u>	<u>189,556</u>	<u>189,784</u>
Earnings per share (dollars)	\$ <u>0.47</u>	<u>0.85</u>	<u>1.65</u>	<u>1.47</u>

(v) Revenue from contracts with customers

(i) Details of revenue

For the three months ended June 30, 2021						
	Information Architecture	Computing and cloud applications	Digital application integration	Software and Information Services	Other products	Total
Major products/service lines:						
Sale of goods	\$ 745,725	1,375,066	440,067	-	40,271	2,601,129
Rendering of services	-	-	-	147,538	-	147,538
Total	<u>\$ 745,725</u>	<u>1,375,066</u>	<u>440,067</u>	<u>147,538</u>	<u>40,271</u>	<u>2,748,667</u>
For the three months ended June 30, 2020						
	Information Architecture	Computing and cloud applications	Digital application integration	Software and Information Services	Other products	Total
Major products/service lines:						
Sale of goods	\$ 1,014,025	1,906,725	892,436	-	18,422	3,831,608
Rendering of services	-	-	-	152,147	-	152,147
Total	<u>\$ 1,014,025</u>	<u>1,906,725</u>	<u>892,436</u>	<u>152,147</u>	<u>18,422</u>	<u>3,983,755</u>
For the six months ended June 30, 2021						
	Information Architecture	Computing and cloud applications	Digital application integration	Software and Information Services	Other products	Total
Major products/service lines:						
Sale of goods	\$ 1,594,401	2,776,054	989,304	-	84,786	5,444,545
Rendering of services	-	-	-	297,457	-	297,457
Total	<u>\$ 1,594,401</u>	<u>2,776,054</u>	<u>989,304</u>	<u>297,457</u>	<u>84,786</u>	<u>5,742,002</u>

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the six months ended June 30, 2020					
	Information Architecture	Computing and cloud applications	Digital application integration	Software and Information Services	Other products	Total
Major products/service lines:						
Sale of goods	\$ 1,939,669	3,328,303	1,929,485	-	56,949	7,254,406
Rendering of services	-	-	-	239,511	-	239,511
Total	\$ 1,939,669	3,328,303	1,929,485	239,511	56,949	7,493,917

(ii) Contract balances

	June 30, 2021	December 31, 2020	June 30, 2020
Notes receivable (including long-term)	\$ 73,847	187,429	233,594
Accounts receivable (including related parties)	2,184,134	1,888,539	2,063,286
Less: loss allowance	(30,412)	(47,333)	(40,848)
	\$ 2,227,569	2,028,635	2,256,032
Contract assets	\$ 2,996	-	-
Contract liabilities	\$ 243,398	323,854	492,228

- 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 three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Revenue Recognition	\$ 43,492	406,241	243,268	632,202

- 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.

(w) Remuneration to employees, directors, and supervisors

In accordance with the Article of Association, once the company has annual report, the Company should contribute no less than 8% of the profit as employee remuneration and less than 2% as directors' and supervisors' remuneration. (In May 2019, according to a resolution reached in a shareholders' meeting, the Company established an audit committee to replace supervisors.) 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.

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
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The Company estimated its remuneration to employees at \$9,219 thousand, \$17,600 thousand, \$31,336 thousand and \$30,700 thousand for the three months ended June 30, 2021 and 2020 and the six months ended June 30, 2021 and 2020, respectively, and estimated its remuneration to directors at \$865 thousand, \$1,620 thousand, \$2,938 thousand and \$2,810 thousand, respectively. These 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. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

For the years ended December 31, 2020 and 2019, the remunerations to employees amounted to \$60,450 and \$45,200, respectively. The remunerations to directors and supervisors amounted to \$5,650 thousand and \$5,040 thousand, respectively. There was no difference from the actual distribution. The information is available on the Market Observation Post System website.

(x) Non-operating income and expenses

(i) Other income

The Group's other income was as follows:

	<u>For the three months ended</u> <u>June 30</u>		<u>For the six months ended</u> <u>June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Rent income	\$ <u>683</u>	<u>840</u>	<u>2,113</u>	<u>1,960</u>

(ii) Other gains and losses

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

	<u>For the three months ended</u> <u>June 30</u>		<u>For the six months ended</u> <u>June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Net Foreign exchange gains	\$ 10,661	8,175	12,529	(22,669)
Net gains on valuation of financial assets (liabilities) at fair value through profit or loss	(4,116)	(680)	30,085	19,723
Gain on disposal of non-current assets or liabilities held for sale	-	-	84,232	-
Gain on disposal of subsidiary	-	-	20,696	-
Gains on disposal of property, plant and equipment	-	-	137	-
Others	<u>303</u>	<u>(14)</u>	<u>6,572</u>	<u>(466)</u>
	<u>\$ 6,848</u>	<u>7,481</u>	<u>154,251</u>	<u>(3,412)</u>

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Finance costs

The details of the financial costs were as follows:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2021	2020	2021	2020
Interest on bank loans	\$ 2,784	5,410	5,753	10,008
Interest on lease liabilities	875	1,073	1,828	2,211
	\$ 3,659	6,483	7,581	12,219

(y) Financial instruments

Except for the following disclosure, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(x) of the consolidated financial statements for the year ended December 31, 2020.

(i) Credit risk

1) The maximum exposure to credit risk

The carrying amount of financial assets represent the maximum amount exposed to credit risk.

2) Concentration of credit risk

As of June 30, 2021, December 31, 2020 and June 30, 2020, The Group believes that there is no significant concentration of credit risk due to its customer fragmentation.

3) Credit risk of receivables

For credit risk exposure of note and accounts receivable, please refer to note 6(c). Other financial assets measured at amortized cost include other receivables. For related information for details and impairment, please refers to note 6(d).

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
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(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1~5 years</u>	<u>Over 5 years</u>
June 30, 2021					
Non-derivative financial liabilities					
Financial liabilities at fair value through profit or loss - Contingent considerations arising from business combinations (Current and Non-current)	\$ 104,529	185,556	14,061	171,495	-
Long-term and short-term borrowings	1,281,682	1,317,281	1,005,565	81,196	230,520
Lease liabilities	193,913	201,227	40,753	116,433	44,041
Notes and accounts payable	1,635,166	1,635,166	1,635,166	-	-
Other payables	327,479	327,479	327,479	-	-
Dividends payable	475,796	475,796	475,796	-	-
Guarantee deposits	1,801	1,801	1,801	-	-
Derivative financial liabilities					
Outflow	370	211,029	211,029	-	-
Inflow	-	(210,659)	(210,659)	-	-
	<u>\$ 4,020,736</u>	<u>4,144,676</u>	<u>3,500,991</u>	<u>369,124</u>	<u>274,561</u>
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	825,256	860,775	536,851	81,957	241,967
Lease liabilities	203,614	212,349	38,429	117,941	55,979
Notes and accounts payable	1,572,265	1,572,265	1,572,265	-	-
Other payables	439,769	439,769	439,769	-	-
Guarantee deposits	1,621	1,621	1,621	-	-
Derivative financial liabilities					
Outflow	655	647,224	647,224	-	-
Inflow	-	(646,569)	(646,569)	-	-
	<u>\$ 3,124,411</u>	<u>3,245,321</u>	<u>2,591,985</u>	<u>206,665</u>	<u>446,671</u>

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1~5 years</u>	<u>Over 5 years</u>
June 30, 2020					
Non-derivative financial liabilities					
Financial liabilities at fair value through profit or loss - Contingent considerations arising from business combinations (Current and Non-current)	\$ 70,556	101,043	255	100,788	-
Long-term and short-term borrowings	707,862	744,782	410,567	82,039	252,176
Lease liabilities	244,451	255,333	44,088	143,328	67,917
Notes and accounts payable	1,539,949	1,539,949	1,539,949	-	-
Other payables	508,749	508,749	508,749	-	-
Guarantee deposits	6,017	6,017	6,017	-	-
Dividends payable	595,076	595,076	595,076	-	-
Derivative financial liabilities					
Other forward exchange contracts					
Outflow	4,082	522,523	522,523	-	-
Inflow	-	(518,441)	(518,441)	-	-
	<u>\$ 3,676,742</u>	<u>3,755,031</u>	<u>3,108,783</u>	<u>326,155</u>	<u>320,093</u>

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

	<u>June 30, 2021</u>			<u>December 31, 2020</u>			<u>June 30, 2020</u>		
	<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD/NTD	\$ 9,886	27.87	275,513	4,902	28.35	138,980	12,319	29.66	365,381
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD/NTD	\$ 30,018	27.87	836,545	33,120	28.35	938,966	28,654	29.66	849,872

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2) Sensitivity analysis

The Group'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 notes 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 Group uses derivative instruments to hedge exchange rate risk (see Note 6(b)). An appreciation (depreciation) of 1% of the USD against NTD as of June 30, 2021 and 2020, with all other variables including derivative financial instruments remaining constant, would have increased or decreased the profit before income tax by \$2,646 thousand and decreased or increased the profit before income tax by \$346 thousand, respectively. The analysis for both periods was performed on the same basis.

3) Foreign exchange gains and losses on monetary items

The amounts of exchange gains and losses (including realized and unrealized) of monetary items of the Group which were converted into functional currency, and the exchange rate information converted to the Company's functional currency, NTD, are as follows:

	For the six months ended June 30, 2021		For the six months ended June 30, 2020	
	Foreign exchange (loss) gain	Average exchange rate	Foreign exchange (loss) gain	Average exchange rate
NTD	\$ 13,163	1	5,070	1
ZAR	(634)	1.93	(27,739)	1.86
	\$ 12,529		(22,669)	

(iv) Fair value of financial instruments

1) Types 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 Group'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:

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	Carrying amount	June 30, 2021			
		Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Pre-purchased forward exchange contracts	\$ 430	-	-	430	430
Foreign and domestic unlisted stocks	187,119	-	-	187,119	187,119
Domestic unlisted equities	<u>100,000</u>	-	-	100,000	100,000
	<u>\$ 287,549</u>				
Financial assets at amortized cost:					
Cash and cash equivalents	\$ 1,328,701				
Notes and accounts receivable (including long-term and related parties)	2,227,569				
Other receivables	472				
Refundable deposits	<u>70,132</u>				
	<u>\$ 3,626,874</u>				
Financial liabilities at fair value through profit or loss:					
Contingent considerations arising from business combinations	\$ 104,529	-	-	104,529	104,529
Pre-purchased forward exchange contracts	<u>370</u>	-	-	370	370
	<u>\$ 104,899</u>				
Financial liabilities measured at amortized cost:					
Long-term and short-term borrowings	\$ 1,281,682				
Lease liabilities	193,913				
Notes and accounts payable	1,635,166				
Other payables	327,479				
Guarantee deposits	1,801				
Dividends payable	<u>475,796</u>				
	<u>\$ 3,915,837</u>				

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	Carrying amount	December 31, 2020			
		Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Open-end funds	\$ 177,017	-	177,017	-	177,017
Foreign and domestic unlisted stocks	157,694	-	-	157,694	157,694
Pre-purchased forward exchange contracts	<u>101</u>	-	-	101	101
	<u>\$ 334,812</u>				
Financial assets at amortized cost					
Cash and cash equivalents	\$ 761,715				
Notes and accounts receivable (including long-term and related parties)	2,028,635				
Other receivables	1,479				
Refundable deposits	<u>65,581</u>				
	<u>\$ 2,857,410</u>				
Financial liabilities at fair value through profit or loss:					
Pre-purchased forward exchange contracts	\$ 655	-	-	655	655
Contingent considerations arising from business combinations	<u>81,231</u>	-	-	81,231	81,231
	<u>\$ 81,886</u>				
Financial liabilities measured at amortized cost:					
Long-term and short-term borrowings	\$ 825,256				
Lease liabilities	203,614				
Notes and accounts payable	1,572,265				
Other payables	439,769				
Guarantee deposits	<u>1,621</u>				
	<u>\$ 3,042,525</u>				

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
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	<u>Carrying amount</u>	<u>June 30, 2020</u>			<u>Total</u>
		<u>Fair value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets at fair value through profit or loss					
Open-end funds	\$ 201,172	-	201,172	-	201,172
Foreign and domestic unlisted stocks	<u>9,650</u>	-	-	9,650	9,650
	<u>\$ 210,822</u>				
Financial assets at amortized cost					
Cash and cash equivalents	\$ 1,178,620				
Notes and accounts receivable (including long-term and related parties)	2,256,032				
Other receivables	936				
Refundable deposits	<u>62,666</u>				
	<u>\$ 3,498,254</u>				
Financial liabilities at fair value through profit or loss:					
Pre-purchased forward exchange contracts	\$ 4,082	-	-	4,082	4,082
Contingent considerations arising from business combinations	<u>70,556</u>	-	-	70,556	70,556
	<u>\$ 74,638</u>				
Financial liabilities measured at amortized cost:					
Long-term and short-term borrowings	\$ 707,862				
Lease liabilities	244,451				
Notes and accounts payable	1,539,949				
Other payables	508,749				
Guarantee deposits	6,017				
Dividends payable	<u>595,076</u>				
	<u>\$ 3,602,104</u>				

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 that are generally accepted by the market participants. For instance, discount method or option pricing models. Fair value of forward exchange contracts is usually determined by using the forward currency rate at present.

3) Transfers between Level 1 and Level 2

There were no transfers between level 1 and level 2 of the financial instruments for the six months ended June 30, 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 measured at fair value through profit or loss
January 1, 2021	\$ (554)	76,463
Recognized in profit or loss	614	29,425
Acquisition	-	100,000
Contingent considerations arising from business combinations	-	(23,298)
June 30, 2021	<u>\$ 60</u>	<u>182,590</u>
January 1, 2020	\$ (7,772)	33,806
Recognized in profit or loss	3,690	15,143
Disposal	-	(627)
Reclassify to equity method	-	(109,228)
June 30, 2020	<u>\$ (4,082)</u>	<u>(60,906)</u>

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
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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 June 30, 2021 and 2020 were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Total gains and losses				
Recognized in profit or loss (recognized as other gains and losses)	\$ <u>(4,105)</u>	<u>(933)</u>	<u>29,485</u>	<u>11,061</u>

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

The Group’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 Group 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%~32.13% as of June 30, 2021, 25.00%~34.61% as of December 31, 2020, and 25.00%~34.81% as of June 30, 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 method	· Discount rate (13.35%~15.15% as of June 30, 2021, 15.15% as of December 31, 2020, and 9.98%~18.97% as of June 30, 2020)	· The higher the discount rate, the lower the fair value

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The Group's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions 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
June 30, 2021			
Financial assets at fair value through profit or loss			
Investments in equity instrument without active market	Discount for marketability	\$ <u>(26,761)</u>	<u>26,761</u>
Contingent considerations arising from business combinations	Discount for discount rate	\$ <u>5,119</u>	<u>(5,518)</u>
December 31, 2020			
Financial assets at fair value through profit or loss			
Investments in equity instrument without active market	Discount for marketability	\$ <u>(22,579)</u>	<u>22,579</u>
Contingent considerations arising from business combinations	Discount for marketability	\$ <u>4,760</u>	<u>(5,146)</u>
June 30, 2020			
Financial assets at fair value through profit or loss			
Investments in equity instrument without active market	Discount for marketability	\$ <u>(1,421)</u>	<u>1,421</u>
Contingent considerations arising from business combinations	Discount for marketability	\$ <u>2,319</u>	<u>(2,429)</u>

- (z) Financial risk management

The objective and policies of the Group's financial risk management were not materially different from those disclosed in note 6(y) of the consolidated financial statements for the year ended December 31, 2020.

- (aa) Capital management

The objectives, policies, and procedures of the Group's capital management have been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2020. Also, there was no significant change in the Group's capital management information as disclosed for the year ended December 31, 2020. For relevant information, please refer to note 6(z) of the consolidated financial statements for the year ended December 31, 2020.

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(i) The reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes	June 30, 2021
Long-term borrowings	\$ 310,497	(8,419)	-	302,078
Short-term borrowings	514,759	458,845	6,000	979,604
Other payables	113,742	(113,742)	-	-
Guarantee deposits	1,621	180	-	1,801
Lease liabilities	203,614	(21,044)	11,343	193,913
Total liabilities from financing activities	\$ 1,144,233	315,820	17,343	1,477,396

	January 1, 2020	Cash flows	Non-cash changes	June 30, 2020
Long-term borrowings	\$ 327,181	(8,269)	-	318,912
Short-term borrowings	238,203	150,747	-	388,950
Other payables	60,569	58,072	-	118,641
Guarantee deposits	4,811	1,206	-	6,017
Lease liabilities	217,402	(19,183)	46,232	244,451
Total liabilities from financing activities	\$ 848,166	182,573	46,232	1,076,971

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are related parties that have had transactions with the Group during the periods covered in the consolidated financial statements:

Name of related party	Relationship with the Group
Qisda Corporation (Qisda)	Parent of the Group
BenQ Material Corporation. (BenQ Material)	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
Partner Tech Corporation (Partner Tech)	It and the Company have the same ultimate parent company
DFI Inc. (DFI)	It and the Company have the same ultimate parent company

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Group</u>
Data Image Corporation (Data Image)	It and the Company have the same ultimate parent company
BenQ Corporation (New BenQ)	It and the Company have the same ultimate parent company
SIMULA TECHNOLOGY INC. (SIMULA TECHNOLOGY)	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
BenQ ESCO Corporation (BenQ ESCO)	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
AEWIN Technologies Co., Ltd (AEWIN Technologies)	It and the Company have the same ultimate parent company
BenQ Medical Technology Corporation (BenQ Medical Technology)	It and the Company have the same ultimate parent company
Alpha Networks Inc. (Alpha)	It and the Company have the same ultimate parent company
Topview Optronics Corporation (Topview Optronics)	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
ASIACONNECT INTERNATIONAL COMPANY LTD. (ASIACONNECT)	It and the Company have the same ultimate parent company
Action Star Technology Co., Ltd. (Action Star)	It and the Company have the same ultimate parent company
Webest Solution Corporation (Webest Solution)	Subsidiary of Partner Tech
Transnet Corporation (Transnet)	It and the Company have the same ultimate parent company (Note 1)
HITRON TECHNOLOGIES INC. (HITRON TECHNOLOGIES)	It and the Company have the same ultimate parent company (Note 1)
Interactive Digital Technologies Inc. (Interactive Digital)	It and the Company have the same ultimate parent company (Note 1)
Darfon Electronics Corporation (Darfon Electronics)	Associate of the parent company
AU Optronics Corporation (AUO)	Associate of the parent company
AUO Display Plus Corporation (AUO Display Plus)	Subsidiary of AUO
DARWIN PRECISIONS CORPORATION (DARWIN PRECISIONS)	Subsidiary of AUO

(Continued)

SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Group</u>
GRANDSYS INC. (GRANDSYS)	Associate of the Group (Note 2)
Key management personnel	Key management personnel of the Group

Note 1: The parent company of Transnet, HITRON TECHNOLOGIES and Interactive Digital is 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 2: 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 Group.

(b) Significant related-party transactions

(i) Operating revenue

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

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>June 30</u>		<u>June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Parent Company	\$ 9,922	3,113	48,334	34,483
Associates	633	15,046	743	15,046
Other associates	45,043	60,876	77,859	72,885
	<u>\$ 55,598</u>	<u>79,035</u>	<u>126,936</u>	<u>122,414</u>

The sales prices and payment terms to related parties were not significant different from those of sales to customers, and the credit terms for six months ended June 30, 2021 and 2020, both ranged from 30 to 120 days from the end of the month. Receivables from related parties were not pledged as collaterals, and were assessed not to provide any allowance for impairment loss.

(ii) Purchases

The amounts of significant purchase by the Group from related parties were as follows:

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>June 30</u>		<u>June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Parent Company	\$ -	1,133	(486)	1,133
Other associates	4,237	10,250	7,443	13,943
	<u>\$ 4,237</u>	<u>11,383</u>	<u>6,957</u>	<u>15,076</u>

Purchase prices and payment terms from related parties were similar to those from third-party suppliers. The payment terms for the six months ended June 30, 2021 and 2020, both ranged between 30 to 90 days from the end of the month.

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Receivables from related parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Category of related party</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Accounts receivable	Parent Company	\$ 15,213	20	36,154
	Associates	730	158	15,868
	Other associates	50,715	10,725	62,660
		<u>\$ 66,658</u>	<u>10,903</u>	<u>114,682</u>

(iv) Payables to Related Parties

The payables to related parties were as follows:

<u>Account</u>	<u>Category of related party</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Accounts payable	Parent Company	\$ -	-	680
	Other associates	4,117	907	10,518
		<u>\$ 4,117</u>	<u>907</u>	<u>11,198</u>

(v) Financing from related parties

Borrowings of the Group from related parties were as follows:

<u>Account</u>	<u>Category of related party</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Other payables	Other associates-Partner Tech	\$ -	113,742	118,641

The borrowings from other associates, Partner Tech, bear interest at 3.5% annually and without collaterals. For the three months ended June 30, 2021 and 2020 and the six months ended June 30, 2021 and 2020, interest expenses from the interest-bearing borrowings from related parties amounted to \$3 thousand, \$663 thousand, \$208 thousand and \$1,228 thousand respectively. As of June 30, 2021, the above-mentioned other payables had been fully repaid.

(vi) Acquisition of the subsidiary

The Group had fully acquired Corex from other associates, Partner Tech, at the total price of \$140,000 thousand in January 2021. The price had been paid in full.

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Key management personnel compensation

Key management personnel compensation includes:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2021	2020	2021	2020
Short-term employee benefits	\$ 24,037	14,244	46,679	33,036
Post-employment benefits	328	152	963	311
Termination benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Share-based payment	-	-	-	-
	<u>\$ 24,365</u>	<u>14,396</u>	<u>47,642</u>	<u>33,347</u>

(8) Pledged assets

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

Asset Name	Object	June 30, 2021	December 31, 2020	June 30, 2020
Property, plant and equipment	Long-term and short-term borrowings	\$ 833,623	837,122	840,621
Other non-current assets	Short-term borrowings	3,536	-	-
Accounts receivable	Credit lines for short-term borrowings	76,153	66,943	61,656
		<u>\$ 913,312</u>	<u>904,065</u>	<u>902,277</u>

(9) Commitments and contingencies:

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

	Currency	June 30, 2021	December 31, 2020	June 30, 2020
		Promissory notes issued	NTD	<u>\$ 4,941,000</u>
	USD	<u>\$ 17,350</u>	<u>17,350</u>	<u>17,350</u>

- (b) The Group's unused letters of credit for guarantee of purchasing are as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
	<u>\$ 6,830</u>	<u>-</u>	<u>-</u>

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SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Others:

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

By item	By function	For the three months ended June 30, 2021			For the three months ended June 30, 2020		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		20,521	142,544	163,065	-	166,645	166,645
Labor and health insurance		1,633	10,986	12,619	-	9,541	9,541
Pension		845	5,360	6,205	-	5,520	5,520
Other employee benefits expense		502	8,324	8,826	-	8,339	8,339
Depreciation		1,049	18,181	19,230	-	20,044	20,044
Amortization		6	2,905	2,911	-	1,564	1,564

By item	By function	For the six months ended June 30, 2021			For the six months ended June 30, 2020		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		31,248	314,125	345,373	-	319,812	319,812
Labor and health insurance		3,262	22,408	25,670	-	19,243	19,243
Pension		1,580	10,374	11,954	-	10,570	10,570
Other employee benefits expense		997	18,235	19,232	-	15,548	15,548
Depreciation		2,105	37,172	39,277	-	39,971	39,971
Amortization		13	5,401	5,414	-	3,332	3,332

(b) Seasonal operation:

The operations of the Group are not affected by seasonal or cyclical factors.

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Notes to the Consolidated 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 Group for the six months ended June 30, 2021:

- (i) Loans to other parties: None
- (ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of Guarantor/Endorser	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 for guarantees and endorsements as of reporting date	Actual borrowing amount	Property pledged for guarantees and endorsements	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										
0	the Company	Corex	Subsidiary of the Company	Note 1	142,650	139,340	83,604	-	3.42 %	Note 1	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 \$814,893 thousand when the guarantees and endorsements was provided; the total amount of guarantees and endorsements provided by the Company shall not exceed 40% of the Company's net worth of \$1,629,786 thousand.

(iii) Securities held as balance sheet date (subsidiaries, associates and joint ventures not included):

Unit: thousand shares/thousand units

Holder Company	Category and name of security	Relationship with company	Account	Ending Balance				Note
				Shares/Units	Carrying amount	Percentage of Ownership (%)	Fair value	
the Company	Stock:							
	DYNASAFE TECHNOLOGIES, INC.	-	Non-current financial assets at fair value through profit or loss	3,906	174,678	19.53	174,678	(Note 1)
	CDS Holdings Limited	-	"	600	-	1.12	-	"
	YOBON TECHNOLOGIES, INC.	-	"	3	-	0.42	-	"
	Touch Cloud Inc.	-	"	200	216	1.50	216	"
	Gemini Data, Inc.	-	"	2,706	9,752	2.94	9,752	"
	KINGTEL CORPORATION	-	"	443	2,473	18.09	2,473	"
Equity:								
Taiwania Capital Buffalo Fund V, LP.	-	"	(Note 2)		100,000	13.20	100,000	"
					287,119		287,119	

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

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Notes to the Consolidated 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 real estate with amount exceeding the lower of \$300 million or 20% of the capital stock: None
- (vi) Disposal of real estate with amount exceeding the lower of \$300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of 100 million or 20% of the capital stock: None
- (viii) Receivable from related parties with amount exceeding the lower of \$100 million or 20% of the capital stock: None
- (ix) Trading in derivative instruments: Please refer to note 6(b).
- (x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Transaction details			
				Account	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	the Company	GLOBAL INTELLIGENCE NETWORK	1	Sales revenue	26,884	60 days from the end of the month	0.47%
"	"	"	1	Accounts receivable	10,282	"	0.12%
"	"	EPIC CLOUD	1	Sales revenue	5,413	"	0.09%
1	GLOBAL INTELLIGENCE NETWORK	the Company	2	Sales revenue	9,564	"	0.17%
"	"	"	2	Accounts receivable	6,271	"	0.07%

Note 1: No. are filled in as follows:

- (i) "0" represents the parent company
(ii) Subsidiaries are numbered starting from "1".

Note 2: Nature of relationship with counterparty are as below:

- 1.Parent company to subsidiary.
2.Subsidiary to parent company.

Note 3: Disclosure of only the amounts exceeding of \$5 million.

Note 4: Related transactions have been eliminated during preparing the consolidated financial statements.

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(b) Information on investees:

The following is the information on investees for the six months ended June 30, 2021:

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2021			Net income (loss) of investee	Share of profits/losses of investee	Note
				June 30, 2021	December 31, 2020	(In thousand of shares)	Percentage of ownership	Carrying amount			
the Company	GLOBAL INTELLIGENCE NETWORK	Taiwan	Trading in hardware and software for network and communications systems	119,142	119,142	10,475	79.36 %	214,783	39,470	31,322	(Notes 1 and 2)
"	DAWNING TECHNOLOGY	Taiwan	Trading in hardware and software for network systems	-	106,018	-	- %	-	-	-	(Note 3)
"	EPIC CLOUD	Taiwan	Data software and data processing services	50,000	9,400	5,000	100.00 %	33,522	(13,024)	(12,791)	(Notes 1 and 2)
"	Corex	South Africa	Import and export of electronic products for sale and purchase	251,872	-	-	100.00 %	315,317	19,298	21,499	(Notes 1 and 2)
"	STATINC	Taiwan	Market research, management consulting and data processing services	69,983	-	1,754	34.99 %	88,121	(17,525)	(5,160)	(Notes 1 and 2)
"	NEO TREND TECH	Taiwan	Telecommunications engineering	-	50,000	-	- %	-	(6,809)	(6,809)	(Note 3)
"	UNISAGE	Taiwan	Medical equipment manufacturing	1,687	1,687	225	38.01 %	773	118	45	-
"	GRANDSYS	Taiwan	Data software and data processing services	94,547	94,547	5,643	23.58 %	95,980	(13,772)	(4,607)	-
"	ADVANCEDTEK INTERNATIONAL	Taiwan	Applications of software implementing services	30,091	30,091	1,153	34.09 %	33,075	10,300	3,491	(Notes 1 and 2)
"	Everlasting Digital ESG	Taiwan	Development and sale of software	5,000	-	500	29.41 %	4,487	(1,744)	(513)	-
EPIC CLOUD	GLOBAL INTELLIGENCE NETWORK	Taiwan	Trading in hardware and software for network and communications systems	172	-	10	0.08 %	172	39,470	-	(Notes 1 and 2)
"	STATINC	Taiwan	Market research, management consulting and data processing services	40	-	1	0.02 %	40	(17,525)	-	(Notes 1 and 2)
GLOBAL INTELLIGENCE NETWORK	DAWNING TECHNOLOGY	Taiwan	Trading in hardware and software for network systems	-	44,344	-	- %	-	-	-	(Note 3)
ADVANCEDTEK INTERNATIONAL	APEO Human Capital	Taiwan	Applications of software implementing services	2,060	-	200	100.00 %	2,764	253	253	(Notes 1 and 2)
STATINC	DKABio	Taiwan	Market research, management consulting and data processing	100	-	10	100.00 %	100	-	-	(Notes 1 and 2)

Note 1: Subsidiary of the Company

Note 2: The equity transactions on the left have already been eliminated during preparing the consolidated financial statements.

Note 3: The Group has fully disposed of the equity; please refer to note 6(i) for details.

(c) Information on investment in Mainland China: None

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(d) Major Shareholders:

Unit: Shares			
Major shareholder's name	Shareholding	Shares	Percentage
Qisda		96,841,239	51.41 %

(14) Segment information:

The Group's operating segment information and reconciliation are as follows:

For the three months ended June 30, 2021							
	Information Architecture	Computing and cloud applications	Digital application integration	Software and Information Services	Other products	Reconciliation and eliminations	Total
Revenue							
Revenue from external customers	\$ 745,725	1,375,066	440,067	147,538	40,271	-	2,748,667
Intersegment revenues	3,067	17,219	251	233	-	(20,770)	-
Total revenue	<u>\$ 748,792</u>	<u>1,392,285</u>	<u>440,318</u>	<u>147,771</u>	<u>40,271</u>	<u>(20,770)</u>	<u>2,748,667</u>
Gross profit (loss)	<u>\$ 101,880</u>	<u>150,403</u>	<u>22,462</u>	<u>71,334</u>	<u>6,391</u>	<u>(1,100)</u>	<u>351,370</u>
For the three months ended June 30, 2020							
	Information Architecture	Computing and cloud applications	Digital application integration	Software and Information Services	Other products	Reconciliation and eliminations	Total
Revenue							
Revenue from external customers	\$ 1,014,025	1,906,725	892,436	152,147	18,422	-	3,983,755
Intersegment revenues	6,180	20,628	735	724	-	(28,267)	-
Total revenue	<u>\$ 1,020,205</u>	<u>1,927,353</u>	<u>893,171</u>	<u>152,871</u>	<u>18,422</u>	<u>(28,267)</u>	<u>3,983,755</u>
Gross profit	<u>\$ 118,260</u>	<u>186,526</u>	<u>71,532</u>	<u>91,604</u>	<u>3,539</u>	<u>4,246</u>	<u>475,707</u>
For the six months ended June 30, 2021							
	Information Architecture	Computing and cloud applications	Digital application integration	Software and Information Services	Other products	Reconciliation and eliminations	Total
Revenue							
Revenue from external customers	\$ 1,594,401	2,776,054	989,304	297,457	84,786	-	5,742,002
Intersegment revenues	8,613	32,620	1,877	1,114	-	(44,224)	-
Total revenue	<u>\$ 1,603,014</u>	<u>2,808,674</u>	<u>991,181</u>	<u>298,571</u>	<u>84,786</u>	<u>(44,224)</u>	<u>5,742,002</u>
Gross profit	<u>\$ 215,045</u>	<u>259,406</u>	<u>81,707</u>	<u>145,921</u>	<u>15,266</u>	<u>7,861</u>	<u>725,206</u>

(Continued)

SYSAGE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the six months ended June 30, 2020						
	Information Architecture	Computing and cloud applications	Digital application integration	Software and Information Services	Other products	Reconciliation and eliminations	Total
Revenue							
Revenue from external customers	\$ 1,939,669	3,328,303	1,929,485	239,511	56,949	-	7,493,917
Intersegment revenues	(11,375)	31,893	4,652	2,095	56	(27,321)	-
Total revenue	<u>\$ 1,928,294</u>	<u>3,360,196</u>	<u>1,934,137</u>	<u>241,606</u>	<u>57,005</u>	<u>(27,321)</u>	<u>7,493,917</u>
Gross profit (loss)	<u>\$ 276,394</u>	<u>352,291</u>	<u>144,542</u>	<u>162,648</u>	<u>9,342</u>	<u>(38,864)</u>	<u>906,353</u>