Mirle Automation Corporation

Parent Company Only Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Mirle Automation Corporation

Opinion

We have audited the accompanying financial statements of Mirle Automation Corporation (the "Corporation"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Corporation's financial statements for the year ended December 31, 2022 is described as follows:

Recognition of income

Construction contract revenue is the Corporation's major source of revenue (accounting for about 87% of total revenue). According to the International Financial Reporting Standards, the recognition of income is subject to contracts approved by all parties, and they have promised to fulfill their respective obligations.

Due to the fact that the contract or order may be started before the contract or order is confirmed, there is a risk that the amount of revenue recognized is overestimated; therefore, we considered the authenticity of the contract or order as a significant risk and deemed it as a key audit matter.

The audit procedures performed in response to the aforementioned key audit matter were as follows:

1. We understood the internal controls of the contracts and orders, and tested the operating effectiveness of the controls.

2. We confirmed that the recognized construction contract revenue was based on actual contracts or orders.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Mei-Chen Tsai and Yu-Feng Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2023

<u>*Notice to Readers*</u>

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

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

MIRLE AUTOMATION CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 27)	$ 1,012,010	8	$ 2,110,140	19
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 27)	-	-	100,078	1
Contract assets - current (Notes 4, 5, 21 and 28)	4,717,201	39	2,692,054	25
Notes receivable (Notes 4, 9, 21 and 27)	7,799	-	11,813	-
Accounts receivable (Notes 4, 9, 21 and 27)	124,027	1	210,664	2
Receivables from related parties (Notes 4, 21, 27 and 28)	16,167	-	27,730	-
Other receivables (Notes 4, 9 and 27)	60,242	1	97,994	1
Other receivables from related parties (Notes 4, 27 and 28)	1,349	-	10,730	-
Inventories (Notes 4, 5 and 10)	1,388,228	11	1,164,415	11
Other current assets (Notes 4, 15 and 28)	65,907	1	71,297	1
Total current assets	7,392,930	61	6,496,915	60
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 27)	55,422	-	48,697	1
Investments accounted for using the equity method (Notes 4 and 11)	2,037,581	17	1,970,543	18
Property, plant and equipment (Notes 4, 12 and 28)	2,261,804	19	1,930,797	18
Right-of-use assets (Notes 4 and 13)	225,180	2	250,296	2
Other intangible assets (Notes 4, 14, 28 and 29)	53,056	-	40,348	-
Deferred income tax assets (Notes 4 and 23)	16,023	-	7,779	-
Prepayments for equipment	2,335	-	25,046	-
Refundable deposits (Note 27)	99,511	1	88,832	1
Total non-current assets	4,750,912	39	4,362,338	40
TOTAL	$ 12,143,842	100	$ 10,859,253	100

	2022		2021	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term bank loans (Notes 16 and 27)	$ 1,413,000	12	$ 300,000	3
Contract liabilities - current (Notes 4, 5, 21 and 28)	1,006,218	8	1,257,822	12
Notes payable (Note 27)	33,231	-	51,963	-
Accounts payable (Note 27)	2,602,273	21	2,352,798	22
Accounts payable to related parties (Notes 27 and 28)	115,627	1	26,676	-
Current income tax liabilities (Notes 4 and 23)	117,239	1	156,769	1
Provisions - current (Notes 4 and 18)	10,174	-	10,688	-
Lease liabilities - current (Notes 4, 13 and 27)	25,794	-	25,500	-
Current portion of long-term bank loans (Notes 16 and 27)	464,723	4	42,724	-
Accrued expenses and other current liabilities (Notes 17, 27 and 28)	609,293	5	708,104	7
Total current liabilities	6,397,572	52	4,933,044	45
NON-CURRENT LIABILITIES				
Long-term bank loans (Notes 16 and 27)	936,988	8	1,188,643	11
Deferred income tax liabilities (Notes 4 and 23)	11,140	-	-	-
Lease liabilities - non-current (Notes 4, 13 and 27)	209,735	2	233,936	2
Net defined benefit liabilities - non-current (Notes 4 and 19)	260,524	2	302,945	3
Guarantee deposits received (Note 27)	271	-	298	-
Other non-current liabilities (Notes 17 and 27)	4,000	-	-	-
Total non-current liabilities	1,422,658	12	1,725,822	16
Total liabilities	7,820,230	64	6,658,866	61
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE CORPORATION (Notes 4 and 20)				
Share capital				
Ordinary shares	1,955,312	16	1,955,312	18
Capital surplus	270,290	2	254,964	2
Retained earnings				
Legal reserve	953,456	8	902,775	8
Special reserve	167,859	2	152,050	2
Unappropriated earnings	1,104,072	9	1,103,145	10
Other equity				
Exchange differences on the translation of the financial statements of foreign operations	(128,817)	(1)	(160,814)	(1)
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	1,440	-	(7,045)	-
Total shareholders' equity	4,323,612	36	4,200,387	39
TOTAL	$ 12,143,842	100	$ 10,859,253	100

The accompanying notes are an integral part of the parent company only financial statements.

MIRLE AUTOMATION CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
NET SALES (Notes 4, 21 and 28)	$ 9,075,402	100	$ 8,363,386	100
OPERATING COSTS (Notes 4, 10, 22 and 28)	7,412,619	82	6,486,725	78
GROSS PROFIT	1,662,783	18	1,876,661	22
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	420	-	(93)	-
REALIZED GROSS PROFIT	1,663,203	18	1,876,568	22
OPERATING EXPENSES (Notes 22 and 28)				
Selling and marketing expenses	433,941	5	408,372	5
General and administrative expenses	446,456	5	425,101	5
Research and development expenses	430,994	4	373,714	4
Expected credit gain (Note 9)	(1,047)	-	(7,097)	-
Total operating expenses	1,310,344	14	1,200,090	14
OTHER OPERATING INCOME AND EXPENSES (Note 22)	(2,843)	-	(148)	-
PROFIT FROM OPERATIONS	350,016	4	676,330	8
NONOPERATING INCOME AND EXPENSES				
Interest income (Note 22)	3,228	-	4,818	-
Other income (Notes 14, 22, 25 and 28)	20,501	-	16,370	-
Other gains and losses (Notes 22 and 28)	(15,146)	-	(6,226)	-
Finance costs (Note 22)	(22,167)	-	(11,646)	-
Share of (loss) gain of subsidiaries and associates (Note 11)	(6,763)	-	11,852	-
Foreign exchange gain (loss), net (Note 31)	248,796	3	(81,687)	(1)
Total non-operating income and expenses	228,449	3	(66,519)	(1)
PROFIT BEFORE INCOME TAX	578,465	7	609,811	7
INCOME TAX EXPENSE (Notes 4 and 23)	63,741	1	81,915	1
NET PROFIT FOR THE YEAR	514,724	6	527,896	6

(Continued)

MIRLE AUTOMATION CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 19, 20 and 27)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (17,138)	-	$ (21,082)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	8,485	-	600	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations	31,997	-	(16,410)	-
Other comprehensive income (loss) for the year	23,344	-	(36,892)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 538,068	6	$ 491,004	6
EARNINGS PER SHARE (Note 24)				
Basic	$ 2.63		$ 2.70	
Diluted	$ 2.63		$ 2.70	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

MIRLE AUTOMATION CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Share Capital		Capital Surplus				Retained Earnings				Other Equity		
	Shares (In Thousands)	Amount	Equity Component of Convertible Bonds Issued by the Corporation	Investments in Associates Accounted for Using the Equity Method	Treasury Shares Transactions	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE, JANUARY 1, 2021	195,531	$ 1,955,312	$ 234,579	$ -	$ 19,150	$ 253,729	$ 852,644	$ 173,348	$ 1,016,226	$ 2,042,218	$ (144,404)	$ (7,645)	$ 4,099,210
Appropriation of 2020 earnings													
Legal reserve	-	-	-	-	-	-	50,131	-	(50,131)	-	-	-	-
Special reserve	-	-	-	-	-	-	-	(21,298)	21,298	-	-	-	-
Cash dividends distributed by the Corporation - 20%	-	-	-	-	-	-	-	-	(391,062)	(391,062)	-	-	(391,062)
Other changes in capital surplus													
Changes in percentage of ownership interests in subsidiaries	-	-	-	2	-	2	-	-	-	-	-	-	2
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	1,233	-	1,233	-	-	-	-	-	-	1,233
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	-	-	527,896	527,896	-	-	527,896
Other comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	-	-	-	-	(21,082)	(21,082)	(16,410)	600	(36,892)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	-	506,814	506,814	(16,410)	600	491,004
BALANCE, DECEMBER 31, 2021	195,531	1,955,312	234,579	1,235	19,150	254,964	902,775	152,050	1,103,145	2,157,970	(160,814)	(7,045)	4,200,387
Appropriation of 2021 earnings													
Legal reserve	-	-	-	-	-	-	50,681	-	(50,681)	-	-	-	-
Special reserve	-	-	-	-	-	-	-	15,809	(15,809)	-	-	-	-
Cash dividends distributed by the Corporation - 22%	-	-	-	-	-	-	-	-	(430,169)	(430,169)	-	-	(430,169)
Other changes in capital surplus													
Changes in percentage of ownership interests in subsidiaries	-	-	-	10	-	10	-	-	-	-	-	-	10
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	15,316	-	15,316	-	-	-	-	-	-	15,316
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	-	-	514,724	514,724	-	-	514,724
Other comprehensive (loss) income for the year ended December 31, 2022	-	-	-	-	-	-	-	-	(17,138)	(17,138)	31,997	8,485	23,344
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	-	-	-	497,586	497,586	31,997	8,485	538,068
BALANCE, DECEMBER 31, 2022	195,531	$ 1,955,312	$ 234,579	$ 16,561	$ 19,150	$ 270,290	$ 953,456	$ 167,859	$ 1,104,072	$ 2,225,387	$ (128,817)	$ 1,440	$ 4,323,612

The accompanying notes are an integral part of the parent company only financial statements.

MIRLE AUTOMATION CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 578,465	$ 609,811
Adjustments for:		
Depreciation expenses	127,321	113,133
Amortization expenses	30,892	26,438
Expected credit gain	(1,047)	(7,097)
Net gain on fair value change of financial assets at fair value through profit or loss	(106)	(384)
Finance costs	22,167	11,646
Interest income	(3,228)	(4,818)
Share of loss (gain) of subsidiaries and associates	6,763	(11,852)
Loss on disposal of property, plant and equipment	2,843	148
Reclassify property, plant and equipment as expenses	49	-
Inventory write-downs (reversed)	7,500	(7,820)
Unrealized gain on transactions with subsidiaries and associates	-	93
Realized gain on transactions with subsidiaries and associates	(420)	-
Net (gain) loss on foreign currency exchange	(168,081)	6,354
Changes in operating assets and liabilities		
Contract assets	(2,025,147)	(196,387)
Notes receivable	4,117	(908)
Accounts receivable	202,427	(5,700)
Receivable from related parties	11,563	29,562
Other receivables	37,864	(50,234)
Other receivables - related parties	(729)	(380)
Inventories	(230,621)	120,148
Other current assets	5,390	27,429
Contract liabilities	(251,604)	(385,764)
Notes payable	(18,732)	31,487
Accounts payable	242,851	634,992
Accounts payable to related parties	88,951	19,809
Provisions	(514)	7,557
Accrued expenses and other current liabilities	(69,611)	67,078
Net defined benefit liabilities	(59,559)	(24,527)
Cash (used in) generated from operations	(1,460,236)	1,009,814
Income tax paid	(100,375)	(83,456)
Net cash (used in) generated from operating activities	(1,560,611)	926,358
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash returns from capital reduction of investments in financial assets at fair value through other comprehensive income	1,760	1,001
Acquisition of financial assets at fair value through profit or loss	(100,000)	(420,000)
Disposal of financial assets at fair value through profit or loss	200,184	320,306
Acquisition of long-term investments accounted for using the equity method	(30,100)	(27,550)

(Continued)

MIRLE AUTOMATION CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
Acquisition of property, plant and equipment	$ (472,612)	$ (245,692)
Disposal of property, plant and equipment	5,432	1,631
Increase in refundable deposits	(10,679)	-
Decrease in refundable deposits	-	25,940
Increase in other receivables from related parties	-	(10,266)
Decrease in other receivables from related parties	10,110	-
Acquisition of intangible assets	(37,474)	(31,222)
Increase in prepayments for equipment	-	(22,047)
Decrease in prepayments for equipment	22,711	-
Interest received	2,941	4,858
Dividends received from subsidiaries	4,042	5,065
Net cash used in investing activities	(403,685)	(397,976)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term bank loans	3,113,000	320,000
Decrease in short-term bank loans	(2,000,000)	(320,000)
Proceeds from long-term bank loans	228,960	172,400
Repayments of long-term bank loans	(58,616)	(5,000)
Decrease in guarantee deposits	(27)	-
Repayment of the principal portion of lease liabilities	(25,840)	(24,540)
Dividends paid	(430,169)	(391,062)
Interest paid	(21,176)	(11,611)
Net cash generated from (used in) financing activities	806,132	(259,813)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	60,034	(25,805)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,098,130)	242,764
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,110,140	1,867,376
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,012,010	$ 2,110,140

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Mirle Automation Corporation (the “Corporation”) was incorporated in Hsinchu Science Industrial Park, Republic of China (ROC) on February 2, 1989 and commenced business on March 16, 1989. The Corporation is mainly engaged in the business of automation equipment systems and its components, various parking facilities, medical equipment and the design, development, production and sale of the automation equipment used in these products, and also provides after-sales services for the products. The Corporation is also engaged in the leasing business, and develops and sells software and databases that are used in automation equipment. Moreover, the Corporation also provides construction planning, installation, consulting and maintenance services for the above products.

The Corporation’s shares were listed and have been trading on the Taiwan Stock Exchange (TWSE) since September 2001.

The financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on March 14, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by International Accounting Standards Board (IASB)
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Corporation has assessed that the application of the above standards and interpretations will not have a material impact on the Corporation's financial position and financial performance.

c. New IFRSs in issued but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	**Effective Date Announced by IASB (Note 1)**
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Corporation used the equity method to account for its investment in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the shareholders of the Corporation in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income (loss) of subsidiaries and associates and the related equity items, as appropriate, in the parent company only financial statements.

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

Current assets include:

- Assets held primarily for the purpose of trading;

- Assets expected to be realized within 12 months after the reporting period; and

- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;

- Liabilities due to be settled within 12 months after the reporting period; and

- Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

The Corporation is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Corporation's construction-related assets and liabilities.

d. Foreign currencies

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

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

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

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

For the purpose of presenting parent company only financial statements, the financial statements of the Corporation’s foreign operations (including subsidiaries and associates in other countries) that are prepared using functional currencies which are different from the currency of the Corporation are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, an investment in subsidiary is initially recognized at cost and adjusted thereafter to recognize the Corporation’s share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation’s share of equity of subsidiaries.

Changes in the Corporation’s ownership interest in a subsidiary that do not result in the Corporation losing control of the subsidiary are accounted for as equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

Any excess of the cost of acquisition over the Corporation’s share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation’s share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee’s financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit or loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Corporation.

g. Investments in associates

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

The Corporation uses the equity method to account for its investments in associates.

Under the equity method, investments in associates are initially recognized at cost and adjusted thereafter to recognize the Corporation’s share of the profit or loss and other comprehensive income of the associate. The Corporation also recognizes the changes in the Corporation’s share of the equity of associates.

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

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

When the Corporation transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Corporation’s parent company only financial statements only to the extent of interests in the associate that are not related to the Corporation.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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

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

i. Intangible assets

1) Intangible assets acquired separately

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

When the Corporation has a right to charge for the usage of concession infrastructure (as a consideration for providing construction services in a service concession arrangement), it recognizes this as an intangible asset. The intangible asset is subsequently measured at cost less accumulated amortization and any accumulated impairment loss.

2) Internally-generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

3) Derecognition of intangible assets

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

j. Impairment of property, plant and equipment, right-of-use assets, intangible assets and assets related to contract costs

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

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

Before the Corporation recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories and property, plant and equipment related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Corporation expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 27: Financial Instruments.

ii. Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 1 year from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable), as well as contract assets.

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

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

For internal credit risk management purposes, the Corporation considers the following situations as indications that a financial asset is in default (without taking into account any collateral held by the Corporation):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. Financial asset is more than 90 days past due unless the Corporation has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Equity instruments

Equity instruments issued by the Corporation are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

<u>Warranties</u>

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Corporation of the expenditures required to settle the Corporation's obligations.

m. Revenue recognition

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

For contracts where the period between the date on which the Corporation transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Corporation does not adjust the promised amount of consideration for the effects of a significant financing component.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of information products. The Corporation recognizes income and accounts receivable in accordance with the terms stated in the contract.

The Corporation does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

As the Corporation provides hardware and software installation services, customers simultaneously receive and consume the benefits provided by the Corporation's performance. Consequently, the related revenue is recognized when services are rendered.

3) Construction contract revenue

Customers control properties while the construction is in progress; thus, the Corporation recognizes revenue over time. The Corporation measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligations. Contract assets are recognized during the construction and are reclassified to accounts receivable at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Corporation recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Corporation adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Corporation satisfies its performance obligations.

When the outcome of a performance obligation cannot be reasonably measured, contract revenue is recognized only to the extent of contract costs incurred in satisfying the performance obligation for which recovery is expected.

n. Leases

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

1) The Corporation as lessor

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

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

2) The Corporation as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the parent company only balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee’s incremental borrowing rate will be used.

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

o. Borrowing costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Corporation will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs and expenses or in other income on a systematic basis over the periods in which the Corporation recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Corporation should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Corporation with no future related costs are recognized in profit or loss in the period in which they are received.

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Corporation can no longer withdraw the offer of the termination benefit and when the Corporation recognizes any related restructuring costs.

r. Taxation

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

1) Current tax

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

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

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

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

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

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Corporation considers the possible impact of the recent development of the COVID-19 and its economic environment implications when making its critical accounting estimates on cash flow, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

a. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of products of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

b. Construction contracts

Contract revenue and costs are recognized by reference to the stage of completion of each contract. The stage of completion of a contract is measured based on the proportion of contract costs incurred for work performed to date to the estimated total contract costs. Incentives and penalties stipulated in the contract are considered as variable consideration and should be included in the contract revenue only when it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The estimated total contract costs and contractual items are assessed and determined by management, based on the nature of the work, expected sub-contracting charges, construction periods, processes, methods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profit and loss from the construction contracts. See Note 21 for the details.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	**2021**
Cash on hand	$ 8,978	$ 8,868
Demand deposits	972,202	1,535,192
Checking accounts	120	1,080
Cash equivalent		
Time deposits with original maturities within 3 months	-	564,000
Time deposits with original maturities of more than 3 months but less than 1 year	30,710	1,000
	$ 1,012,010	$ 2,110,140

The market rates intervals of cash in bank at the end of the reporting period were as follows:

	December 31	
	2022	**2021**
Bank balance	0.00%-4.37%	0.001%-2.65%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	**2021**
Financial assets at fair value through profit or loss (FVTPL) - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$ -	$ 100,078

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
Non-current		
Investments in equity instruments FVTOCI	$ 55,422	$ 48,697
Domestic investments		
Unlisted shares	$ 9,955	$ 12,125
Foreign investments		
Unlisted shares	45,467	36,572
	$ 55,422	$ 48,697

The Corporation invested in TIEF FUND, L.P. and PHOENIX II INNOVATION VENTURE CAPITAL CO., LTD. for medium to long-term strategic purposes, and expects to make profit through long-term investments. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

9. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2022	2021
Notes receivable		
Operating	$ 7,895	$ 12,012
Less: Allowance for impairment loss	(96)	(199)
	$ 7,799	$ 11,813
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 130,395	$ 222,180
Less: Allowance for impairment loss	(6,368)	(10,516)
	$ 124,027	$ 210,664
Other receivables		
Business tax	$ 52,154	$ 93,956
Others	11,202	6,977
	63,356	100,933
Less: Allowance for impairment loss	(3,114)	(2,939)
	$ 60,242	$ 97,994

a. Notes receivable and accounts receivable

The average credit period of sales of goods was 30 to 180 days.

In order to minimize credit risk, the management of the Corporation has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debt. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Corporation's credit risk was significantly reduced.

The Corporation measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Corporation's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Corporation's different customer base.

The Corporation writes off an accounts receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For accounts receivable that have been written off, the Corporation continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable and accounts receivable based on the Corporation's provision matrix:

December 31, 2022

	Up to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	$ 35,126	$ 78,798	$ 11,821	$ 12,545	$ 138,290
Loss allowance (Lifetime ECLs)	(354)	(784)	(124)	(5,202)	(6,464)
Amortized cost	$ 34,772	$ 78,014	$ 11,697	$ 7,343	$ 131,826

December 31, 2021

	Up to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	$ 28,031	$ 101,527	$ 93,553	$ 10,081	$ 233,192
Loss allowance (Lifetime ECLs)	(369)	(1,287)	(888)	(8,171)	(10,715)
Amortized cost	$ 27,662	$ 100,240	$ 92,665	$ 1,910	$ 222,477

The movements of the loss allowance of notes receivable and accounts receivable were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 10,715	$ 21,803
Less: Amounts written off	(3,029)	(3,991)
Less: Net remeasurement of loss allowance	(1,222)	(7,097)
Balance at December 31	$ 6,464	$ 10,715

As of December 31, 2022 and 2021, the amounts of loss allowance which included individually impaired notes receivable and accounts receivable of debtors in significant financial difficulty were $5,123 thousand and $8,151 thousand, respectively. The expected credit losses recognized are the carrying amounts of notes receivable and accounts receivable. The Corporation does not hold any collateral over the balance of these notes receivable and accounts receivable.

The movements of the loss allowance of other receivables were as follows:

	For the Years Ended December 31	
	2022	**2021**
Balance at January 1	$ 2,939	$ 2,939
Add: Net remeasurement of loss allowance	175	-
Balance at December 31	$ 3,114	$ 2,939

10. INVENTORIES

	December 31	
	2022	**2021**
Finished goods	$ 14,878	$ 24,406
Work in progress	940,645	778,749
Raw materials	427,232	349,083
Inventory in transit	5,473	12,177
	$ 1,388,228	$ 1,164,415

The components of operating costs related to inventories are as follows:

	For the Year Ended December 31	
	2022	**2021**
Cost of inventories sold	$ 7,412,619	$ 6,486,725
Inventory write-downs (reversed)	$ 7,500	$ (7,820)
Sale of scraps	$ (2,176)	$ (8,686)

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	**2021**
Investments in subsidiaries	$ 1,989,809	$ 1,936,233
Investments in associates	47,772	34,310
	$ 2,037,581	$ 1,970,543

a. Investments in subsidiaries

	December 31	
	2022	**2021**
Unlisted shares		
MIRTEK (BVI) CORP. LTD.	$ 1,777,761	$ 1,736,303
MIRLE AUTOMATION INTER CO., LTD.	73,868	74,853
DAVID INVESTMENT CO., LTD.	84,814	79,355
FACTORY AUTOMATION INTERNATIONAL CO., LTD.	53,366	45,722
	$ 1,989,809	$ 1,936,233

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Subsidiary	**2022**	**2021**
MIRTEK (BVI) CORP. LTD.	100%	100%
MIRLE AUTOMATION INTER CO., LTD.	100%	100%
DAVID INVESTMENT CO., LTD.	100%	99%
FACTORY AUTOMATION INTERNATIONAL CO., LTD.	51%	51%

On November 10, 2021, the Corporation's board of directors approved the capital increase of NT$2,700 thousand in cash for 300 thousand ordinary shares of MIRLE AUTOMATION INTER CO., LTD.

On April 29, 2022, the Corporation acquired 1% of the shares released by other shareholders of DAVID INVESTMENT CO., LTD. for NT$100 thousand, and the shareholding ratio increased from 99% to 100%.

The share of profit or loss and other comprehensive income (loss) of the investments in the associate accounted for using the equity method for the years ended December 31, 2022 and 2021 were based on the associate's audited financial statements for the same years.

b. Investments in associates

	December 31	
	2022	**2021**
Associates that are not individually material		
MAIN DRIVE CORPORATION	$ 47,772	$ 34,310

1) Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2022	**2021**
The Corporation's share of:		
Net loss for the year	$ (31,854)	$ (29,147)

The Corporation subscribed for 2,485 thousand common shares of MAIN DRIVE CORPORATION for NT$24,850 thousand in cash after approval was obtained from the board of directors on May 12, 2021, which decreased the proportion of ownership from 27.61% to 26.85%.

The Corporation subscribed for 2,000 thousand ordinary shares of MAIN DRIVE CORPORATION for NT$30,000 thousand in cash after approval was obtained from the board of directors on March 17, 2022, which decreased the proportion of ownership from 26.85% to 23.43%.

2) The share of profit or loss and other comprehensive income (loss) of the investments in the associate accounted for using the equity method for the years ended December 31, 2022 and 2021 were based on the associate's audited financial statements for the same years.

12. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2022	**2021**
Assets used by the Corporation	$ 2,145,604	$ 1,930,524
Assets leased under operating leases	116,200	273
	$ 2,261,804	$ 1,930,797

	Assets Used by the Corporation							Assets Leased under Operating Leases		
	Freehold Land	**Buildings and Ancillary Equipment**	**Machinery Equipment**	**Transportation Equipment**	**Office Equipment**	**Leasehold Improvement**	**Work in Progress**	**Buildings and Ancillary Equipment**	**Machinery Equipment**	**Total**
Cost										-
Balance at January 1, 2022	$ 179,901	$ 1,548,461	$ 252,229	$ 26,560	$ 50,247	$ 1,060	$ 505,921	$ -	$ 1,142	$ 2,565,521
Additions	-	800	45,446	3,920	28,080	-	362,049	-	-	440,295
Disposals	-	(620)	(49,287)	(4,013)	(7,573)	-	-	-	-	(61,493)
Transfers to assets leased under operating leases	-	(117,531)	-	-	-	-	-	117,531	-	-
Transfers from assets leased under operating leases	-	-	1,142	-	-	-	-	-	(1,142)	-
Reclassified	-	855,059	2,458	-	(660)	-	(857,598)	-	-	(741)
Balance at December 31, 2022	$ 179,901	$ 2,286,169	$ 251,988	$ 26,467	$ 70,094	$ 1,060	$ 10,372	$ 117,531	$ -	$ 2,943,582
Accumulated depreciation										
Balance at January 1, 2022	$ -	$ 452,347	$ 133,876	$ 15,460	$ 27,744	$ -	$ -	$ -	$ 869	$ 630,296
Depreciation expenses	-	48,579	36,958	3,781	8,591	848	-	1,242	273	100,272
Disposals	-	(611)	(40,763)	(4,000)	(7,573)	-	-	-	-	(52,947)
Transfers to assets leased under operating leases	-	(89)	-	-	-	-	-	89	-	-
Transfers from assets leased under operating leases	-	-	1,142	-	-	-	-	-	(1,142)	-
Balance at December 31, 2022	$ -	$ 500,226	$ 131,213	$ 15,241	$ 28,762	$ 848	$ -	$ 1,331	$ -	$ 677,621
Accumulated impairment										
Balance at January 1, 2022	$ -	$ -	$ 4,428	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,428
Disposals	-	-	(271)	-	-	-	-	-	-	(271)
Balance at December 31, 2022	$ -	$ -	$ 4,157	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,157
Carrying amount at December 31, 2022	$ 179,901	$ 1,785,943	$ 116,618	$ 11,226	$ 41,332	$ 212	$ 10,372	$ 116,200	$ -	$ 2,261,804
Cost										
Balance at January 1, 2021	$ 179,901	$ 1,545,749	$ 234,237	$ 25,123	$ 47,168	$ -	$ 299,139	$ -	$ -	$ 2,331,317
Additions	-	2,624	30,383	3,395	10,898	1,060	227,185	-	-	275,545
Disposals	-	(3,514)	(28,050)	(1,958)	(7,819)	-	-	-	-	(41,341)
Transfers to assets leased under operating leases	-	-	(1,142)	-	-	-	-	-	1,142	-
Reclassified	-	3,602	16,801	-	-	-	(20,403)	-	-	-
Balance at December 31, 2021	$ 179,901	$ 1,548,461	$ 252,229	$ 26,560	$ 50,247	$ 1,060	$ 505,921	$ -	$ 1,142	$ 2,565,521
Accumulated depreciation										
Balance at January 1, 2021	$ -	$ 415,416	$ 126,625	$ 13,795	$ 28,456	$ -	$ -	$ -	$ -	$ 584,292
Depreciation expenses	-	40,034	34,347	3,620	7,107	-	-	-	228	85,336
Disposals	-	(3,103)	(26,455)	(1,955)	(7,819)	-	-	-	-	(39,332)
Transfers to assets leased under operating leases	-	-	(641)	-	-	-	-	-	641	-
Balance at December 31, 2021	$ -	$ 452,347	$ 133,876	$ 15,460	$ 27,744	$ -	$ -	$ -	$ 869	$ 630,296
Accumulated impairment										
Balance at January 1, 2021	$ -	$ -	$ 4,658	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,658
Disposals	-	-	(230)	-	-	-	-	-	-	(230)
Balance at December 31, 2021	$ -	$ -	$ 4,428	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,428
Carrying amount at December 31, 2021	$ 179,901	$ 1,096,114	$ 113,925	$ 11,100	$ 22,503	$ 1,060	$ 505,921	$ -	$ 273	$ 1,930,797

Operating leases are related to leases of machinery equipment with lease terms 0.5-5 year. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating lease payments was as follows:

	December 31	
	2022	2021
Year 1	$ 3,027	$ 2,536
Year 2	2,756	-
Year 3	2,756	-
Year 4	2,756	-
Year 5	1,608	-
	$ 12,903	$ 2,536

There was no indication of impairment on the Corporation’s property, plant and equipment for the years ended December 31, 2022 and 2021.

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

Buildings and ancillary equipment	4-50 years
Machinery equipment	1-20 years
Transportation equipment	5-8 years
Office equipment	3-6 years
Leasehold improvement	1-2 years

The major component of the Corporation’s buildings comprises the main building of the plant and electromechanical power equipment, which are depreciated on a straight-line basis over their estimated useful lives of 40-50 years and 4-15 years, respectively.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amount		
Land	$ 222,870	$ 245,709
Transportation equipment	2,310	4,587
	$ 225,180	$ 250,296

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ 1,933	$ 2,483
Depreciation charge for right-of-use assets		
Land	$ 24,772	$ 25,911
Transportation equipment	2,277	1,886
	$ 27,049	$ 27,797

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	$ 25,794	$ 25,500
Non-current	$ 209,735	$ 233,936

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Land	1.92%-2.16%	1.92%-2.16%
Transportation equipment	1.44%	1.44%

c. Material leasing activities and terms

The Corporation leases land and transportation equipment for office space and operational uses with lease terms of 9-19 years and 3 years, respectively. The Corporation does not have bargain purchase options to acquire the leasehold land and transportation equipment at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	$ 8,004	$ 4,811
Expenses relating to low-value asset leases	$ 21	$ 141
Total cash outflow for leases	$ (38,885)	$ (34,942)

The Corporation's leases of certain buildings and office equipment qualify as short-term leases and leases of certain office equipment qualify as low-value asset leases. The Corporation has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. OTHER INTANGIBLE ASSETS

	Service Concession Arrangements	Computer Software	Licenses and Franchises	Others	Total
Cost					
Balance at January 1, 2022	$ 9,389	$ 37,682	$ -	$ 58,272	$ 105,343
Additions	-	14,634	8,000	20,966	43,600
Disposals	-	(21,938)	-	-	(21,938)
Balance at December 31, 2022	$ 9,389	$ 30,378	$ 8,000	$ 79,238	$ 127,005
Accumulated amortization					
Balance at January 1, 2022	$ 4,225	$ 23,959	$ -	$ 36,811	$ 64,995
Amortization expense	469	11,865	216	18,342	30,892
Disposals	-	(21,938)	-	-	(21,938)
Balance at December 31, 2022	$ 4,694	$ 13,886	$ 216	$ 55,153	$ 73,949
Carrying amount at December 31, 2022	$ 4,695	$ 16,492	$ 7,784	$ 24,085	$ 53,056

(Continued)

	Service Concession Arrangements	Computer Software	Licenses and Franchises	Others	Total
Cost					
Balance at January 1, 2021	$ 9,389	$ 42,762	$ -	$ 31,449	$ 83,600
Additions	-	4,399	-	26,823	31,222
Disposals	-	(9,479)	-	-	(9,479)
Balance at December 31, 2021	$ 9,389	$ 37,682	$ -	$ 58,272	$ 105,343
Accumulated amortization					
Balance at January 1, 2021	$ 3,755	$ 20,213	$ -	$ 24,068	$ 48,036
Amortization expense	470	13,225	-	12,743	26,438
Disposals	-	(9,479)	-	-	(9,479)
Balance at December 31, 2021	$ 4,225	$ 23,959	$ -	$ 36,811	$ 64,995
Carrying amount at December 31, 2021	$ 5,164	$ 13,723	$ -	$ 21,461	$ 40,348

(Concluded)

The Corporation signed several power purchase agreements with Taiwan Power Company that would expire in 20 years starting from the date of interconnection of the electric generators. The gains for the years ended December 31, 2022 and 2021, which were recognized as other income amounted to $5,697 thousand and $2,452 thousand, respectively.

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Service concession arrangements	20 years
Computer software	3 years
Licenses and Franchises	10 years
Others	1-10 years

Other intangible assets pledged as collateral for bank borrowings are set out in Note 29.

15. OTHER CURRENT ASSETS

	December 31	
	2022	2021
Current		
Temporary payments	$ 13,703	$ 13,707
Prepayments foreign travel	11,851	11,545
Prepayments rents	7,048	5,960
Prepayments for software maintenance	6,884	3,663
Prepayments for construction	4,684	13,724
Prepayments tax	3,642	2,108
Others	18,095	20,590
	$ 65,907	$ 71,297

16. BORROWINGS

a. Short-term bank loans

	December 31 2022	December 31 2021
Unsecured borrowings		
Working capital loan	$ 1,413,000	$ 300,000

The effective interest rates of the working capital loan were 1.28%-1.95% and 0.51% as of December 31, 2022 and 2021, respectively.

b. Long-term bank loans

	December 31 2022	December 31 2021
Unsecured borrowings		
Bank loans - expiring before February 15, 2027	$ 1,401,711	$ 1,231,367
Less: Current portion	(464,723)	(42,724)
Long-term bank loans	$ 936,988	$ 1,188,643

The effective interest rates of the long-term bank loans were 0.85%-1.14% and 0.41%-0.50% as of December 31, 2022 and 2021, respectively.

17. OTHER LIABILITIES

	December 31 2022	December 31 2021
Current		
Accrued expenses and other current liabilities		
Bonus	$ 224,381	$ 270,889
Salaries	132,624	91,027
Outsourcing fee	61,385	112,777
Compensation of employees and remuneration of directors and supervisors	14,832	15,636
Purchases of equipment	13,075	45,392
Others	162,996	172,383
	$ 609,293	$ 708,104
Non-current		
Other non-current liabilities		
Long-term payables	$ 4,000	$ -

18. PROVISIONS - CURRENT

	December 31	
	2022	2021
Warranties	$ 10,174	$ 10,688

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 10,688	$ 3,131
Additional provisions recognized	15,344	27,967
Amount used	(15,858)	(20,410)
Balance at December 31	$ 10,174	$ 10,688

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Corporation's obligations for warranties under contracts for the sale of goods. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation contributes amounts equal to 11% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Corporation has no right to influence the investment policy and strategy.

The amounts included in the parent company only balance sheets in respect of the Corporation's defined benefit plans are as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	$ 526,489	$ 559,090
Fair value of plan assets	(265,965)	(256,145)
Net defined benefit liabilities	$ 260,524	$ 302,945

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	$ 637,231	$ (330,841)	$ 306,390
Service cost			
Current service cost	2,518	-	2,518
Net interest expense (income)	3,186	(1,680)	1,506
Recognized in profit or loss	5,704	(1,680)	4,024
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,608)	(4,608)
Actuarial loss			
Changes in demographic assumptions	14,423	-	14,423
Changes in financial assumptions	(6,267)	-	(6,267)
Experience adjustments	17,534	-	17,534
Recognized in other comprehensive loss (income)	25,690	(4,608)	21,082
Contributions from the employer	-	(28,551)	(28,551)
Benefits paid	(109,535)	109,535	-
Balance at December 31, 2021	559,090	(256,145)	302,945
Service cost			
Current service cost	2,109	-	2,109
Net interest expense (income)	3,494	(1,626)	1,868
Recognized in profit or loss	5,603	(1,626)	3,977
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(23,329)	(23,329)
Actuarial loss			
Changes in financial assumptions	3,684	-	3,684
Experience adjustments	36,783	-	36,783
Recognized in other comprehensive loss (income)	40,467	(23,329)	17,138
Contributions from the employer	-	(63,536)	(63,536)
Benefits paid	(78,671)	78,671	-
Balance at December 31, 2022	$ 526,489	$ (265,965)	$ 260,524

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government or corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans’ debt investments.

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

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

	December 31	
	2022	**2021**
Discount rate	1.500%	0.625%
Expected rate of salary increase	5%	4.00%

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

	December 31	
	2022	**2021**
Discount rate		
0.25% increase	$ (11,416)	$ (12,496)
0.25% decrease	$ 11,810	$ 12,943
Expected rate of salary increase/decrease		
0.25% increase	$ 11,233	$ 12,323
0.25% decrease	$ (10,923)	$ (11,968)

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

	December 31	
	2022	**2021**
Expected contributions to the plans for the next year	$ 6,953	$ 8,030
Average duration of the defined benefit obligation	8.8 years	9.0 years

20. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2022	**2021**
Shares authorized (in thousands of shares)	250,000	250,000
Shares authorized	$ 2,500,000	$ 2,500,000
Shares issued and fully paid (in thousands of shares)	195,531	195,531
Shares issued	$ 1,955,312	$ 1,955,312

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and a right to dividends.

A total of 20,000 thousand ordinary shares are reserved for the exercise of employee share options, preferred shares with share options or bonds with attached share options.

b. Capital surplus

	December 31	
	2022	**2021**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Conversion of bonds	$ 234,579	$ 234,579
Treasury share transactions	19,150	19,150
May only be used to offset a deficit		
Changes in percentage of ownership interests in subsidiaries (2)	12	2
Share of changes in capital surplus of associates (3)	16,549	1,233
	$ 270,290	$ 254,964

1) Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

3) Pursuant to IAS 28, if the Corporation subscribes for the shares of its associates at a percentage different from its existing ownership percentage, causing the proportion of ownership to change but still having significant influence on the associate, its adjusted capital surplus may only be used to offset deficit.

c. Retained earnings and dividends policy

The shareholders of the Corporation held their regular meeting on July 29, 2021 and in that meeting, resolved the amendments to the Corporation's Articles of Incorporation (the "Articles"). The board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

Under the dividends policy as set forth in the amended Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. If the surplus distribution is issued as cash dividends, the board of directors shall be authorized to distribute by special resolution and shall be reported to the shareholders' meeting.

In accordance with the Corporation's Articles, the dividends policy is to enable the shareholders to have a share in the Corporation's profit, for continuous expansion of its business and stabilization of profitability. At least 30% of the dividends to be distributed to shareholders shall be allocated, and the total cash dividends paid in any given year should be at least 40% of total dividends distributed.

Under the dividends policy as set forth in the Articles before the amendments, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

In accordance with the Corporation's Articles, the dividends policy is to enable the shareholders to have a share in the Corporation's profit, for continuous expansion of its business and stabilization of profitability. The total cash dividends paid in any given year should be at least 40% of total dividends distributed.

For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 22(h).

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2021 and 2020 were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2021	**2020**
Legal reserve	$ 50,681	$ 50,131
Special reserve	$ 15,809	$ (21,298)
Cash dividends	$ 430,169	$ 391,062
Cash dividends per share (NT$)	$ 2.2	$ 2.0

The appropriation for cash dividends for 2021 had been resolved by the Corporation's board of directors on March 17, 2022; the other proposed appropriations for 2021 had been resolved by the shareholders in their meeting on June 9, 2022. The appropriation of earnings for 2020 had been resolved by the shareholders in their meeting on July 29, 2021.

The appropriation of earnings for 2022, which were proposed by the Corporation's board of directors on March 14, 2023, were as follows:

	For the Year Ended December 31, 2022
Legal reserve	$ 49,758
Special reserve	$ (40,482)
Cash dividends	$ 351,956
Cash dividends per share (NT$)	$ 1.8

The above appropriation for cash dividends has been resolved by the Corporation's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on May 30, 2023.

d. Special reserve

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 152,050	$ 173,348
Appropriations in respect of		
Debits to other equity items	15,809	-
Reversals:		
Reversal of the debits to other equity items	-	(21,298)
Balance at December 31	$ 167,859	$ 152,050

e. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ (160,814)	$ (144,404)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	31,997	(16,410)
Other comprehensive income (loss) recognized for the year	31,997	(16,410)
Balance at December 31	$ (128,817)	$ (160,814)

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ (7,045)	$ (7,645)
Recognized for the year		
Unrealized gain (loss) - equity instruments	8,485	600
Other comprehensive income (loss) recognized for the year	8,485	600
Balance at December 31	$ 1,440	$ (7,045)

21. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Construction contract revenue	$ 7,856,070	$ 6,168,055
Revenue from the sale of goods	869,953	1,721,657
Revenue from the rendering of services	349,379	473,674
	$ 9,075,402	$ 8,363,386

a. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable (Note 9)	$ 7,799	$ 11,813	$ 10,982
Accounts receivable (Note 9)	$ 124,027	$ 210,664	$ 180,723
Receivables from related parties (Note 28)	$ 16,167	$ 27,730	$ 57,292
Contract assets - current			
Construction contracts	$ 4,717,201	$ 2,692,054	$ 2,495,667
Contract liabilities - current			
Construction contracts	$ 670,670	$ 1,103,158	$ 1,216,836
Sale of goods	335,548	154,664	426,750
	$ 1,006,218	$ 1,257,822	$ 1,643,586

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Corporation's satisfaction of performance obligations and the respective customer's payment.

b. Disaggregation of customer contract revenue

	Reportable Segments		
	Logistics System Segment	Information and Controller Segment	Total
For the year ended December 31, 2022			
Type of goods or services			
Construction contract revenue	$ 7,402,587	$ 453,483	$ 7,856,070
Revenue from the sale of goods	64,201	805,752	869,953
Revenue from the rendering of services	58,037	291,342	349,379
	$ 7,524,825	$ 1,550,577	$ 9,075,402
For the year ended December 31, 2021			
Type of goods or services			
Construction contract revenue	$ 5,809,587	$ 358,468	$ 6,168,055
Revenue from the sale of goods	85,646	1,636,011	1,721,657
Revenue from the rendering of services	65,035	408,639	473,674
	$ 5,960,268	$ 2,403,118	$ 8,363,386

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Other operating income and expenses

	For the Year Ended December 31	
	2022	2021
Loss on disposal of property, plant and equipment	$ (2,843)	$ (148)

b. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	$ 3,199	$ 2,411
Others	29	2,407
	$ 3,228	$ 4,818

c. Other income

	For the Year Ended December 31	
	2022	2021
Franchise income (Note 14)	$ 5,697	$ 2,452
Rental income	4,721	2,050
Litigation settlement gain	3,810	-
Dividends	1,442	-
Concession income (Note 25)	130	10,367
Other income	4,701	1,501
	$ 20,501	$ 16,370

d. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net gain on fair value changes of financial assets at fair value through profit or loss	$ 106	$ 384
Other net losses	(15,252)	(6,610)
	$ (15,146)	$ (6,226)

e. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	$ 17,147	$ 6,196
Interest on lease liabilities	5,020	5,450
	$ 22,167	$ 11,646

f. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	$ 100,272	$ 85,336
Right-of-use assets	27,049	27,797
Other intangible assets	30,892	26,438
	$ 158,213	$ 139,571

(Continued)

	For the Year Ended December 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	$ 40,117	$ 34,436
Operating expense	87,204	78,697
	$ 127,321	$ 113,133
An analysis of amortization by function		
Operating costs	$ 9,870	$ 7,224
Selling and marketing expense	1,955	1,711
General and administrative expense	15,289	13,000
Research and development expense	3,309	4,033
Other expense	469	470
	$ 30,892	$ 26,438

(Concluded)

g. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Post-employment benefits (Note 19)		
Defined contribution plans	$ 54,239	$ 47,434
Defined benefit plans	3,977	4,024
	58,216	51,458
Termination benefits	975	3,704
Other employee benefits	1,408,313	1,390,837
Total employee benefits expense	$ 1,467,504	$ 1,445,999
An analysis of employee benefits expense by function		
Operating costs	$ 905,792	$ 795,387
Operating expenses	561,712	650,612
	$ 1,467,504	$ 1,445,999

h. Employees' compensation and remuneration of directors and supervisors

According to the Corporation's Articles, the Corporation accrues compensation of employees and remuneration of directors and supervisors at rates of no less than 1% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2022 and 2021, which were approved by the Corporation's board of directors on March 14, 2023 and March 17, 2022, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2022	2021
Compensation of employees	1%	1%
Remuneration of directors and supervisors	1.5%	1.5%

Amount

	For the Year Ended December 31	
	2022	2021
	Cash	Cash
Compensation of employees	$ 5,933	$ 6,254
Remuneration of directors and supervisors	$ 8,899	$ 9,382

If there is a change in the amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2021 and 2020.

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

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	$ 81,784	$117,952
Adjustments for prior year	(20,939)	(36,037)
Deferred tax		
In respect of the current year	2,896	-
Income tax expense recognized in profit or loss	$ 63,741	$ 81,915

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

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	$ 578,465	$ 609,811
Income tax expense calculated at the statutory rate	$ 115,693	$ 121,962
Nondeductible expenses in determining taxable income	2,908	4,471
Nondeductible (deductible) items in determining taxable income	1,316	(2,386)
Unrecognized temporary differences	(35,237)	(6,095)
Adjustments for prior years' tax	(20,939)	(36,037)
Income tax expense recognized in profit or loss	$ 63,741	$ 81,915

b. Current tax liabilities

	December 31	
	2022	**2021**
Current tax liabilities		
Income tax payable	$ 117,239	$ 156,769

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

	Opening Balance	**Recognized in Profit or Loss**	**Closing Balance**
Deferred tax assets			
Temporary differences			
Associates	$ 7,779	$ (3,925)	$ 3,854
Defined benefit obligations	-	12,169	12,169
	$ 7,779	$ 8,244	$ 16,023
Deferred tax liabilities			
Temporary differences			
Unrealized exchange gains	$ -	$ 11,140	$ 11,140

For the year ended December 31, 2021

	Opening Balance	**Recognized in Profit or Loss**	**Closing Balance**
Deferred tax assets			
Temporary differences			
Associate	$ 7,779	$ -	$ 7,779

d. Deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2022	**2021**
Deductible temporary differences		
After-sales service guarantee	$ 10,174	$ 10,689
Deferred revenue	1,492	1,912
	$ 11,666	$ 12,601

e. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2022 and 2021, the taxable temporary differences associated with investments in subsidiaries and branches for which no deferred tax liabilities have been recognized were $140,034 thousand and $141,387 thousand, respectively.

f. Income tax assessments

The Corporation's income tax returns through 2020 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2022	**2021**
Basic earnings per share	$ 2.63	$ 2.70
Diluted earnings per share	$ 2.63	$ 2.70

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

Net Profit for the Year

	For the Year Ended December 31	
	2022	**2021**
Profit for the year attributable to shareholders of the Corporation	$ 514,724	$ 527,896
Earnings used in the computation of basic earnings per share	514,724	527,896
Effect of potentially dilutive ordinary shares		
Compensation of employees	-	-
Earnings used in the computation of diluted earnings per share	$ 514,724	$ 527,896

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	For the Year Ended December 31	
	2022	**2021**
Weighted average number of ordinary shares used in the computation of basic earnings per share	195,531	195,531
Effect of potentially dilutive ordinary shares		
Compensation of employees	188	169
Weighted average number of ordinary shares used in the computation of diluted earnings per share	195,719	195,700

The Corporation may settle the compensation of employees in cash or shares; therefore, the Corporation assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. GOVERNMENT GRANTS

The Corporation participated in a project proposed by the Ministry of Economic Affairs called "Smart Measuring Technology Applied to 3D Curved Glass Manufacturing Process", with the Institute for Information Industry in June 2020. The subsidy provided by the Ministry of Economic Affairs was NT$12,893 thousand. As of June 30, 2021, the accumulated government grant income recognized was NT$12,419 thousand.

26. PARTIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

On April 29, 2022, the Corporation acquired an additional 1% equity interest in DAVID INVESTMENT CO., LTD., and increased its continuing interest from 99% to 100%.

The above transactions were accounted for as equity transactions, since the Corporation did not cease to have control over these subsidiaries. Refer to Note 29 to the Corporation's consolidated financial statements for the year ended December 31, 2022.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management believes that except for the financial assets at amortized cost whose fair values cannot be reliably measured, the carrying amounts of the other financial assets and financial liabilities approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	$ -	$ -	$ 9,955	$ 9,955
Foreign unlisted shares	-	-	45,467	45,467
	$ -	$ -	$ 55,422	$ 55,422

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 100,078	$ -	$ -	$ 100,078
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	$ -	$ -	$ 12,125	$ 12,125
Foreign unlisted shares	-	-	36,572	36,572
	$ -	$ -	$ 48,697	$ 48,697

There were no transfers between Levels 1 and 2 in the current and prior years.

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

Financial Assets	Financial Assets at FVTOCI Equity Instruments 2022	2021
Balance at January 1	$ 48,697	$ 39,098
Recognized in other comprehensive income	8,485	600
Purchases	-	10,000
Cash returns from capital reduction	(1,760)	(1,001)
Balance at December 31	$ 55,422	$ 48,697

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

The fair value of unlisted shares is estimated based on the financial statements of the issuer of such shares or based on the observable price of stock of comparable companies at the end of the period. The estimated fair value is further evaluated by comparing the financial position and financial performance of the issuer with the comparable companies and by applying the implied value multiplier to the estimated price at the balance sheet date.

c. Categories of financial instruments

	December 31 2022	2021
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ -	$ 100,078
Amortized cost		
Cash and cash equivalents	1,012,010	2,110,140
Notes receivable (including related parties)	7,997	12,288
Accounts receivable (including related parties)	139,996	237,919
Other receivables (including related parties)	61,591	108,724
Refundable deposits	99,511	88,832
Financial assets at FVTOCI		
Equity instruments	55,422	48,697
Financial liabilities		
Amortized cost		
Short-term bank loans	1,413,000	300,000
Notes payable	33,231	51,963
Accounts payable (including related parties)	2,717,900	2,379,474
Accrued expenses and other current liabilities	609,293	708,104
Long-term bank loans (including current portion)	1,401,711	1,231,367
Lease liabilities	235,529	259,436
Long-term payables	4,000	-
Guarantee deposits received	271	298

d. Financial risk management objectives and policies

The Corporation's financial risk management objectives are to manage market risk, credit risk and liquidity risk relating to the operations of the Corporation. To reduce the related financial risks, the Corporation is committed to identify, evaluate and avoid the uncertainty of the market to reduce the potentially negative effects of market volatility on the Corporation's financial performance.

The Corporation's important financial activities were reviewed by the management in accordance with relevant regulations and the internal control system. During the execution of the financial plans, the Corporation strictly complied with the relevant financial operating procedures.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There had been no change to the Corporation's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

Several subsidiaries of the Corporation have foreign currency denominated sales and purchases, which expose the Corporation to foreign currency risk.

The Corporation's main operating activities are foreign currency denominated sales and purchases, which expose the Corporation to the risk of exchange rate changes.

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities are set out in Note 31.

Sensitivity analysis

The Corporation is mainly exposed to the USD, RMB and the JPY.

The following table details the Corporation's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity analysis included outstanding foreign currency denominated monetary items and adjusted their translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis included cash and cash equivalents, accounts receivable, accounts payable, and short-term bank loans. A negative number below indicates a decrease in pre-tax profit associated with the New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be positive.

	USD Impact		**CNY Impact**		**JPY Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**		**For the Year Ended December 31**	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Profit or loss	$ (79,203)	$ (106,726)	$ 2,649	$ (3,689)	$ (5,843)	$ 362

The Corporation's sensitivity to USD and RMB decreased during the year mainly due to a decrease in USD denominated net assets and an increase in RMB denominated net liabilities; JPY increased during the year mainly due to an increase in JPY denominated net assets.

b) Interest rate risk

The Corporation is exposed to interest rate risk because the Corporation borrow funds at both fixed and floating interest rates. The risk is managed by the Corporation by maintaining an appropriate mix of fixed and floating rate borrowings and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Corporation's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2022	**2021**
Fair value interest rate risk		
Financial assets	$ 30,710	$ 565,000
Financial liabilities	1,348,529	259,436
Cash flow interest rate risk		
Financial assets	972,202	1,535,192
Financial liabilities	1,701,711	1,531,367

Sensitivity analysis

The sensitivity analysis below was determined based on the Corporation's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased by $17,017 thousand and $15,314 thousand, respectively, which was mainly attributable to the Corporation's exposure to cash flow interest rate risk on its variable-rate borrowings.

The Corporation's sensitivity to interest rate changed during the current year mainly due to the increase in variable-rate debt instruments.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Corporation. As at the end of the reporting period, the Corporation's maximum exposure to credit risk, which will cause a financial loss to the Corporation due to failure of counterparties to discharge an obligation and financial guarantees provided by the Corporation arises from the carrying amount of the respective recognized financial assets as stated in the parent company only balance sheets.

The Corporation's concentration of credit risk of 60.90% and 45.04% of total amounts of accounts receivable and contract assets as of December 31, 2022 and 2021, respectively, was attributable to the Corporation's ten largest customers in the property construction business segment. The concentration of credit risk of the remaining accounts receivable and contract assets was not significant.

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following tables detail the Corporation's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The tables include both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years
Noninterest bearing (Note)	$ 483,936	$ 682,962	$ 387,369	$ 113,414
Lease liabilities	2,534	5,068	22,714	232,813
Variable interest rate liabilities	5,980	40,006	718,737	936,988
Fixed interest rate liabilities	528,000	535,000	50,000	-
	$ 1,020,450	$ 1,263,036	$ 1,178,820	$ 1,283,215

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 30,316	$ 114,237	$ 74,202	$ 44,374	$ -	$ -
Variable interest rate liabilities	764,723	936,988	-	-	-	-
	$ 795,039	$1,051,225	$ 74,202	$ 44,374	$ -	$ -

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years
Non-interest bearing (Note)	$ 449,151	$ 809,464	$ 296,919	$ 55,606
Lease liabilities	2,491	4,982	22,420	277,285
Variable interest rate liabilities	-	6,705	336,019	1,188,643
	$ 451,642	$ 821,151	$ 655,358	$ 1,521,534

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 29,893	$ 127,066	$ 96,859	$ 53,360	$ -	$ -
Variable interest rate liabilities	342,724	1,172,619	16,024	-	-	-
	$ 372,617	$1,299,685	$ 112,883	$ 53,360	$ -	$ -

Note: Non-interest bearing liabilities do not include estimated accounts payable.

b) Financing facilities

	December 31	
	2022	2021
Long-term bank loan facilities:		
Amount used	$ 1,401,711	$ 1,231,367
Amount unused	836,099	1,473,113
	$ 2,237,810	$ 2,704,480
Short-term bank loan facilities:		
Amount used	$ 2,292,003	$ 1,166,812
Amount unused	3,365,567	3,787,748
	$ 5,657,570	$ 4,954,560

28. TRANSACTIONS WITH RELATED PARTIES

The Corporation and related parties are disclosed below:

a. Related party name and relationship

Related Party Name	Relationship with the Corporation
MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD.	Subsidiary
MIRLE AUTOMATION (KUNSHAN) CO., LTD.	Subsidiary
IOT SERVICES INFORMATION SYSTEM CORPORATION	Subsidiary
VAN QUOC INFORMATION TECHNOLOGY CONSULTING SERVICES CO., LTD.	Subsidiary
MIRLE AUTOMATION INTER CORP. LTD.	Subsidiary
FACTORY AUTOMATION INTERNATIONAL CO., LTD.	Subsidiary
MAIN DRIVE CORPORATION	Associate
MIRLE AUTOMATION TECHNOLOGY (GUANGDONG) CO., LTD.	Associate
I-MEI FOODS CO., LTD.	Key management personnel
I-MEI JISHENG CO., LTD.	Subsidiary of key management personnel
I-MEI BIOMEDICINE CO., LTD.	Subsidiary of key management personnel
I-MEI MACROBIOTICS CO., LTD.	Subsidiary of key management personnel

(Continued)

Related Party Name	Relationship with the Corporation
JIANXUE RESTAURANT CO., LTD.	Subsidiary of key management personnel
I-MEI STORE COMPANY LTD.	Substantive related party
I-ME-I INFORMATION TECHNOLOGY CO., LTD.	Substantive related party
OPENFIND INFORMATION TECHNOLOGY INC.	Substantive related party
SHINE MEI FOODS MARKETING & DISTRIBUTION CO., LTD.	Substantive related party
GOLDEN SADDLE MACHINERY CO., LTD.	Substantive related party

(Concluded)

b. Operating transactions

	For the Year Ended December 31	
	2022	2021
Sales		
Subsidiaries	$ 105,856	$ 92,776
Associates	99,651	21,455
Substantive related parties	5,574	6,006
Key management personnel	5,460	1,998
Subsidiaries of key management personnel	32	123
	$ 216,573	$ 122,358
Purchases		
Subsidiaries	$ 187,931	$ 46,568
Associates	9,663	16,555
	$ 197,594	$ 63,123
Manufacturing expenses		
Subsidiaries	$ 27,131	$ 12,992
Associates	99	60
	$ 27,230	$ 13,052
Operating expenses		
Subsidiaries	$ 13,452	$ 40,192
Substantive related parties	153	645
Associates	10	165
	$ 13,615	$ 41,002
Other gains and losses		
Substantive related parties	$ 585	$ -

Acquisition of property, plant and equipment

Related Party Category/Name	Purchase Price For the Year Ended December 31 2022	2021
Subsidiaries	$ 194	$ -

Disposal of property, plant and equipment

Related Party Category/Name	Proceeds For the Year Ended December 31 2022	2021	Gain on Disposal For the Year Ended December 31 2022	2021
Subsidiaries	$ 181	$ 1,519	$ -	$ 110

Lease arrangements - the Corporation is lessor

Lease arrangements - the Corporation is lessor under operating leases

The Corporation leases out plant to its associate, MAIN DRIVE CORPORATION, under operating leases with lease terms of 5 year. As of December 31, 2022 and 2021, the balance of the operating lease receivable were $12,632 thousand and $2,536 thousand, respectively. The amounts of lease income recognized for the years ended December 31, 2022 and 2021 was as follows:

Related Party Category/Name	For the Year Ended December 31 2022	2021
Associates		
MAIN DRIVE CORPORATION	$ 3,684	$ 1,811

Acquisition of other assets

Related Party Category/Name	Line Items	Purchase Price For the Year Ended December 31 2022	2021
Subsidiaries	Other intangible assets	$ 120	$ -
Substantive related parties		60	79
		$ 180	$ 79

The products sold to related parties and purchases from related parties have no other suitable counterparties to compare with, so the collection and payment term are the same as general customers. Manufacturing expenses and operating expenses of the Corporation and related parties are outsourcing fee, management and support expenses, which are based on the prices decided by both parties and payment terms.

The transaction price and payment terms of the property, plant and equipment and the other intangible assets acquired and disposed of by the Corporation and its related parties are determined based on negotiation between the parties of the transaction. The related gain on disposal is recognized as unrealized gain.

c. Balances on the balance sheet date

	December 31	
	2022	2021
Contract assets		
Subsidiaries	$ 77,290	$ 32,631
Contract liabilities		
Subsidiaries	$ 5,299	$ 2,184
Associates	9,235	-
	$ 14,534	$ 2,184
Accounts receivable from related parties		
Subsidiaries		
MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD.	$ 10,471	$ 23,293
Others	1,584	2,354
Substantive related parties		
I-MEI STORE COMPANY LTD.	3,672	1,550
Others	128	1
Associate	69	7
Key management personnel	45	50
	$ 15,969	$ 27,255
Notes receivable from related parties		
Substantive related parties	$ 198	$ 255
Key management personnel	-	220
	$ 198	$ 475
Other receivables from related parties		
Associates		
MAIN DRIVE CORPORATION	$ 1,109	$ 380
Subsidiaries		
IOT SERVICES INFORMATION SYSTEM CORPORATION	190	-
MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD.	34	10,342
Others	16	8
	$ 1,349	$ 10,730
Prepayments		
Substantive related parties	$ 17	$ -

(Continued)

	December 31	
	2022	2021
Accounts payable to related parties		
Subsidiaries		
MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD.	$ 105,475	$ 5,974
FACTORY AUTOMATION INTERNATIONAL CO., LTD.	6,395	2,835
IOT SERVICES INFORMATION SYSTEM CORPORATION	3,042	4,734
Associates		
MAIN DRIVE CORPORATION	715	13,133
	$ 115,627	$ 26,676
Accrued expenses and other current liabilities		
Subsidiaries	$ 20,441	$ 45,922
Associates	104	63
	$ 20,545	$ 45,985

No collateral is provided for the outstanding payables to related parties, which will be paid off by cash. The outstanding accounts receivable from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment losses were recognized for the accounts receivable from related parties.

d. Remuneration of key management personnel

The remuneration of directors and the key management personnel for the years ended December 31, 2022 and 2021 was as follows:

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	$ 49,262	$ 63,567
Post-employment benefits	1,528	1,708
	$ 50,790	$ 65,275

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged or mortgaged as collateral mainly for bank borrowings:

	December 31	
	2022	2021
Other intangible assets	$ 4,695	$ 5,164

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The Corporation's significant commitments and contingencies as of December 31, 2022 were as follows:

The endorsements/guarantees provided by the Corporation for MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD, MIRLE AUTOMATION (KUNSHAN) CO., LTD. and MIRLE AUTOMATION INTER CORP. LTD. amounted to $460,650 thousand, $122,840 thousand and $92,130 thousand, respectively.

On April 11, 2022, the Corporation received a notice from the Intellectual Property and Commercial Court that the Securities Investor and Futures Trader Protection Center (hereinafter referred to as the "Insurance Center") filed a lawsuit against the Corporation's financial statements from 2012 to 2017. For actual reasons, a lawsuit for damages was filed against the Corporation, its principal, directors, supervisors and accounting supervisors, and the requested amount was $158,959 thousand. The Corporation has appointed lawyers to deal with the lawsuit brought by Shanghai Kai Insurance Center, which has no significant impact on the Corporation's financial and operation at this stage.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

(In thousands of foreign currencies)

	December 31, 2022	
	Foreign Currency	**Exchange Rate**
Financial assets		
Monetary items		
USD	$ 53,622	30.710 (USD:NTD)
JPY	776,039	0.2324 (JPY:NTD)
RMB	22,504	4.408 (RMB:NTD)
EUR	116	32.72 (EUR:NTD)
Non-monetary items		
Investments accounted for using the equity method		
USD	57,962	30.710 (USD:NTD)
THB	82,618	0.8941 (THB:NTD)
Financial liabilities		
Monetary items		
USD	2,041	30.710 (USD:NTD)
JPY	273,199	0.2324 (JPY:NTD)
RMB	34,522	4.408 (RMB:NTD)
EUR	281	32.72 (EUR:NTD)
CAD	-	22.67 (CAD:NTD)

	December 31, 2021	
	Foreign Currency	Exchange Rate
Financial assets		
Monetary items		
USD	$ 83,563	27.680 (USD:NTD)
JPY	155,405	0.2405 (JPY:NTD)
RMB	22,853	4.344 (RMB:NTD)
EUR	325	31.32 (EUR:NTD)
Non-monetary items		
Investments accounted for using the equity method		
USD	62,828	27.680 (USD:NTD)
THB	89,677	0.8347 (THB:NTD)
Financial liabilities		
Monetary items		
USD	6,449	27.680 (USD:NTD)
JPY	185,531	0.2405 (JPY:NTD)
RMB	5,870	4.344 (RMB:NTD)
EUR	376	31.32 (EUR:NTD)
CAD	1	21.62 (CAD:NTD)

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were $248,796 thousand and $(81,687) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Corporation.

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

9) Trading in derivative instruments (None)

b. Information on investees (Table 4)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 5)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 6)

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

MIRLE AUTOMATION CORPORATION

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Note 4)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 3)	Note
													Item	Value			
0	The Corporation	MIRLE AUTOMATION (KUNSHAN) CO., LTD.	Other receivables from related parties	Yes	$ 290,928	$ 290,928	$ -	3	2	$ -	Working capital	$ -	-	$ -	$ 1,729,444	$ 1,729,444	-
1	MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD.	MIRLE AUTOMATION (KUNSHAN) CO., LTD.	Other current assets	Yes	352,640	352,640	-	-	2	-	Working capital	-	-	-	532,831	532,831	-

Note 1: The total amount of financing provided to others shall not exceed 40% of the net value of the Corporation’s net value based on its most recent audited or reviewed financial statements. However, foreign companies in which the Corporation directly and indirectly held 100% of the voting shares are not subject to the preceding restrictions in the preceding requirement, but their total amount of financing provided to others shall not exceed 40% of the Corporation’s net value.

Note 2: Nature of financing:

1. For business

2. For short-term financing

Note 3: The total amount of financing provided to others shall not exceed 40% of the Corporation’s net value in its most recent audited or reviewed financial statements. The total amount of financing provided by Mirle Automation Technology (Shanghai) Co., Ltd. to others shall not exceed 40% of its net value in its most recent audited or reviewed financial statements.

Note 4: Financing limit approved by the board of directors.

MIRLE AUTOMATION CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
	Name	Relationship										
The Corporation	MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD.	Note 1	$1,297,083	$ 460,650	$ 460,650	$ -	$ -	11	$2,161,806	Yes	No	Yes
	MIRLE AUTOMATION TECHNOLOGY (KUNSHAN) CO., LTD.	Note 1	1,297,083	122,840	122,840	-	-	3	2,161,806	Yes	No	Yes
	MIRLE AUTOMATION INTER CORP. LTD.	Note 2	1,297,083	92,130	92,130	26,257	-	2	2,161,806	Yes	No	No

Note 1: The Corporation's indirect wholly-owned subsidiaries.

Note 2: The Corporation's direct wholly-owned subsidiaries.

Note 3: The amount of guarantees provided by the Corporation to any individual entity shall not exceed 10% of the Corporation's net worth. The aggregate amount of guarantees available shall not exceed 50% of the Corporation's net worth. The aggregate amount of guarantees given by the parent company on behalf of subsidiaries or subsidiaries on behalf of the parent company shall not exceed 30% of the Corporation's net worth.

TABLE 3

MIRLE AUTOMATION CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Corporation	TIEF FUND, L.P.	-	Financial assets at fair value through other comprehensive income - non-current	1,500	$ 45,467	7	$ 45,467	Note 1
	TSUKUBASEIKO CO., LTD.	-	Financial assets at fair value through profit or loss - non-current	143	-	4	-	Note 1
	PHOENIX II INNOVATION VENTURE CAPITAL CO., LTD.	-	Financial assets at fair value through other comprehensive income - non-current	1,000	9,955	2	9,955	Note 1
MIRTEK (BVI) CORP. LTD.	AMERICAN MERCHANTS HEAT CO., LTD.	-	Financial assets at fair value through other comprehensive income - non-current	1,654	-	6	-	Note 1
FACTORY AUTOMATION INTERNATIONAL CO., LTD.	UNION MONEY MARKET FUND	-	Financial assets as fair value through profit or loss - current	1,869	25,080	-	25,080	Note 2

Note 1: The market value was based on the fair value as of December 31, 2022.

Note 2: The fair value was based on the net assets value of the fund as of December 31, 2022.

Note 3: As of December 31, 2022, the above marketable securities had not been pledged or mortgaged.

Note 4: See Tables 4 and 5 for detailed information on subsidiaries and associates.

MIRLE AUTOMATION CORPORATION

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
The Corporation	MIRTEK (BVI) CORP. LTD.	British Virgin Islands	Investment	$ 951,348	$ 951,348	29,641	100	$ 1,777,761	$ 16,035	$ 16,145	Subsidiary
	DAVID INVESTMENT CO., LTD	Taipei City	Investment	76,100	76,000	-	100	84,814	7,346	7,341	Subsidiary
	MIRLE AUTOMATION INTER CO., LTD.	Thailand	Machinery installation construction, automatic warehousing and logistics equipment and cybernation equipment construction	103,921	103,921	10,300	100	73,868	(6,039)	(6,039)	Subsidiary
	FACTORY AUTOMATION INTERNATIONAL CO., LTD.	Taipei City	Computer application package software design, computer and peripheral equipment sales	42,075	42,075	1,275	51	53,366	14,988	7,644	Subsidiary
	FORMOSA MEDICAL DEVICES INC.	Taipei City	Medical equipment wholesale and retail	21,911	21,911	2,523	21	-	-	-	Note 2
	MAIN DRIVE CORPORATION	Hsinchu County	Machinery and equipment manufacturing and installation construction, wholesale and retail sale of computing and business machinery equipment	127,130	97,130	11,713	23.43	47,772	(131,250)	(31,854)	Associate
MIRTEK (BVI) CORP. LTD.	MIRLE HOLDING CO., LTD.	Seychelles	Investment	544,745	544,745	17,000	100	446,482	(31,341)	(31,341)	Second-tier subsidiary
DAVID INVESTMENT CO., LTD	IOT SERVICES INFORMATION SYSTEM CORPORATION	Taipei City	Machinery and equipment manufacturing and installation construction, wholesale and retail sale of computing and business machinery equipment	76,100	76,100	7,610	100	84,810	7,346	7,346	Second-tier subsidiary
IOT SERVICES INFORMATION SYSTEM CORPORATION	VAN QUOC INFORMATION TECHNOLOGY CONSULTING SERVICES CO., LTD.	Vietnam	Machinery and equipment manufacturing and installation construction, wholesale and retail sale of computing and business machinery equipment	15,520	15,520	-	100	29,846	2,775	2,775	Third-tier subsidiary

Note 1: Refer to Table 5 for information on investments in mainland China.

Note 2: FORMOSA MEDICAL DEVICES INC. was dissolved on May 27, 2020, but the liquidation procedures have not yet been completed.

MIRLE AUTOMATION CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD.	Developing, producing and selling of various packing machines, labeling machines, other food machinery, components of thermoforming models and automatic storage management equipment, logistics, other automated product systems and services and computer and network system integration and services	US$ 13,230 thousand (Note 2)	Note 1	US$ 11,610 thousand (Note 3)	$ -	$ -	US$ 11,610 Thousand	$ 47,419	100	$ 47,419 (Note 5)	$ 1,332,078	$ -
MIRLE AUTOMATION (KUNSHAN) CO., LTD.	Researching, developing and producing of welding robots and their welding equipment, automatic storage and management equipment, logistics and other automated product systems, industrial controller products and systems and providing industrial robot system, visual inspection system and computer and network system integrated application services	US$ 17,000 thousand (Note 4)	Note 1	US$ 17,000 thousand	-	-	US$ 17,000 thousand	(31,341)	100	(31,341) (Note 5)	446,482	-
MIRLE AUTOMATION TECHNOLOGY (GUANGDONG) CO., LTD.	Selling and manufacturing of industrial automatic control system devices; technical services, development, consulting, communication, transfer and promotion; electronic components and electromechanical component equipment manufacturing and selling; hardware research development, manufacturing and wholesale; electronic product sales; distribution switcher control equipment manufacturing, power transmission and distribution and control equipment manufacturing; motor and its control system research and development; servo control mechanism manufacturing and sales; electromechanical coupling system research and development; electrical equipment manufacturing; intelligent control system integration	US$ 1,500 thousand (Note 2)	Note 1	$ -	-	-	$ -	526	49	348 (Note 6)	21,983	-

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
HICHAIN & MIRLE AUTOMATION CO., LTD.	Engaged in technical services, technical development, technical consultation; general machinery installation; intelligent control system integration, software development, material handling equipment sales, internet equipment sales, computer hardware and software and auxiliary equipment retail	US$ 580 thousand (Note 2)	Note 1	$ -	$ -	$ -	$ -	$ 21	40	$ - (Note 5)	$ 17,638	$ -

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
US$28,610 thousand	US$31,560 thousand	$ 2,594,167

Note 1: By establishing MIRTEK (BVI) CORP. LTD. through investment in the third region and then invested in companies in mainland China.

Note 2: Accumulated outward remittance for investment from Taiwan is US$7,900 thousand. The amount of retained earnings transferred to ordinary shares is US$2,950 thousand and the investment amount of XINJI PHOTOELECTRIC CO., LTD. is US$2,380 thousand. After that, the Corporation acquired full ownership of MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD. through MIRTEK (BVI) CORP. LTD.; meanwhile, the Corporation reinvested in MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD. to acquire a 49% ownership of MIRLE AUTOMATION TECHNOLOGY (GUANGDONG) CO., LTD. and a 40% ownership of HAICHAIN MIRLE AUTOMATION CO., LTD.

Note 3: Accumulated outward remittance for investment from Taiwan is US$7,900 thousand. The Corporation obtained the shares of Mirle Automation Technology (Shanghai) Co., Ltd. by paying US$3,710 thousand to Xinji Photoelectric Co., Ltd.

Note 4: Accumulated outward remittance for investment from Taiwan is US$17,000 thousand. The Corporation invested and established MIRLE HOLDING CO., LTD. through MIRTEK (BVI) CORP. LTD.; meanwhile, the Corporation acquired full ownership of Mirle Automation (Kunshan) Co., Ltd. through MIRLE HOLDING CO., LTD.

Note 5: Calculated by audited financial statements of the investees for the same reporting periods as those of the Corporation.

Note 6: Calculated by unaudited financial statements of the investees for the same reporting periods as those of the Corporation.

(Concluded)

MIRLE AUTOMATION CORPORATION

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD.	Sales	$ 18,086	0.2	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	$ 10,471	7.1	$ -	None
	Purchase	114,169	1.7	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	(105,475)	3.8	-	None
MIRLE AUTOMATION (KUNSHAN) CO., LTD.	Sales	84,638	0.9	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	-	-	-	None
MIRLE AUTOMATION TECHNOLOGY (GUANGDONG) CO., LTD.	Sales	99,352	1.1	Calculated according to the contract	Based on mutual agreement	No other equivalent transactions for comparison	-	-	-	None

TABLE 7

MIRLE AUTOMATION CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

No.	Name of Major Shareholder	Shares	
		Number of Shares Held	Ownership Percentage
1	I-MEI FOODS CO., LTD.	11,496,066	5.87%

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

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

STATEMENT 1

MIRLE AUTOMATION CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount
Cash in banks	
Current accounts	$ 517,130
Foreign currency accounts (Note 1)	455,072
Time deposits (Note 2)	30,710
Checking accounts	120
	1,003,032
Cash on hand	8,978
	$ 1,012,010

Note 1: Including US$8,260 thousand @30.710, ￥$767,474 thousand @0.2324, CNY4,369 thousand @4.408 and €116 thousand @32.72.

Note 2: Expired by the end of April 2023, annual interest rate of 4.37%.

MIRLE AUTOMATION CORPORATION

STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Client A	$ 2,916
Client B	1,159
Client C	886
Client D	866
Client E	847
Others (Note)	1,221
	7,895
Less: Allowance for impairment loss	(96)
	$ 7,799

Note: The amount of individual client in others does not exceed 5% of the account balance.

STATEMENT 3

MIRLE AUTOMATION CORPORATION

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Client F	$ 24,912
Client G	13,017
Client H	6,506
Others (Note)	85,960
	130,395
Less: Allowance for impairment loss	(6,368)
	$ 124,027

Note: The amount of individual client in others does not exceed 5% of the account balance.

STATEMENT 4

MIRLE AUTOMATION CORPORATION

STATEMENT OF INVENTORIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

	Amount	
Item	**Cost**	**Market Value (Note 1)**
Finished goods	$ 14,878	$ 26,020
Work in process	940,645	1,236,983
Raw materials	427,232	439,336
Inventory in transit	5,473	5,473
	$ 1,388,228	$ 1,707,812

Note 1: Based on the net realizable value.

Note 2: The amount of inventory insured is NT$708,000 thousand.

MIRLE AUTOMATION CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Balance, January 1, 2022		Additions		Share of Profit or Loss of Subsidiaries and Associates	Exchange Differences on Translation to the Presentation Currency	Cash Dividends Paid by Subsidiaries	Equity Adjustment	Deferred Credits Adjustment	Balance, December 31, 2022			Net Asset Value	Remarks
	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount						Number of Shares (In Thousands)	%	Amount		
MIRTEK (BVI) CORP. LTD.	29,641	$ 1,736,303	-	$ -	$ 16,145	$ 24,893	$ -	$ -	$ 420	29,641	100	$ 1,777,761	$ 1,780,018	Note 1
MIRLE AUTOMATION INTER CORP. LTD.	10,300	74,853	-	-	(6,039)	5,054	-	-	-	10,300	100	73,868	62,656	Note 1
DAVID INVESTMENT CO., LTD.	-	79,355	-	100	7,341	2,050	(4,042)	10	-	-	100	84,814	84,814	Note 1
FACTORY AUTOMATION INTERNATIONAL CO., LTD.	1,275	45,722	-	-	7,644	-	-	-	-	1,275	51	53,366	21,444	Note 1
MAIN DRIVE CORPORATION	9,713	34,310	2,000	30,000	(31,854)	-	-	15,316	-	11,713	23.43	47,772	47,772	Note 1
FORMOSA MEDICAL DEVICES INC.	2,523	-	-	-	-	-	-	-	-	2,523	21	-	-	Note 1
		$ 1,970,543		$ 30,100	$ (6,763)	$ 31,997	$ (4,042)	$ 15,326	$ 420			$ 2,037,581	$ 1,996,704	

Note 1: The net value was based on audited financial statements for the same period.

Note 2: The above investments accounted for using the equity method were not pledged as security.

STATEMENT 6

MIRLE AUTOMATION CORPORATION

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS AND ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

	January 1, 2022	Additions	Disposals	December 31, 2022
Cost				
Land	$ 318,910	$ 1,933	$ -	$ 320,843
Transportation equipment	6,830	-	-	6,830
Total	325,740	1,933	-	327,673
Accumulated depreciation				
Land	73,201	24,772	-	97,973
Transportation equipment	2,243	2,277	-	4,520
Total	75,444	27,049	-	102,493
Total	$ 250,296	$ (25,116)	$ -	$ 225,180

STATEMENT 7

MIRLE AUTOMATION CORPORATION

STATEMENT OF NOTES PAYABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Client A	$ 30,616
Others (Note)	2,615
	$ 33,231

Note: The amount of individual client in others does not exceed 5% of the account balance.

STATEMENT 8

MIRLE AUTOMATION CORPORATION

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Client B	$ 135,090
Others (Note)	2,467,183
	$ 2,602,273

Note: The amount of individual client in others does not exceed 5% of the account balance.

STATEMENT 9

MIRLE AUTOMATION CORPORATION

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Rental Period	Discount Rate	Amount
Land	From January 2019 to December 2038	1.92%-2.16%	$ 233,191
Transportation equipment	From December 2020 to August 2024	1.44%	2,338
Total			235,529
Less: Lease liabilities - current			(25,794)
Lease liabilities - non-current			$ 209,735

MIRLE AUTOMATION CORPORATION

STATEMENT OF NET SALES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Sale Quantity	Amount
LCD devices	Note	$ 3,653,402
Automatic storage systems	Note	2,296,048
Semiconductor equipment	Note	1,549,508
Information product systems	Note	1,206,779
Industrial controllers	9,137 sets	323,368
Robot operating systems	Note	49,987
		9,079,092
Less: Sales returns and discounts		(3,690)
		$ 9,075,402

Note: Designed in response to customer needs. Each system requires different accessories and equipment, so the quantity cannot be calculated based on it.

MIRLE AUTOMATION CORPORATION

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials	
Balance, beginning of year	$ 349,083
Raw material purchased	6,746,744
Raw materials, end of year	(427,232)
Transferred to property, plant and equipment	(296,406)
Others	(224,926)
Raw materials used this year	6,147,263
Direct labor	823,098
Manufacturing expenses	775,797
Manufacturing cost	7,746,158
Work in process, beginning of year	778,749
Others	(179,112)
Work in process, end of year	(940,645)
Cost of finished goods	7,405,150
Finished goods, beginning of year	24,406
Finished goods, end of year	(14,878)
Cost of goods sold	7,414,678
Other operating costs	(2,059)
Total	$ 7,412,619

MIRLE AUTOMATION CORPORATION

STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Outsourcing project	$ 244,432
Travel expenses	113,165
Salary	88,103
Depreciation	40,117
Others (Note)	289,980
	$ 775,797

Note: The amount of individual client in others does not exceed 5% of the account balance.

MIRLE AUTOMATION CORPORATION

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expense	General and Administrative Expense	Research and Development Expense
Personnel expenses	$ 161,173	$ 171,021	$ 141,648
Professional service fee	72,937	2,060	577
Depreciation	3,824	78,126	5,254
Repair and maintenance costs	323	24,359	2,166
Electricity bill	43	29,203	31
Material requisition	-	-	216,883
Others (Note)	195,641	141,687	64,435
	$ 433,941	$ 446,456	$ 430,994

Note: The amount of each item in others does not exceed 5% of the account balance.

MIRLE AUTOMATION CORPORATION

SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31, 2022			For the Year Ended December 31, 2021		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Employee benefits expenses						
Salary expense	$ 765,385	$ 473,842	$ 1,239,227	$ 677,805	$ 559,996	$ 1,237,801
Employee insurance premium	68,224	44,354	112,578	56,515	47,013	103,528
Pension	36,293	21,923	58,216	28,473	22,985	51,458
Meal expenses	22,786	12,194	34,980	19,153	13,435	32,588
Welfare	13,104	-	13,104	13,441	-	13,441
Remuneration of directors	-	9,399	9,399	-	7,183	7,183
	$ 905,792	$ 561,712	$ 1,467,504	$ 795,387	$ 650,612	$ 1,445,999
Depreciation	$ 40,117	$ 87,204	$ 127,321	$ 34,436	$ 78,697	$ 113,133
Amortization	$ 9,870	$ 21,022	$ 30,892	$ 7,224	$ 19,214	$ 26,438

Note 1: As of December 31, 2022 and 2021, the number of employees was 1,227 and 1,144, respectively, including 8 and 4 directors who did not serve concurrently as employees, respectively,

Note 2: Companies whose stocks are listed on the Taiwan Stock Exchange or on the Taipei Exchange should disclose the following information:

1) The average employee benefits expense for the current year is $1,196 thousand (“Total employee benefits expenses for the current year-Total directors’ remuneration”/“Number of employees for the current year-Number of directors who have not served concurrently as employees”).

   The average employee benefits expense for the previous year is $1,262 thousand (“Total employee benefits expenses for the previous year-Total directors’ remuneration”/“Number of employees for the previous year-Number of directors who have not served concurrently as employees”).

2) The average employee payroll and related expense for the current year is $1,017 thousand (Total payroll and related expense for the current year/“Number of employees for the current year-Number of directors who have not served concurrently as employees”).

   The average employee payroll and related expense for the previous year is $1,086 thousand (Total payroll and related expense of the previous year/“Number of employees for the previous year-Number of directors who have not served concurrently as employees”).

3) Changes in the average employee payroll and related expense adjustment (6.35)% (“Average employee payroll and related expense for the current year-Average employee payroll and related expense for the previous year”/Average employee payroll and related expense for the previous year).

4) The remuneration of supervisors for the current year is $75 thousand, and that for the previous year is $2,739 thousand. The Corporation has established an audit committee on June 9, 2022.

5) The Corporation’s compensation policy (include directors, managers and employees).

   Article 43 of the Corporation’s charter stipulates that if the Corporation makes a profit each year, at least 1% shall be allocated for employees’ compensation, and no more than 2% shall be allocated as remuneration of directors. A reasonable amount of remuneration is given to employees based on the procedures for determining the remuneration, considering the Corporation’s operational results, and taking into account the employee’s contribution to the Corporation’s performance, as well as the Corporation’s “Board of Directors Performance Evaluation Method”. The relevant performance appraisal and salary reasonableness have been reviewed by the Salary and Compensation Committee and the Board of Directors.