

**Brogent Technologies Inc. and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of affiliates of Brogent Technologies Inc. for the year ended December 31, 2021 under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, are the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with International Financial Reporting Standard No.10, “Consolidated Financial Statements”. In addition, relevant information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed included in the consolidated financial statements of parent and subsidiary companies. Consequently, Brogent Technologies Inc. and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Brogent Technologies Inc.

By



Ouyang, Chih Hung
Chairman

March 8, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Brogent Technologies Inc.

Opinion

We have audited the accompanying consolidated financial statements of Brogent Technologies Inc. (the "Corporation") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2021 is stated as follows:

The recognition of construction contract revenue

Construction contract revenue, the main operating revenue of the Group, is recognized over time. The Group recognizes revenue upon satisfaction of a performance obligation based on the input method. Due to the manual calculation and judgment, which involves critical accounting estimates, accuracy of the recognition of construction contract revenue is deemed to be a key audit matter.

Refer to Notes 4, 5 and 23 for accounting policy on construction contract, accounting estimates and assumptions, and details of construction revenue.

We performed the following audit procedures on the above key audit matter:

1. We understood and tested the design and operating effectiveness of the internal control relevant to the accuracy of recognition of the construction contract revenue, including the measurement of the percentage of completion.
2. We verified and recalculated, on a sampling basis, the accuracy of the percentage of completion, including the related supporting documents.
3. We recalculated the sampled construction contract revenue measured by the percentage of completion, and checked whether it was recognized correctly.

Other Matter

We have audited the parent company only financial statements of the Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 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 Chiu-Yen Wu and Li-Yuan Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2022

Notice to Readers

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

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

Brogent Technologies Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 675,485	14	\$ 864,341	17
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	287,613	6	380,382	8
Financial assets at amortized cost - current (Notes 4, 8 and 31)	103,001	2	202,598	4
Notes receivable (Notes 4 and 9)	-	-	21,164	-
Accounts receivable, net (Notes 4, 5 and 9)	216,053	4	204,919	4
Contract assets - current (Note 4, 5 and 23)	1,172,733	25	1,119,428	22
Current tax assets (Notes 4 and 25)	325	-	20	-
Inventories (Notes 4 and 10)	223,297	5	237,987	5
Prepayments	121,126	3	120,941	2
Other current assets	18,004	-	20,697	-
Total current assets	<u>2,817,637</u>	<u>59</u>	<u>3,172,477</u>	<u>62</u>
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss - noncurrent (Notes 4 and 7)	291,657	6	283,334	5
Financial assets at amortized cost - noncurrent (Notes 4, 8 and 31)	54,631	1	50,060	1
Investments accounted for using equity method (Notes 4 and 12)	1,506	-	3,331	-
Property, plant and equipment (Notes 4, 13 and 31)	976,416	20	957,475	19
Right-of-use assets (Notes 4 and 14)	308,417	7	341,151	7
Intangible assets (Notes 4 and 15)	166,000	4	183,694	4
Deferred tax assets (Notes 4 and 25)	76,444	2	39,480	1
Refundable deposits	15,034	-	13,537	-
Prepayments for investments	-	-	4,599	-
Other noncurrent assets	68,697	1	63,874	1
Total noncurrent assets	<u>1,958,802</u>	<u>41</u>	<u>1,940,535</u>	<u>38</u>
TOTAL	<u>\$ 4,776,439</u>	<u>100</u>	<u>\$ 5,113,012</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 155,085	3	\$ 216,207	4
Notes payable (Note 18)	1,388	-	11,571	-
Accounts payable (Note 18)	87,236	2	99,294	2
Contract liabilities - current (Note 23)	65,772	1	136,754	3
Other payables (Note 19)	79,014	2	60,733	1
Current tax liabilities (Notes 4 and 25)	6,442	-	5,918	-
Provisions - current (Note 4)	5,122	-	2,380	-
Lease liabilities - current (Notes 4 and 14)	60,133	1	56,161	1
Current portion of long-term borrowings (Note 16)	103,828	2	50,258	1
Current portion of bonds payable (Notes 4 and 17)	315,027	7	-	-
Other current liabilities	2,316	-	1,596	-
Total current liabilities	<u>881,363</u>	<u>18</u>	<u>640,872</u>	<u>12</u>
NONCURRENT LIABILITIES				
Bonds payable (Notes 4 and 17)	319,291	6	1,155,660	23
Long-term borrowings (Note 16)	227,560	5	306,277	6
Deferred tax liabilities (Notes 4 and 25)	41,141	1	42,251	1
Lease liabilities - noncurrent (Notes 4 and 14)	273,676	6	309,631	6
Net defined benefit liabilities - noncurrent (Notes 4 and 20)	-	-	9,294	-
Total noncurrent liabilities	<u>861,668</u>	<u>18</u>	<u>1,823,113</u>	<u>36</u>
Total liabilities	<u>1,743,031</u>	<u>36</u>	<u>2,463,985</u>	<u>48</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 22)				
Share capital				
Ordinary shares	573,641	12	557,474	11
Advance receipts for ordinary share	36,003	1	-	-
Total share capital	<u>609,644</u>	<u>13</u>	<u>557,474</u>	<u>11</u>
Capital surplus	2,501,234	53	2,021,953	40
Retained earnings (deficit to be compensated)				
Legal reserve	127,421	3	127,421	3
Special reserve	14,857	-	14,857	-
Accumulated deficit	(181,725)	(4)	(48,972)	(1)
Total retained earnings (deficit to be compensated)	<u>(39,447)</u>	<u>(1)</u>	<u>93,306</u>	<u>2</u>
Other equity	(39,431)	(1)	(26,464)	(1)
Total equity attributable to owners of the Corporation	3,032,000	64	2,646,269	52
NON-CONTROLLING INTERESTS (Note 22)	1,408	-	2,758	-
Total equity	<u>3,033,408</u>	<u>64</u>	<u>2,649,027</u>	<u>52</u>
TOTAL	<u>\$ 4,776,439</u>	<u>100</u>	<u>\$ 5,113,012</u>	<u>100</u>

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

Brogent Technologies Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2021		2020	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 5, 23 and 30)	\$ 787,749	100	\$ 1,062,899	100
OPERATING COSTS (Notes 10 and 24)	<u>411,243</u>	<u>52</u>	<u>560,483</u>	<u>53</u>
GROSS PROFIT	<u>376,506</u>	<u>48</u>	<u>502,416</u>	<u>47</u>
OPERATING EXPENSES (Notes 9, 23 and 24)				
Selling and marketing expenses	53,715	7	55,382	5
General and administrative expenses	248,857	32	240,125	22
Research and development expenses	207,749	26	167,313	16
Expected credit loss	<u>46,320</u>	<u>6</u>	<u>62,120</u>	<u>6</u>
Total operating expenses	<u>556,641</u>	<u>71</u>	<u>524,940</u>	<u>49</u>
OPERATING LOSS	<u>(180,135)</u>	<u>(23)</u>	<u>(22,524)</u>	<u>(2)</u>
NON-OPERATING INCOME AND EXPENSES (Note 24)				
Interest income	5,337	1	8,493	1
Other income	51,114	6	38,687	4
Other gains and losses	2,994	-	(38,434)	(4)
Finance costs	(27,063)	(3)	(29,202)	(3)
Share of profit or loss of associates accounted for using the equity method	<u>(6,029)</u>	<u>(1)</u>	<u>1,142</u>	<u>-</u>
Total non-operating income and expenses	<u>26,353</u>	<u>3</u>	<u>(19,314)</u>	<u>(2)</u>
LOSS BEFORE INCOME TAX	(153,782)	(20)	(41,838)	(4)
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 25)	<u>(20,459)</u>	<u>(3)</u>	<u>9,920</u>	<u>1</u>
NET LOSS FOR THE YEAR	<u>(133,323)</u>	<u>(17)</u>	<u>(51,758)</u>	<u>(5)</u>
OTHER COMPREHENSIVE INCOME (Notes 20 and 22)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(350)	-	(484)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	70	-	(237)	-

(Continued)

Brogent Technologies Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2021		2020	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ (14,229)	(2)	\$ (10,173)	(1)
Share of the other comprehensive loss of associates accounted for using the equity method	<u>(355)</u>	<u>-</u>	<u>(840)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(14,864)</u>	<u>(2)</u>	<u>(11,734)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (148,187)</u>	<u>(19)</u>	<u>\$ (63,492)</u>	<u>(6)</u>
NET LOSS ATTRIBUTABLE TO:				
Owners of the Corporation	\$ (131,956)	(17)	\$ (49,184)	(5)
Non-controlling interests	<u>(1,367)</u>	<u>-</u>	<u>(2,574)</u>	<u>-</u>
	<u>\$ (133,323)</u>	<u>(17)</u>	<u>\$ (51,758)</u>	<u>(5)</u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Owners of the Corporation	\$ (145,203)	(19)	\$ (61,512)	(6)
Non-controlling interests	<u>(2,984)</u>	<u>-</u>	<u>(1,980)</u>	<u>-</u>
	<u>\$ (148,187)</u>	<u>(19)</u>	<u>\$ (63,492)</u>	<u>(6)</u>
LOSS PER SHARE (Note 26)				
Basic	<u>\$ (2.31)</u>		<u>\$ (0.88)</u>	
Diluted	<u>\$ (2.31)</u>		<u>\$ (0.88)</u>	

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

(Concluded)

Brogent Technologies Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation						Other Equity Exchange Differences on Translation of Foreign Operations	Total	Non-controlling Interests	Total Equity
	Ordinary Shares	Advance Receipts for Ordinary Share	Capital Surplus	Retained Earnings (Deficit to be Compensated)						
				Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2020	\$ 557,474	\$ -	\$ 1,968,156	\$ 90,809	\$ -	\$ 366,375	\$ (14,857)	\$ 2,967,957	\$ 73,173	\$ 3,041,130
Appropriation of 2019 earnings (Note 22)										
Legal reserve	-	-	-	36,612	-	(36,612)	-	-	-	-
Special reserve	-	-	-	-	14,857	(14,857)	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	-	(312,186)	-	(312,186)	-	(312,186)
	-	-	-	36,612	14,857	(363,655)	-	(312,186)	-	(312,186)
Net loss in 2020	-	-	-	-	-	(49,184)	-	(49,184)	(2,574)	(51,758)
Other comprehensive income (loss) in 2020, net of income tax	-	-	-	-	-	(721)	(11,607)	(12,328)	594	(11,734)
Total comprehensive loss in 2020	-	-	-	-	-	(49,905)	(11,607)	(61,512)	(1,980)	(63,492)
Difference between consideration and carrying amount of subsidiaries acquired or disposed (Note 11)	-	-	-	-	-	(1,787)	-	(1,787)	(68,719)	(70,506)
Changes in percentage of ownership interest in subsidiaries	-	-	(3)	-	-	-	-	(3)	3	-
Additional non-controlling interest recognized on issue of employee share options by subsidiaries	-	-	-	-	-	-	-	-	281	281
Equity components of issued convertible bonds (Note 17)	-	-	53,800	-	-	-	-	53,800	-	53,800
BALANCE AT DECEMBER 31, 2020	557,474	-	2,021,953	127,421	14,857	(48,972)	(26,464)	2,646,269	2,758	2,649,027
Net loss in 2021	-	-	-	-	-	(131,956)	-	(131,956)	(1,367)	(133,323)
Other comprehensive loss in 2021, net of income tax	-	-	-	-	-	(280)	(12,967)	(13,247)	(1,617)	(14,864)
Total comprehensive loss in 2021	-	-	-	-	-	(132,236)	(12,967)	(145,203)	(2,984)	(148,187)
Convertible bonds converted to ordinary shares	16,167	36,003	480,394	-	-	-	-	532,564	-	532,564
Changes in percentage of ownership interest in subsidiaries	-	-	(1,113)	-	-	(517)	-	(1,630)	1,630	-
Additional non-controlling interest recognized on issue of employee share options by subsidiaries	-	-	-	-	-	-	-	-	4	4
BALANCE AT DECEMBER 31, 2021	\$ 573,641	\$ 36,003	\$ 2,501,234	\$ 127,421	\$ 14,857	\$ (181,725)	\$ (39,431)	\$ 3,032,000	\$ 1,408	\$ 3,033,408

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

Brogent Technologies Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (153,782)	\$ (41,838)
Adjustments for:		
Income and expenses		
Depreciation expense	117,349	113,739
Amortization expense	33,882	30,841
Expected credit loss	46,320	62,120
Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(23,991)	10,097
Finance cost	27,063	29,202
Interest income	(5,337)	(8,493)
Share of profit or loss of associates accounted for using the equity method	6,029	(1,142)
Loss (gain) on disposal of property, plant and equipment	2,036	(192)
Loss on inventories	1,875	1,456
Others	515	(1,224)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	100,623	(126,926)
Notes receivable	21,164	(21,093)
Accounts receivable	(47,862)	70,955
Contract assets	(62,808)	(134,880)
Inventories	12,815	55,556
Prepayments	(2,889)	94,511
Other current assets	2,604	16,256
Notes payable	(10,183)	(2,430)
Accounts payable	(12,058)	16,911
Contract liabilities	(70,982)	(26,029)
Other payables	20,273	(70,540)
Provisions	2,742	52
Other current liabilities	720	(30)
Net defined benefit liabilities	(9,644)	71
Cash generated (used in) from operations	(3,526)	66,950
Income tax paid	(17,019)	(68,156)
Net cash used in operating activities	(20,545)	(1,206)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(77,849)	(795,765)
Proceeds from sale of financial assets at amortized cost	169,834	887,365
Payments for property, plant and equipment	(99,553)	(48,077)
Proceeds from disposal of property, plant and equipment	1,534	2,435
Increase in refundable deposits	(1,770)	(887)
Acquisition of intangible assets	(15,010)	(40,291)
Decrease (increase) in other noncurrent assets	(4,783)	6,219

(Continued)

Brogent Technologies Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Interest received	\$ 5,337	\$ 8,493
Net cash generated from (used in) investing activities	<u>(22,260)</u>	<u>19,492</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(61,122)	24,867
Issuance of convertible bonds	-	1,206,229
Proceeds from long-term borrowings	120,588	25,895
Repayment of long-term borrowings	(145,705)	(737,527)
Repayment of the principal portion of lease liabilities	(40,741)	(34,980)
Cash dividends distributed	-	(312,186)
Acquisition of subsidiaries	-	(70,506)
Interest paid	<u>(13,363)</u>	<u>(25,102)</u>
Net cash generated from (used in) financing activities	<u>(140,343)</u>	<u>76,690</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(5,708)</u>	<u>(5,452)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(188,856)	89,524
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>864,341</u>	<u>774,817</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 675,485</u>	<u>\$ 864,341</u>

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

(Concluded)

Brogent Technologies Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Brogent Technologies Inc. (the “Corporation”) was incorporated in October 2001. The Corporation is mainly engaged in the research, development, design, production and sales of simulator rides and its key components and peripheral products, embedded media software, streaming media, 3D dynamic simulation technology, internet interaction media and multiple-monitor setups.

The Corporation’s shares have been trading on the Taipei Exchange since December 2012.

The consolidated financial statements of the Corporation and its subsidiaries (collectively, the “Group”) are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by the Corporation’s board of directors on March 8, 2022.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that 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.

c. Classification of current and noncurrent assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group 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 noncurrent.

The Group 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 Group's construction-related assets and liabilities.

d. Basis of consolidation

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

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

For details of subsidiaries about ownership and operating items refer to Note 11, Table 5 and Table 6.

e. Foreign currencies

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

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

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting the consolidated financial statements, the functional currencies of the entities in the Group (including subsidiaries and associates operating in other countries that use currencies 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 (attributed to the owners of the Corporation and non-controlling interests as appropriate).

f. Inventories

Inventories 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. 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 weighted-average cost.

g. Investments in associates

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

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

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

When the Group 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 Group's proportionate interest in the associate. The Group records such a difference as an

adjustment to investments with the corresponding amount charged or credited to capital surplus and investments accounted for using the equity method. If the Group'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.

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

The entire carrying amount of 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, which 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 an entity in the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent that interests in the associate are not related to the Group.

h. Property, plant and equipment

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

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.

Land is not depreciated.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant component is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

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.

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.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

- a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b) The intention to complete the intangible asset and use or sell it;
- c) The ability to use or sell the intangible asset;
- d) How the intangible asset will generate probable future economic benefits;
- e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- f) The ability to measure reliably the expenditures attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditures incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible asset is measured on the same basis as an intangible asset that is acquired separately.

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 and intangible assets

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

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 for 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 Group 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 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 and financial assets at amortized cost.

i Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL, including investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends earned on such financial assets are recognized in other income; 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 29.

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 are measured at amortized cost, which equals the gross carrying amount determined by 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 a financial asset.

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

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost and contract assets.

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

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 Group considers that a debtor would default if internal or external information show that the debtor is unlikely to pay its creditors (without taking into account any collateral held by the Group).

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

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

3) Financial liabilities

a) Subsequent measurement

Financial liabilities held by the Group are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

1. Provisions

Provisions referring to warranty 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.

m. Revenue recognition

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

1) Construction contract revenue

In a construction contract, the Group constructs an asset that the owner controls while the construction is in progress; thus, the Group recognizes revenue over time. The Group measures revenue by the percentage of completion determined on the basis of the proportion of the number of working days incurred for work performed to date to the estimated total number of working days, as there is a direct relationship between the working days incurred and the satisfied portion of the performance obligation. Contract assets are recognized during the construction and are reclassified to accounts receivable at the point the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Group 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 Group adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance obligation.

2) Licensing revenue

The license granted by the Group provides a customer the right to access the Group's intellectual property as it exists throughout the license period; therefore, the related performance obligation is satisfied over time when all of the following criteria are met:

- a) The customer reasonably expects that the Group will undertake activities that significantly affect the intellectual property to which the customer has rights;
- b) The rights granted by the license directly expose the customer to any positive or negative effects of the Group's activities; and
- c) The Group's activities do not result in the transfer of a good or a service to the customer as the activities occur.

If the criteria listed above are not met, the performance obligation is satisfied at a point in time, i.e., the date the license is granted to the customer and the customer is able to use and benefit from the license.

Advance receipts of royalty is recognized as contract liabilities.

If the above activities are expected to significantly change the form or functionality of intellectual property licensed to the customers, or the benefit from the customer's intellectual property is derived from such activities, the activities will significantly affect the rights of customers.

Licensing revenue based on the actual sales of the customer is recognized when the sales occur.

3) Sale of tickets and merchandise

Sales of tickets from self-operated outlets are recognized at the point when services are performed. Merchandise and peripheral products are sold through self-operated outlets. When merchandise and peripheral products are transferred to the customer, the customer takes full discretion in the determination of prices, the right of use, and assumes significant risk of ownership of the goods. Therefore, the Group recognizes the related revenue and accounts receivable at the point of time the goods were transferred. Advance receipts from the sale of the goods are recognized as "contract liabilities".

4) Service revenue

Service revenue from maintenance service to simulator rides is recognized when the service provided by the Group.

5) Rental revenue

Refer to Note 4 (n).

n. Leases

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

1) The Group as lessor

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

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for 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 and are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments. 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 Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. If the future lease payments change due to the period changes, the Group 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. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

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

o. Government grants

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

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the 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 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 represent the actual deficit in the Group's defined benefit plan.

q. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus. The expense is recognized in full at the grant date if the grants are vested immediately.

r. Taxation

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

1) Current tax

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

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 loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and loss carryforwards can be utilized.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the 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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about 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 Group considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its accounting estimates. 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. Estimated impairment of financial assets and contract assets

The provision for impairment of accounts receivable and contract assets is based on assumptions on probability of default and loss given default. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise. Furthermore, the estimate of the probability of default is subject to greater uncertainties in the current year due to impact on credit risk of financial assets arising from the uncertainty on COVID-19 pandemic and volatility in financial markets.

b. Measurement of the percentage of completion of construction contracts

Construction contract revenue is recognized by the percentage of completion method. The percentage of completion of a contract is measured based on the proportion of working days incurred for work performed to date to the estimated total working days. Since the estimated total working days may be modified as assessed and determined by the management based on the nature and content of work, etc. for each construction contract, the measurement of the percentage of completion and revenue may be affected.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	\$ 832	\$ 978
Checking accounts and demand deposits	371,062	591,015
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	166,624	205,400
Repurchase agreement collateralized by bonds	<u>136,967</u>	<u>66,948</u>
	<u>\$ 675,485</u>	<u>\$ 864,341</u>

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2021	2020
<u>Financial assets</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Redemption options and put options of convertible bonds	\$ 1,983	\$ 1,860
Non-derivative financial assets		
Mutual funds	285,630	380,382
Unquoted ordinary shares	<u>291,657</u>	<u>281,474</u>
	<u>577,287</u>	<u>661,856</u>
	<u>\$ 579,270</u>	<u>\$ 663,716</u>
Current	\$ 287,613	\$ 380,382
Noncurrent	<u>291,657</u>	<u>283,334</u>
	<u>\$ 579,270</u>	<u>\$ 663,716</u>

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
Time deposits with original maturities of more than 3 months	\$ 38,177	\$ 46,255
Pledged time deposits	86,123	169,343
Pledged demand deposits	2,002	2,000
Unquoted preferred shares	<u>31,330</u>	<u>35,060</u>
	<u>\$ 157,632</u>	<u>\$ 252,658</u>
Current	\$ 103,001	\$ 202,598
Noncurrent	<u>54,631</u>	<u>50,060</u>
	<u>\$ 157,632</u>	<u>\$ 252,658</u>

- a. The counterparties of the time deposit of the Group were banks with sound credit ratings and no significant default concerns, and therefore, there was no expected credit losses.
- b. The investment in preferred shares will expire in February 2023, and cannot be converted into ordinary shares. The issuer company will redeem the shares at the actual issue price at the maturity, and the investor has no right to request early redemption of preferred shares. The dividends are cumulative at the rate of 5%. If the dividends are undistributed or are not distributed in full, it should be accumulated for deferred payment in the subsequent years where there are earnings.
- c. Refer to Note 31 for the information on financial assets at amortized cost pledged as collateral.

9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Notes receivable		
Operating - at amortized cost	\$ <u>-</u>	\$ <u>21,164</u>
Accounts receivable		
At amortized cost		
Gross carrying amount	\$ 263,645	\$ 215,783
Less: Allowance for impairment loss	<u>(47,592)</u>	<u>(10,864)</u>
	<u>\$ 216,053</u>	<u>\$ 204,919</u>

a. Notes receivable

The aging of notes receivable as of December 31, 2020 was within 30 days. There were no past due notes receivable and the Group did not recognize an allowance for impairment loss.

b. Accounts receivable

The main credit period was 90 days. In order to minimize credit risk, the management of the Group 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 debts. In addition, the Group 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 Group's credit risk was significantly reduced.

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

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

The following table details the loss allowance of accounts receivable based on the number of days past due from the invoice date.

December 31, 2021

	1-90 Days	91-180 Days	181-365 Days	Over 365 Days	With Signs of Default	Total
Gross carrying amount	\$ 54,913	\$ 30,808	\$ 64,955	\$ 21,049	\$ 91,920	\$ 263,645
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>(3,322)</u>	<u>(2,290)</u>	<u>(41,980)</u>	<u>(47,592)</u>
Amortized cost	<u>\$ 54,913</u>	<u>\$ 30,808</u>	<u>\$ 61,633</u>	<u>\$ 18,759</u>	<u>\$ 49,940</u>	<u>\$ 216,053</u>

December 31, 2020

	1-90 Days	91-180 Days	181-365 Days	Over 365 days	Total
Gross carrying amount	\$ 83,322	\$ 22,004	\$ 12,603	\$ 97,854	\$ 215,783
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>(595)</u>	<u>(10,269)</u>	<u>(10,864)</u>
Amortized cost	<u>\$ 83,322</u>	<u>\$ 22,004</u>	<u>\$ 12,008</u>	<u>\$ 87,585</u>	<u>\$ 204,919</u>

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 10,864	\$ 18,559
Impairment loss recognized	36,728	10,864
Amounts written off	<u>-</u>	<u>(18,559)</u>
Balance at December 31	<u>\$ 47,592</u>	<u>\$ 10,864</u>

10. INVENTORIES

	December 31	
	2021	2020
Raw materials	\$ 155,154	\$ 130,333
Work in process	18,188	9,300
Finished goods	44,285	94,998
Merchandise	<u>5,670</u>	<u>3,356</u>
	<u>\$ 223,297</u>	<u>\$ 237,987</u>

Allowance loss for inventory recognized as the deduction of inventory cost were \$2,439 thousand and \$1,456 thousand as of December 31, 2021 and 2020, respectively.

The operating costs recognized as loss on inventory value for the years ended December 31, 2021 and 2020 were \$1,875 thousand and \$1,456 thousand, respectively.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

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

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			2021	2020	
The Corporation	Brogent Mechanical Inc. (Brogent Mechanical)	Manufacture and sales of the simulator rides and its key components	-	-	Notes 1 and 2
	Brogent Creative Inc.	Development and sales of the peripheral product of simulator rides	-	-	Note 2
	Brogent Hong Kong Limited (Brogent Hong Kong)	Reinvestment and trading business	100	100	-
	Brogent Global Inc. (Brogent Global)	Development and management business of self-operated outlets, site planning and film production	100	100	-
Dili Jie	Dili Jie Holdings Limited (Dili Jie)	Reinvestment and trading business	100	100	-
Jetway	Jetway Holdings Limited (Jetway)	Reinvestment and trading business	100	100	-
Garley	Garley Holdings Limited (Garley)	Reinvestment and trading business	100	100	-
	Holey Holdings Limited	Reinvestment and trading business	100	100	-
Brogent Hong Kong	Brogent Rides (Shanghai) Limited (Brogent Rides)	Import and export business	58	58	-
	Brogent Rides (Shanghai) Limited (Brogent Rides)	Import and export business	42	42	-
	hexaRide the first LLP	Development and management business of self-operated outlets	93	89	Note 1
Brogent Rides	Ou Wei Limited	Content production licensing business	100	-	Note 3
	StarLite Design & Planning Limited (StarLite)	Design and management business	100	-	Note 3
	Brogent Creative (Shanghai) Limited (Brogent Creative)	Development and management business of self-operated outlets	100	100	-
Brogent Global	Jetmay Holdings Limited (Jetmay)	Reinvestment and trading business	100	100	-
	Ou Wei Limited	Content production licensing business	-	100	Note 3
Jetmay	Hai Wei Culture Creative and Development (Shanghai) Limited (Hai Wei Culture Creative)	Whole planning business	100	100	-
	StarLite Design & Planning Limited (StarLite)	Design and management business	-	100	Note 3

Note 1: In the second quarter of 2020, the Corporation invested \$70,506 thousand and obtained 39% equity of Brogent Mechanical from unrelated party. The difference between the investment cost and the net assets acquired which amounted to \$1,787 thousand was recognized as deduction of retained earnings.

Brogent Hong Kong did not subscribe for the cash capital increase of hexaRide in proportion in 2021, resulting in an increase in its shareholding from 89% to 93%. The difference between the investment cost and the net assets acquired was recognized as deduction of capital surplus for \$1,113 thousand and deduction of retained earnings for \$517 thousand.

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

Note 2: In order to integrate the Group's resources and to improve the operating performance and competitiveness, the Corporation's board of directors resolved to merge its subsidiaries, Brogent Mechanical and Brogent Creative Inc., on the effective date of September 30, 2020. After the merger, the Corporation is the surviving company while Brogent Mechanical and Brogent Creative Inc. are the dissolving companies.

Note 3: Due to the group organization restructure, Ou Wei Limited, originally held by Brogent Global Inc., and Starlite, originally held by Jetmay, were transferred to Brogent Hong Kong in 2021. In addition, Ou Wei Limited is in liquidation.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	2021	2020
Investments in associates - not individually material	<u>\$ 1,506</u>	<u>\$ 3,331</u>
Aggregate information of associates that are not individually material:		
	<u>For the Year Ended December 31</u>	
	2021	2020
The Group's share of:		
Net profit (loss)	\$ (6,029)	\$ 1,142
Other comprehensive income (loss)	<u>(355)</u>	<u>(840)</u>
Total comprehensive income (loss) for the year	<u>\$ (6,384)</u>	<u>\$ 302</u>

13. PROPERTY, PLANT AND EQUIPMENT

	<u>December 31</u>	
	2021	2020
Assets used by the Group	\$ 975,157	\$ 957,475
Assets leased under operation	<u>1,259</u>	<u>-</u>
	<u>\$ 976,416</u>	<u>\$ 957,475</u>

a. Assets used by the Group

For the year ended December 31, 2021

	Land	Buildings	Office Equipment	Other Equipment	Equipment to be Inspected and Property under Construction	Total
<u>Cost</u>						
Balance at January 1, 2021	\$ 139,868	\$ 692,301	\$ 35,525	\$ 265,285	\$ 89,858	\$ 1,222,837
Additions	-	2,044	30,956	12,617	50,786	96,403
Disposals	-	(211)	(10,630)	(5,649)	-	(16,490)
Effect of foreign currency exchange differences	<u>-</u>	<u>(2,621)</u>	<u>(72)</u>	<u>(176)</u>	<u>-</u>	<u>(2,869)</u>
Balance at December 31, 2021	<u>\$ 139,868</u>	<u>\$ 691,513</u>	<u>\$ 55,779</u>	<u>\$ 272,077</u>	<u>\$ 140,644</u>	<u>\$ 1,299,881</u>

(Continued)

	Land	Buildings	Office Equipment	Other Equipment	Equipment to be Inspected and Property under Construction	Total
<u>Accumulated depreciation</u>						
Balance at January 1, 2021	\$ -	\$ 153,062	\$ 19,375	\$ 92,925	\$ -	\$ 265,362
Depreciation expense	-	31,141	9,394	32,596	-	73,131
Disposals	-	(51)	(8,320)	(4,549)	-	(12,920)
Effect of foreign currency exchange differences	-	(719)	(37)	(93)	-	(849)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 183,433</u>	<u>\$ 20,412</u>	<u>\$ 120,879</u>	<u>\$ -</u>	<u>\$ 324,724</u>
Carrying amount at December 31, 2021	<u>\$ 139,868</u>	<u>\$ 508,080</u>	<u>\$ 35,367</u>	<u>\$ 151,198</u>	<u>\$ 140,644</u>	<u>\$ 975,157</u>

(Concluded)

For the year ended December 31, 2020

	Land	Buildings	Office Equipment	Other Equipment	Equipment to be Inspected and Property under Construction	Total
<u>Cost</u>						
Balance at January 1, 2020	\$ 139,868	\$ 686,097	\$ 43,305	\$ 280,682	\$ 128,710	\$ 1,278,662
Additions	-	7,190	8,203	9,039	22,919	47,351
Disposals	-	(949)	(15,919)	(24,503)	-	(41,371)
Reclassification	-	-	-	-	(61,771)	(61,771)
Effect of foreign currency exchange differences	-	(37)	(64)	67	-	(34)
Balance at December 31, 2020	<u>\$ 139,868</u>	<u>\$ 692,301</u>	<u>\$ 35,525</u>	<u>\$ 265,285</u>	<u>\$ 89,858</u>	<u>\$ 1,222,837</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2020	\$ -	\$ 123,803	\$ 27,068	\$ 82,784	\$ -	\$ 233,655
Depreciation expense	-	30,216	8,150	32,414	-	70,780
Disposals	-	(949)	(15,844)	(22,335)	-	(39,128)
Effect of foreign currency exchange differences	-	(8)	1	62	-	55
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 153,062</u>	<u>\$ 19,375</u>	<u>\$ 92,925</u>	<u>\$ -</u>	<u>\$ 265,362</u>
Carrying amount at December 31, 2020	<u>\$ 139,868</u>	<u>\$ 539,239</u>	<u>\$ 16,150</u>	<u>\$ 172,360</u>	<u>\$ 89,858</u>	<u>\$ 957,475</u>

1) Depreciation expenses were recognized on a straight-line basis over the following useful lives:

Buildings	
Main buildings	50 years
Others	8-20 years
Office equipment	3-6 years
Other equipment	2-15 years

2) The farmland located in JhongShan, Sinwu Dist. Taoyuan City is registered in the name of an individual due to legal restrictions. The Group had obtained an agreement with the individual that the Group can register the farmland under the Group or other individual specified by the Group without payment at any time.

3) Refer to Note 31 for the carrying amount of property, plant and equipment pledged as collateral for borrowings.

b. Assets leased under operation

For the year ended December 31, 2021

<u>Cost</u>	Other Equipment
Balance at January 1, 2021	\$ -
Addition	<u>1,302</u>
Balance at December 31, 2021	<u>\$ 1,302</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2021	\$ -
Depreciation expense	<u>43</u>
Balance at December 31, 2021	<u>\$ 43</u>
Carrying amount at December 31, 2021	<u>\$ 1,259</u>

1) The Corporation rents the somatosensory amusement equipment under operating lease. All operating leases include the rights to adjust the rental according to the market rate when the lessee extends the lease terms, and the lessee does not have bargain purchase options to acquire the asset at the end of the lease terms.

2) Depreciation expense is recognized on a straight-line basis over 5 to 10 years.

c. The reconciliation of the additions and the payments stated in the statements of cash flows was as follows:

	<u>For the Year Ended December 31</u>	
	2021	2020
Additions to property, plant and equipment	\$ 97,705	\$ 47,351
Decrease in payables for equipment	<u>1,848</u>	<u>726</u>
Cash paid	<u>\$ 99,553</u>	<u>\$ 48,077</u>

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	2021	2020
Carrying amount		
Land	\$ 108,729	\$ 119,337
Buildings	184,616	210,799
Transportation equipment	<u>15,072</u>	<u>11,015</u>
	<u>\$ 308,417</u>	<u>\$ 341,151</u>

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 13,136</u>	<u>\$ 45,814</u>
Depreciation of right-of-use assets		
Land	\$ 10,608	\$ 10,608
Buildings	27,375	26,361
Transportation equipment	<u>6,192</u>	<u>5,990</u>
	<u>\$ 44,175</u>	<u>\$ 42,959</u>

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount		
Current	<u>\$ 60,133</u>	<u>\$ 56,161</u>
Noncurrent	<u>\$ 273,676</u>	<u>\$ 309,631</u>

Range of discount rates (%) for lease liabilities was as follows:

	December 31	
	2021	2020
Land	1.71	1.71
Buildings	1.71-1.80	1.71-1.80
Transportation equipment	1.71-1.80	1.71-1.87

c. Material lease activities and terms

The Group leases land and buildings for the use as business space and for self-operated outlets with lease terms which will expire in March 2032 at the latest. The lease contract for land specifies that lease payments will be adjusted on the basis of changes in announced land value and price. Lease contracts for self-operating outlets contain variable payments which are determined at a specific percentage of sales generated from the self-operating outlets. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

Because of the market conditions severely affected by COVID-19, the Group negotiated with the lessor for rent concessions for land lease. The lessor agreed to provide unconditional 20% rent reduction for a few months. The Group recognized the impact of rent concessions of \$1,194 thousand and \$1,194 thousand as other income for the years ended December 31, 2021 and 2020, respectively.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	<u>\$ 2,571</u>	<u>\$ 7,744</u>
Expenses relating to low-value asset leases	<u>\$ 367</u>	<u>\$ 31</u>
Total cash outflow for leases	<u>\$ 49,657</u>	<u>\$ 49,205</u>

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

15. INTANGIBLE ASSETS

For the year ended December 31, 2021

	Film	Other	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 199,099	\$ 52,677	\$ 251,776
Additions	5,889	7,673	13,562
Additions from internal development	2,027	2,125	4,152
Write-off and disposals	(3,308)	(12,750)	(16,058)
Effect of foreign currency exchange differences	<u>(2,159)</u>	<u>(276)</u>	<u>(2,435)</u>
Balance at December 31, 2021	<u>\$ 201,548</u>	<u>\$ 49,449</u>	<u>\$ 250,997</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2021	\$ 39,593	\$ 28,489	\$ 68,082
Amortization expense	24,191	9,691	33,882
Write-off and disposals	(3,308)	(12,481)	(15,789)
Effect of foreign currency exchange differences	<u>(1,077)</u>	<u>(101)</u>	<u>(1,178)</u>
Balance at December 31, 2021	<u>\$ 59,399</u>	<u>\$ 25,598</u>	<u>\$ 84,997</u>
Carrying amount at December 31, 2021	<u>\$ 142,149</u>	<u>\$ 23,851</u>	<u>\$ 166,000</u>

For the year ended December 31, 2020

	Film	Other	Total
<u>Cost</u>			
Balance at January 1, 2020	\$ 158,765	\$ 102,362	\$ 261,127
Additions	41,754	10,510	52,264
Write-off	-	(60,248)	(60,248)
Effect of foreign currency exchange differences	<u>(1,420)</u>	<u>53</u>	<u>(1,367)</u>
Balance at December 31, 2020	<u>\$ 199,099</u>	<u>\$ 52,677</u>	<u>\$ 251,776</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2020	\$ 19,831	\$ 77,761	\$ 97,592
Amortization expense	19,915	10,926	30,841
Write-off	-	(60,248)	(60,248)
Effect of foreign currency exchange differences	<u>(153)</u>	<u>50</u>	<u>(103)</u>
Balance at December 31, 2020	<u>\$ 39,593</u>	<u>\$ 28,489</u>	<u>\$ 68,082</u>
Carrying amount at December 31, 2020	<u>\$ 159,506</u>	<u>\$ 24,188</u>	<u>\$ 183,694</u>

The above intangible assets are amortized on a straight-line basis over the following useful lives:

Film	5-10 years
Others	1-19 years

16. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2021	2020
Secured bank loans (Note 31)	\$ 21,840	\$ 134,540
Unsecured bank loans	<u>133,245</u>	<u>81,667</u>
	<u>\$ 155,085</u>	<u>\$ 216,207</u>
Interest rate (%)	0.68-2.20	0.4-1.58

b. Long-term borrowings

	<u>December 31</u>	
	2021	2020
<u>Secured borrowings (Note 31)</u>		
Bank loans - repayable before October 2031	\$ 206,442	\$ 264,140
<u>Unsecured borrowings</u>		
Bank loans - repayable before February 2026	90,877	91,500
Loans from the government - repayable before December 2022		
(1)	865	895
Others - repayable before June 2023 (2)	<u>33,204</u>	<u>-</u>
	331,388	356,535
Less: Current portion	<u>(103,828)</u>	<u>(50,258)</u>
Long-term borrowings	<u>\$ 227,560</u>	<u>\$ 306,277</u>
Interest rate (%)		
Bank loans	1.00-1.85	1.50-1.73
Others	4.76	-

- 1) The subsidiary StarLite obtained an interest-free loan from the local government.
- 2) Borrowing from Chailease Finance Co., Ltd at variable interest rate, the principal and interest will be repaid from January 2022 to June 2023.

17. BONDS PAYABLE

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
3rd domestic unsecured convertible bonds	\$ 319,291	\$ 673,583
4th domestic unsecured convertible bonds	<u>315,027</u>	<u>482,077</u>
	634,318	1,155,660
Less: Current portion	<u>(315,027)</u>	<u>-</u>
	<u>\$ 319,291</u>	<u>\$ 1,155,660</u>

- a. In October 2020, the Corporation issued its 3rd domestic five-year unsecured zero-coupon convertible bonds with an aggregate principal amount of \$711,490 thousand (101.64% of the face value) and a par value of \$100 thousand per bond certificate.

The conversion price was set at \$105 per share. Bondholders are entitled to convert bonds into the Corporation's common stock from January 13, 2021 to October 12, 2025.

If the closing price of the Corporation's common stock continues being at least 130% of the conversion price then in effect for 30 consecutive trading days or the aggregate outstanding balance of bonds payable is less than 10% of the original issuance amount, the Corporation has the right to redeem the outstanding bonds payable at par value in cash during the period from three months after the issuance date to the date 40 days prior to the maturity date.

Under the terms of the convertible bonds, the bondholders have the right to require the Corporation to redeem any bonds in cash at face value of the convertible bonds plus interest compensation (1.2547%) after two and a half years from the issuance.

The amount of the face value of the convertible bonds plus interest compensation (2.5251%) has to be fully paid off in cash at maturity by the Corporation.

As of December 31, 2021, the total amount of the bonds converted by the bondholders was \$372,600 thousand.

- b. In October 2020, the Corporation issued its 4th domestic four-year unsecured zero-coupon convertible bonds with an aggregate principal amount of \$500,000 thousand and a par value of \$100 thousand per bond certificate.

The conversion price was set at \$106.5 per share. Bondholders are entitled to convert bonds into the Corporation's common stock from January 16, 2021 to October 15, 2024.

If the closing price of the Corporation's common stock continues being at least 130% of the conversion price then in effect for 30 consecutive trading days or the aggregate outstanding balance of bonds payable is less than 10% of the original issuance amount, the Corporation has the right to redeem the outstanding bonds payable at par value in cash during the period from three months after the issuance date to the date 40 days prior to the maturity date.

Under the terms of the convertible bonds, the bondholders have the right to require the Corporation to redeem any bonds in cash at face value of the convertible bonds plus interest compensation (0.7514%) after two years from the issuance.

The amount of the face value of the convertible bonds plus interest compensation (1.5085%) has to be fully paid off in cash at maturity by the Corporation.

As of December 31, 2021, the total amount of bonds converted by the bondholders was \$177,700 thousand.

- c. The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options; the effective interest rate of the equity and liability component was 0.8% and 1% per annum, respectively, on initial recognition.

	Amount
Proceeds from issuance (less transaction costs of \$5,261 thousand)	\$ 1,206,229
Redemption of option	(30)
Equity component	<u>(53,800)</u>
Liability component at the date of issue	1,152,399
Interest charged at an effective interest rate	<u>3,261</u>
Liability component at December 31, 2020	1,155,660
Interest charged at an effective interest rate	13,844
Convertible bonds converted into ordinary shares	<u>(535,186)</u>
Liability component at December 31, 2021	<u>\$ 634,318</u>

18. NOTES PAYABLE AND ACCOUNTS PAYABLE

The Group's notes payable and accounts payable were generated from operating activities. The average credit period of purchases of goods is around 45 to 120 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms and, therefore, there was no interest charged on the outstanding balance.

19. OTHER PAYABLES

	December 31	
	2021	2020
Payables for salaries	\$ 36,735	\$ 34,113
Payables for travel expense	8,570	1,519
Payables for service fee	4,137	2,149
Payables for insurance	3,683	3,283
Payables for equipment	1,811	3,659
Payables for pension	992	1,381
Others	<u>23,086</u>	<u>14,629</u>
	<u>\$ 79,014</u>	<u>\$ 60,733</u>

20. RETIREMENT BENEFIT PLANS

- a. Defined contribution plans

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

Foreign subsidiaries make contributions in accordance with the local regulations, which are also considered defined contribution plans.

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 based on the law 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 Corporation was approved by the authority to settle the pension liabilities and the pension fund in accordance with the Labor Standards Act in 2021, and the settlement benefits are generated.

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

	December 31, 2020
Present value of defined benefit obligation	\$ 11,727
Fair value of plan assets	<u>(2,433)</u>
Net defined benefit liabilities	<u>\$ 9,294</u>

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, 2020	<u>\$ 10,851</u>	<u>\$ (2,112)</u>	<u>\$ 8,739</u>
Service cost			
Current service cost	224	-	224
Interest expense (income)	<u>109</u>	<u>(22)</u>	<u>87</u>
Recognized in profit or loss	<u>333</u>	<u>(22)</u>	<u>311</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(59)	(59)
Actuarial loss - change in financial assumptions	298	-	298
Actuarial loss - experience adjustments	<u>245</u>	<u>-</u>	<u>245</u>
Recognized in other comprehensive income (loss)	<u>543</u>	<u>(59)</u>	<u>484</u>
Contributions from the employer	<u>-</u>	<u>(240)</u>	<u>(240)</u>
Balance at December 31, 2020	<u>11,727</u>	<u>(2,433)</u>	<u>9,294</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Service cost			
Current service cost	\$ 122	\$ -	\$ 122
Settlement benefits	(8,656)	-	(8,656)
Interest expense (income)	<u>47</u>	<u>(10)</u>	<u>37</u>
Recognized in profit or loss	<u>(8,487)</u>	<u>(10)</u>	<u>(8,497)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(26)	(26)
Actuarial loss - changes in financial assumptions	<u>376</u>	<u>-</u>	<u>376</u>
Recognized in other comprehensive income (loss)	<u>376</u>	<u>(26)</u>	<u>350</u>
Contributions from the employer	<u>-</u>	<u>(1,147)</u>	<u>(1,147)</u>
Benefits paid	<u>-</u>	<u>3,580</u>	<u>3,580</u>
Liabilities extinguished on settlement	<u>(3,616)</u>	<u>36</u>	<u>(3,580)</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u> (Concluded)

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

1) Investment risk

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

2) Interest risk

A decrease in the bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated 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, 2020
Discount rate (%)	0.80
Expected rate of salary increase (%)	2.25

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, 2020
Discount rate	
0.25% Increase	<u>\$ (371)</u>
0.25% Decrease	<u>\$ 385</u>
Expected rate of salary increase	
1% Increase	<u>\$ 1,606</u>
1% Decrease	<u>\$ (1,404)</u>

The above sensitivity analysis 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, 2020
Expected contributions to the plan for the next year	<u>\$ 240</u>
Average duration of the defined benefit obligation (in years)	16.3

21. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The current/noncurrent classification of the Group's assets and liabilities relating to the construction business was based on its operating cycle. The amount expected to be recovered or settled within 1 year after the reporting period and more than 1 year after the reporting period for related assets and liabilities were as follows:

	Within 1 Year	More Than 1 Year	Total
<u>December 31, 2021</u>			
Assets			
Financial assets at amortized cost - current	\$ 35,824	\$ -	\$ 35,824
Accounts receivable	216,053	-	216,053
Contract assets - current	884,414	288,319	1,172,733
Inventories	223,297	-	223,297
Prepayments	<u>121,126</u>	<u>-</u>	<u>121,126</u>
	<u>\$ 1,480,714</u>	<u>\$ 288,319</u>	<u>\$ 1,769,033</u>

(Continued)

	Within 1 Year	More Than 1 Year	Total
Liabilities			
Notes payable and accounts payable	\$ 88,624	\$ -	\$ 88,624
Contract liabilities - current	32,842	32,930	65,772
Provisions - current	<u>5,122</u>	<u>-</u>	<u>5,122</u>
	<u>\$ 126,588</u>	<u>\$ 32,930</u>	<u>\$ 159,518</u>
<hr/> December 31, 2020 <hr/>			
Assets			
Financial assets at amortized cost - current	\$ 43,610	\$ -	\$ 43,610
Notes receivable and accounts receivable	226,083	-	226,083
Contract assets - current	944,432	174,996	1,119,428
Inventories	237,987	-	237,987
Prepayments	<u>120,941</u>	<u>-</u>	<u>120,941</u>
	<u>\$ 1,573,053</u>	<u>\$ 174,996</u>	<u>\$ 1,748,049</u>
Liabilities			
Notes payable and accounts payable	\$ 110,865	\$ -	\$ 110,865
Contract liabilities - current	65,357	71,397	136,754
Provisions - current	<u>2,380</u>	<u>-</u>	<u>2,380</u>
	<u>\$ 178,602</u>	<u>\$ 71,397</u>	<u>\$ 249,999</u>

(Concluded)

22. EQUITY

a. Ordinary shares

	December 31	
	2021	2020
Number of shares authorized (in thousands)	<u>90,000</u>	<u>90,000</u>
Shares authorized	<u>\$ 900,000</u>	<u>\$ 900,000</u>
Number of shares issued and fully paid (in thousands)	<u>57,364</u>	<u>55,747</u>
Shares issued	<u>\$ 573,641</u>	<u>\$ 557,474</u>

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

As of December 31, 2021, the bondholders have converted the 3rd and 4th domestic unsecured convertible bonds of \$550,300 thousand into 5,217 thousand ordinary shares, and the premium of \$480,394 thousand was recognized as capital surplus, but of which 3,600 thousand shares have not yet been registered and were recognized as advance receipts for ordinary share of \$36,003 thousand.

b. Capital surplus

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
May be used to offset deficit, distributed as cash dividends or transferred to share capital (Note)		
Issuance of ordinary shares	\$ 1,719,817	\$ 1,719,817
Conversion of bonds	753,327	247,223
May only be used to offset deficit		
Changes in percentage of ownership interests in subsidiaries	-	1,113
May not be used for any purpose		
Equity component of convertible bonds payable	<u>28,090</u>	<u>53,800</u>
	<u>\$ 2,501,234</u>	<u>\$ 2,021,953</u>

Note: 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).

c. Retained earnings and dividends policy

Under the dividends policy, 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 a legal reserve 10% of the remaining profit until the legal reserve equals the Corporation's paid-in capital. Besides, the profit shall be set aside or reversed as a special reserve in accordance with the laws or regulations and the demand of the Corporation, 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.

The dividends policy of the Corporation considers the plans for the expansion of the scale of operations and research and development plans, and the overall environment and the features of the industry in order to pursue sustainable operations and long-term benefits for shareholders. The dividends to shareholders can be paid in cash or issued as shares, but cash dividends shall be not less than 10% of the total dividends.

Legal reserve may be used to offset a deficit. 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.

The appropriations of earnings for 2019, which were approved in the shareholders' meeting on May 28, 2020, were as follows:

	<u>2019</u>	
	<u>Appropriation of Earnings</u>	<u>Dividends Per Share (NT\$)</u>
Legal reserve	\$ 36,612	
Special reserve	14,857	
Cash dividends	312,186	<u>\$ 5.6</u>

The offset of deficit for the year 2020 was approved in the shareholders' meeting on August 31, 2021.

The offset of deficit for the year 2021 was proposed by the Corporation's board of directors on March 8, 2022 and will be resolved by the shareholders in their meeting to be held in May 2022.

d. Other equity items

Exchange differences on translation of financial statements of foreign operations

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (26,464)	\$ (14,857)
Recognized for the year		
Exchange differences on translation of financial statements of foreign operations	(12,612)	(10,767)
Share from associates accounted for using the equity method	<u>(355)</u>	<u>(840)</u>
Balance at December 31	<u>\$ (39,431)</u>	<u>\$ (26,464)</u>

e. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 2,758	\$ 73,173
Share in loss for the period	(1,367)	(2,574)
Other comprehensive income (loss) for the year		
Exchange differences on translation of financial statements of foreign operations	(1,617)	594
Acquisition of non-controlling interests in subsidiaries	-	(68,719)
Changes in percentage of ownership interest in subsidiaries	1,630	3
Additional non-controlling interest recognized on issue of employee share options by subsidiaries	<u>4</u>	<u>281</u>
Balance at December 31	<u>\$ 1,408</u>	<u>\$ 2,758</u>

23. REVENUE

	For the Year Ended December 31	
	2021	2020
Construction contract revenue	\$ 729,153	\$ 988,901
Licensing revenue	6,154	8,344
Sales of tickets and merchandise	35,425	43,189
Service revenue	15,269	22,465
Rental revenue	<u>1,748</u>	<u>-</u>
	<u>\$ 787,749</u>	<u>\$ 1,062,899</u>

a. Contract information

- 1) Construction contract revenue comes from the construction of simulator rides and is recognized by the percentage of completion of each contract.

- 2) Licensing revenue comes from authorizing the use of intellectual property rights of the film, etc.
 - 3) Sales of tickets and merchandise comes from sales of tickets and peripheral products in each self-operated outlets.
 - 4) Service revenue comes from providing maintenance service to simulator rides by the Group.
 - 5) Rental revenue comes from rendering simulator rides.
- b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable and accounts receivable	<u>\$ 216,053</u>	<u>\$ 226,083</u>	<u>\$ 286,809</u>
Contract assets			
Construction	\$ 1,153,510	\$ 1,106,733	\$ 952,852
Reserves of construction	100,588	84,557	103,558
Less: Allowance for impairment loss	<u>(81,365)</u>	<u>(71,862)</u>	<u>(20,606)</u>
	<u>\$ 1,172,733</u>	<u>\$ 1,119,428</u>	<u>\$ 1,035,804</u>
Contract liabilities			
Construction	\$ 42,956	\$ 120,016	\$ 134,295
Others	<u>22,816</u>	<u>16,738</u>	<u>28,488</u>
	<u>\$ 65,772</u>	<u>\$ 136,754</u>	<u>\$ 162,783</u>

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

Revenues in the reporting period recognized from the beginning contract liabilities were as follows:

	<u>For the Year Ended December 31</u>	
	2021	2020
Construction	\$ 36,017	\$ 38,112
Others	<u>9,954</u>	<u>22,501</u>
	<u>\$ 45,971</u>	<u>\$ 60,613</u>

The movements of the loss allowance of contract assets were as follows:

	<u>For the Year Ended December 31</u>	
	2021	2020
Balance at January 1	\$ 71,862	\$ 20,606
Loss allowance recognized	<u>9,503</u>	<u>51,256</u>
Balance at December 31	<u>\$ 81,365</u>	<u>\$ 71,862</u>

24. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	\$ 4,656	\$ 7,565
Others	<u>681</u>	<u>928</u>
	<u>\$ 5,337</u>	<u>\$ 8,493</u>

b. Other income

	For the Year Ended December 31	
	2021	2020
Rental income	\$ -	\$ 167
Government grants	42,358	31,411
Others	<u>8,756</u>	<u>7,109</u>
	<u>\$ 51,114</u>	<u>\$ 38,687</u>

The Group applied for and received government grant of \$18,452 thousand and \$14,729 thousand in 2021 and 2020 as relief packages of businesses affected by the pneumonia; other government grants are mainly research and development grants.

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Gain (loss) on financial assets at FVTPL	\$ 23,991	\$ (10,097)
Net foreign exchange losses	(20,229)	(28,445)
Gain (loss) on disposal of property, plant and equipment	(2,036)	192
Others	<u>1,268</u>	<u>(84)</u>
	<u>\$ 2,994</u>	<u>\$ (38,434)</u>

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loan	\$ 7,241	\$ 19,240
Interest on lease liabilities	5,978	6,450
Interest on convertible bonds	13,844	3,261
Others	<u>-</u>	<u>251</u>
	<u>\$ 27,063</u>	<u>\$ 29,202</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	\$ 73,174	\$ 70,780
Right-of-use assets	44,175	42,959
Intangible assets	<u>33,882</u>	<u>30,841</u>
	<u>\$ 151,231</u>	<u>\$ 144,580</u>
 An analysis of depreciation by function		
Operating costs	\$ 47,270	\$ 43,972
Operating expenses	<u>70,079</u>	<u>69,767</u>
	<u>\$ 117,349</u>	<u>\$ 113,739</u>
 An analysis of amortization by function		
Operating costs	\$ 19,298	\$ 18,756
Operating expenses	<u>14,584</u>	<u>12,085</u>
	<u>\$ 33,882</u>	<u>\$ 30,841</u>

f. Employee benefits

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	<u>\$ 283,077</u>	<u>\$ 249,196</u>
Post-employment benefits		
Defined contribution plans	11,006	10,323
Defined benefit plans (Note 20)	<u>(8,497)</u>	<u>311</u>
	<u>2,509</u>	<u>10,634</u>
Share-based payments (Note 27)	<u>4</u>	<u>281</u>
	<u>\$ 285,590</u>	<u>\$ 260,111</u>
 An analysis by function		
Operating costs	\$ 63,756	\$ 49,334
Operating expenses	<u>221,834</u>	<u>210,777</u>
	<u>\$ 285,590</u>	<u>\$ 260,111</u>

g. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Corporation, the Corporation accrues compensation of employees and remuneration of directors at rates of 5% to 15% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The board of directors resolved not to accrue compensation of employees and remuneration of directors for 2021 and 2020 due to net loss before income tax.

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

For the year ended December 31, 2019, there was no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2019.

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

25. INCOME TAX

- a. The major components of income tax expense (benefit) were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 17,859	\$ 18,267
Adjustments for prior years	<u>(621)</u>	<u>1,859</u>
	<u>17,238</u>	<u>20,126</u>
Deferred tax		
In respect of the current year	<u>(37,697)</u>	<u>(10,206)</u>
	<u>\$ (20,459)</u>	<u>\$ 9,920</u>

A reconciliation of accounting profit and income tax expense (benefit) was as follows:

	For the Year Ended December 31	
	2021	2020
Loss before income tax	<u>\$ (153,782)</u>	<u>\$ (41,838)</u>
Income tax expense (benefit) calculated at the statutory rate	\$ (17,239)	\$ 6,525
Permanent differences	(819)	3,198
Unrecognized loss carryforwards	3,657	-
Unrecognized temporary differences	(5,437)	1,931
Adjustments for prior years' tax	(621)	1,859
Investment tax credits	<u>-</u>	<u>(3,593)</u>
	<u>\$ (20,459)</u>	<u>\$ 9,920</u>

The corporate income tax rate in Taiwan is 20%. The applicable tax rate used by subsidiaries in China is 25% and tax rates used by other entities in the Group operating in other jurisdictions are based on the tax laws in those jurisdictions.

- b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Deferred tax expense (benefit)		
In respect of the current period		
Remeasurement of defined benefit plans	<u>\$ (70)</u>	<u>\$ 237</u>

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable	<u>\$ 325</u>	<u>\$ 20</u>
Current tax liabilities		
Income tax payable	<u>\$ 6,442</u>	<u>\$ 5,918</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
<u>Deferred tax assets</u>					
Temporary differences					
Defined benefit obligations	\$ 1,858	\$ (1,928)	\$ 70	\$ -	\$ -
Allowance for impairment loss	13,986	8,934	-	-	22,920
Difference on depreciation expense	1,207	(29)	-	-	1,178
Unrealized loss on foreign currency exchange	4,852	3,720	-	-	8,572
Others	<u>4,205</u>	<u>684</u>	<u>-</u>	<u>-</u>	<u>4,889</u>
	26,108	11,381	70	-	37,559
Loss carryforwards	<u>13,372</u>	<u>25,539</u>	<u>-</u>	<u>(26)</u>	<u>38,885</u>
	<u>\$ 39,480</u>	<u>\$ 36,920</u>	<u>\$ 70</u>	<u>\$ (26)</u>	<u>\$ 76,444</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Unrealized gross margin	\$ 41,355	\$ (12,321)	\$ -	\$ (463)	\$ 28,571
Others	<u>896</u>	<u>11,544</u>	<u>-</u>	<u>130</u>	<u>12,570</u>
	<u>\$ 42,251</u>	<u>\$ (777)</u>	<u>\$ -</u>	<u>\$ (333)</u>	<u>\$ 41,141</u>

For the year ended December 31, 2020

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
<u>Deferred tax assets</u>					
Temporary differences					
Defined benefit obligations	\$ 795	\$ 1,300	\$ (237)	\$ -	\$ 1,858
Allowance for impairment loss	4,790	9,196	-	-	13,986
Difference on depreciation expense	1,874	(667)	-	-	1,207
Unrealized loss on foreign currency exchange	5,811	(959)	-	-	4,852
Others	<u>1,467</u>	<u>2,738</u>	<u>-</u>	<u>-</u>	<u>4,205</u>
	14,737	11,608	(237)	-	26,108
Loss carryforwards	<u>6,077</u>	<u>7,271</u>	<u>-</u>	<u>24</u>	<u>13,372</u>
	<u>\$ 20,814</u>	<u>\$ 18,879</u>	<u>\$ (237)</u>	<u>\$ 24</u>	<u>\$ 39,480</u>

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax liabilities</u>					
Temporary differences					
Unrealized gross margin	\$ 31,833	\$ 8,893	\$ -	\$ 629	\$ 41,355
Others	<u>1,116</u>	<u>(220)</u>	<u>-</u>	<u>-</u>	<u>896</u>
	<u>\$ 32,949</u>	<u>\$ 8,673</u>	<u>\$ -</u>	<u>\$ 629</u>	<u>\$ 42,251</u>
					(Concluded)

- e. The deferred tax assets have not been recognized in the consolidated balance sheets.

	<u>December 31</u>	
	2021	2020
Loss carryforwards		
Expiry in 2030	\$ 905	\$ -
Expiry in 2031	<u>18,286</u>	<u>-</u>
	<u>\$ 19,191</u>	<u>\$ -</u>
Deductible temporary differences		
Loss on foreign investments	<u>\$ -</u>	<u>\$ 8,842</u>

- f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2021 comprised:

Unused Amount	Expiry Year
\$ 398	2024
1,013	2025
19,047	2029
38,847	2030
<u>153,956</u>	2031
<u>\$ 213,261</u>	

- g. Taxable temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2021 and 2020, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$158,253 thousand and \$125,950 thousand, respectively.

- h. Income tax assessments

The income tax returns of the Corporation and the domestic subsidiaries through 2019 have been assessed by the tax authorities.

26. LOSS PER SHARE

Due to the net loss incurred for the years ended December 31, 2021 and 2020, there was no dilutive effect on the computation of diluted loss per share. The loss and weighted average number of ordinary shares outstanding used in the computation of loss per share were as follows:

- a. Net loss for the year

	<u>For the Year Ended December 31</u>	
	2021	2020
Net loss attributable to owners of the Corporation	\$ (131,956)	\$ (49,184)

- b. Weighted average number of shares outstanding (in thousands)

	<u>For the Year Ended December 31</u>	
	2021	2020
Weighted average number of shares	\$ 57,113	\$ 55,747

27. SHARE-BASED PAYMENT ARRANGEMENTS

Qualified employees of Brogent Global were granted 500 units of share options in February 2017. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of Brogent Global. The options granted are valid for 10 years and exercisable at certain percentages after the second anniversary from the grant date.

Qualified employees of Brogent Mechanical were granted 250 units of share options in November 2016 and 250 units of share options in March 2019. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of Brogent Mechanical. The options granted are valid for 10 years and exercisable at certain percentages after the second anniversary from the grant date. As Brogent Mechanical was merged by the Corporation on September 30, 2020, the outstanding stock options of 500 units were forfeited.

Information about Brogent Global's employee share options was as follows:

	<u>For the Year Ended December 31</u>			
	<u>2021</u>		<u>2020</u>	
	Number of Options	Weighted- average Exercise Price (\$)	Number of Options	Weighted- average Exercise Price (\$)
Balance at January 1	223	\$ 10	500	\$ 10
Options forfeited	<u>(192)</u>	10	<u>(277)</u>	10
Balance at December 31	<u>31</u>	10	<u>223</u>	10
Options exercisable, end of the year	<u>31</u>	10	<u>167</u>	10

Information on outstanding options is as follows:

	<u>December 31</u>	
	2021	2020
Range of exercise price (\$)	\$ 10	\$ 10
Weighted-average remaining contractual life (in years)	5.14	6.14

Compensation costs recognized by the Group were \$4 thousand and \$281 thousand for the years ended December 31, 2021 and 2020, respectively.

28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt and equity of the Group.

The Group is not subject to any externally imposed capital requirements.

29. FINANCIAL INSTRUMENTS

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

The Group's management considers that the carrying amounts of financial instruments that are not measured at fair value approximate their fair values, except for convertible bonds.

The carrying amounts and fair values of the convertible bonds as of December 31, 2021 and 2020 were as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Book value	\$ 634,318	\$ 1,155,660
Fair value	<u>\$ 627,007</u>	<u>\$ 1,163,530</u>

The fair value of bonds payable based on Level 3 fair value measurement was determined using the binomial option pricing model where the significant and unobservable input was historical volatility.

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 285,630	\$ -	\$ -	\$ 285,630
Unquoted ordinary shares	-	-	291,657	291,657
Derivative financial assets	<u>-</u>	<u>-</u>	<u>1,983</u>	<u>1,983</u>
	<u>\$ 285,630</u>	<u>\$ -</u>	<u>\$ 293,640</u>	<u>\$ 579,270</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 380,382	\$ -	\$ -	\$ 380,382
Unquoted ordinary shares	-	-	281,474	281,474
Derivative financial assets	<u>-</u>	<u>-</u>	<u>1,860</u>	<u>1,860</u>
	<u>\$ 380,382</u>	<u>\$ -</u>	<u>\$ 283,334</u>	<u>\$ 663,716</u>

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2021 and 2020.

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

For the Year Ended December 31, 2021

	Derivatives	Equity Instruments	Total
<u>Financial Assets at FVTPL</u>			
Balance at January 1	\$ 1,860	\$ 281,474	\$ 283,334
Convertible bonds converted into ordinary share	(2,622)	-	(2,622)
Recognized in profit or loss	<u>2,745</u>	<u>10,183</u>	<u>12,928</u>
Balance at December 31	<u>\$ 1,983</u>	<u>\$ 291,657</u>	<u>\$ 293,640</u>

For the Year Ended December 31, 2020

	Derivatives	Equity Instruments	Total
<u>Financial Assets at FVTPL</u>			
Balance at January 1	\$ -	\$ 302,389	\$ 302,389
Additions	70	-	70
Recognized in profit or loss	<u>1,790</u>	<u>(20,915)</u>	<u>(19,125)</u>
Balance at December 31	<u>\$ 1,860</u>	<u>\$ 281,474</u>	<u>\$ 283,334</u>

Derivatives

<u>Financial Liabilities at FVTPL</u>		
Balance at January 1		\$ -
Additions		100
Recognized in profit or loss		<u>(100)</u>
Balance at December 31		<u>\$ -</u>

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

a) Equity Instrument Investments

The fair values of unquoted ordinary shares were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

b) Redemption Options and Put Options of Convertible Bonds

The fair values of redemption options and put options of convertible bonds were determined using the binomial option pricing model where the significant and unobservable input was historical volatility.

c. Categories of financial instruments

	<u>December 31</u>	
	2021	2020
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 1,064,204	\$ 1,356,619
Financial assets at FVTPL	579,270	663,716
<u>Financial liabilities</u>		
Amortized cost (2)	1,288,429	1,900,000

1) The balances comprise cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable and refundable deposits, etc.

2) The balances comprise short-term borrowings, notes and accounts payable, other payables, long-term borrowings (including current portion) and bonds payable (including current portion), etc.

d. Financial risk management objectives and policies

The Group's corporate treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Group through analyzing the degree of exposures. The corporate treasury function reports regularly to the Group's management. The risks include market risk, credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks as follows:

a) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 34.

Sensitivity analysis

The Group was mainly exposed to the USD and RMB.

The sensitivity analysis included only monetary items. A positive (negative) number below indicates an increase (decrease) in pre-tax profit associated with the functional currency weakening 1% against the relevant currency.

	Impact on Profit Before Income Tax	
	For the Year Ended December 31	
	2021	2020
USD	\$ 4,790	\$ 2,404
RMB	3,865	2,055

b) Interest rate risk

The Group was exposed to interest rate risk because the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

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

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ 456,881	\$ 514,027
Financial liabilities	1,024,077	1,670,992
Cash flow interest rate risk		
Financial assets	375,351	604,941
Financial liabilities	430,523	423,202

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of each asset and liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$552 thousand and decreased/increased by \$1,787 thousand, respectively, which was mainly attributable to the Group's variable-rate bank deposits and borrowings.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. The Group manages this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased/decreased by \$5,773 thousand and \$6,619 thousand, respectively, as a result of the changes in the fair value of financial assets at FVTPL.

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 Group. At the end of the reporting period, the Group's maximum exposure to credit risk could be equal to the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

Refer to Note 9 for the financial risk management policies adopted by the Group.

The Group's credit risk was mainly concentrated in the following groups accounted for 95% and 73% of total accounts receivable as of December 31, 2021 and 2020, respectively.

	December 31	
	2021	2020
Group A	\$ 67,500	\$ 55,359
Group B	64,955	-
Group C	51,920	60,573
Group D	24,503	-
Group E	24,553	24,772
Group F	<u>16,139</u>	<u>16,611</u>
	<u>\$ 249,570</u>	<u>\$ 157,315</u>

3) Liquidity risk

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

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes 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 at the end of the year.

	Within 1 Year	2-3 Years	4-5 Years	More than 5 Years	Total
<u>December 31, 2021</u>					
Non-interest bearing liabilities	\$ 167,638	\$ -	\$ -	\$ -	\$ 167,638
Lease liabilities	62,163	85,166	84,851	125,070	357,250
					(Continued)

	Within 1 Year	2-3 Years	4-5 Years	More than 5 Years	Total
Variable interest rate liabilities	\$ 207,990	\$ 108,418	\$ 45,532	\$ 85,345	\$ 447,285
Fixed interest rate liabilities	<u>383,257</u>	<u>335,667</u>	<u>-</u>	<u>-</u>	<u>718,924</u>
	<u>\$ 821,048</u>	<u>\$ 529,251</u>	<u>\$ 130,383</u>	<u>\$ 210,415</u>	<u>\$ 1,691,097</u>
<u>December 31, 2020</u>					
Non-interest bearing liabilities	\$ 171,598	\$ -	\$ -	\$ -	\$ 171,598
Lease liabilities	62,760	86,779	80,105	164,633	394,277
Variable interest rate liabilities	122,391	118,375	52,750	155,523	449,039
Fixed interest rate liabilities	<u>149,665</u>	<u>1,226,113</u>	<u>-</u>	<u>-</u>	<u>1,375,778</u>
	<u>\$ 506,414</u>	<u>\$ 1,431,267</u>	<u>\$ 132,855</u>	<u>\$ 320,156</u>	<u>\$ 2,390,692</u>

(Concluded)

30. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Group and its related parties were as follows:

- a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Brogent Japan Entertainment	Associates
Chih-Hung Ouyang	Key Management (Chairman of the board)
Pei-Chi Ho	Key Management

- b. Operating Revenue

Line Item	<u>For the Year Ended December 31</u>	
	2021	2020
Service revenue	\$ -	\$ 1,767
Rental revenue	916	-
Licensing revenue	<u>55</u>	<u>404</u>
	<u>\$ 971</u>	<u>\$ 2,171</u>

- c. Chih-Hung Ouyang and Pei-Chi Ho, the key management members of the Group, provided the guarantees for some borrowings of the Group.
- d. Compensation of key management personnel

The amounts of the remuneration of directors and other members of key management personnel were as follows:

	<u>For the Year Ended December 31</u>	
	2021	2020
Short-term employee benefits	\$ 10,566	\$ 13,902
Post-employment benefits	<u>216</u>	<u>555</u>
	<u>\$ 10,782</u>	<u>\$ 14,457</u>

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for construction guarantee and warranty, lease development, government grants, guarantee for notes performance and borrowings:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Financial assets at amortized cost - current		
Demand deposits and time deposits	\$ 64,824	\$ 156,343
Financial assets at amortized cost - noncurrent		
Time deposits	23,301	15,000
Property, plant and equipment		
Land and buildings	<u>436,769</u>	<u>626,457</u>
	<u>\$ 524,894</u>	<u>\$ 797,800</u>

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. As of December 31, 2021, the Group's outstanding notes payable for performance and warranty under various construction projects were \$15,468 thousand; letters of guarantee for warranty under various construction projects were \$24,127 thousand.
- b. As of December 31, 2021, the outstanding notes payable for research and development were \$19,227 thousand.

33. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, the global economic situation continues to tighten, especially of the tourism and entertainment industries. The Group's main products are simulator rides, most of the orders are overseas and some of the contracts were postponed. As a result, revenue recognized in 2021 and 2020 by the percentage of completion of each contract decreased. As of the date the consolidated financial statements were authorized for issue, no construction contract has been cancelled. With the epidemic slowing and policy loosening, the Group expects that operations will gradually return to normal.

The Group considered the economic implications of the pandemic when making its critical accounting estimates. Refer to Note 24(b) for information about government grants in 2021 and 2020. In addition, the followings were the actions that the Group has taken to respond to the pandemic:

- a. Normal operation planning

In response to the market's expectations for the economic recovery after the outbreak of the pandemic, the Group plans to reserve more cash, and therefore issues convertible bonds to flexibly cope with future expenses.

- b. Apply for government grants

Apply to the government for grants, such as salaries, working capital, etc.

c. Reorganization

In order to effectively allocate the resources and improve operation efficiency, Brogent Mechanical has been integrated as the manufacturing center of the Group for ensuring the mastery of core technologies.

d. Optimization of product and system

The Group has continually devoted resources to research and innovation, improving product technology and developing new products in order to improve production efficiency and increase gross profit margin. Also keep on reviewing the governance system and implementation level.

e. Post-pandemic era

To avoid the insufficient supply for the expected increase in demand due to the economic recovery, purchase orders have been placed with suppliers, for raw materials with long lead time.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currency (In Thousands)	Exchange Rate (\$)		NTD (In Thousands)
<u>December 31, 2021</u>				
Financial assets				
Monetary items				
USD	\$ 17,422	27.67	(USD:NTD)	\$ 482,064
RMB	85,884	4.35	(RMB:NTD)	373,166
RMB	3,058	0.1570	(RMB:USD)	13,287
Financial liabilities				
Monetary items				
USD	63	27.67	(USD:NTD)	1,730
USD	49	6.3682	(USD:RMB)	1,361
<u>December 31, 2020</u>				
Financial assets				
Monetary items				
USD	8,535	28.48	(USD:NTD)	243,081
RMB	43,508	4.38	(RMB:NTD)	190,566
RMB	3,399	0.1538	(RMB:USD)	14,885
Financial liabilities				
Monetary items				
USD	43	28.48	(USD:NTD)	1,233
USD	49	6.5023	(USD:RMB)	1,401

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange losses were \$20,229 thousand and \$28,445 thousand, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions

and functional currencies of the entities in the Group.

35. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

- 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: Note 7
- 10) Intercompany relationships and significant intercompany transactions: Table 4
- 11) Information on investees: Table 5

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6
- 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:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

	<u>Construction Contract Revenue</u>		<u>Accounts Receivable</u>	
	<u>Amount</u>	<u>Proportion of the Account (%)</u>	<u>Amount</u>	<u>Proportion of the Account (%)</u>
Brogent Rides	\$ 83,610	14	\$ 66,783	23
Hai Wei Culture Creative	43,870	48	-	-
Brogent Creative	2,393	39	7,387	100

- c) The amount of property transactions and the amount of the resultant gains or losses: None
- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None
- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None
- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None
- c. 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

36. SEGMENT INFORMATION

The chief operating decision maker of the Group reviews the overall operating results in order to make decisions about resource allocation and assessment of the overall performance. The Group has a single operation segment. Therefore, the measurement basis for sales, operating results, and assets of the reportable segments in 2021 and 2020 is the same as the corporate financial statements. Refer to the balance sheets and the statements of comprehensive income for 2021 and 2020.

- a. Revenue from major products and services: Note 23
- b. Geographical information

The Group's revenue from continuing operations from external customers by location of customers and information about its noncurrent assets by location of assets are detailed below.

	<u>Revenue from External Customers</u>		<u>Noncurrent Assets</u>	
	<u>For the Year Ended December 31</u>		<u>December 31</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Taiwan	\$ 27,785	\$ 53,106	\$ 1,353,516	\$ 1,347,046
Asia	609,496	706,709	97,700	130,483
Europe	5,322	106,743	67,280	67,277
Americas	137,601	195,971	1,034	1,388
Others	<u>7,545</u>	<u>370</u>	<u>-</u>	<u>-</u>
	<u>\$ 787,749</u>	<u>\$ 1,062,899</u>	<u>\$ 1,519,530</u>	<u>\$ 1,546,194</u>

Noncurrent assets exclude financial instruments, investment accounted for using equity method and deferred tax assets.

c. Information about major customers

		For the Year Ended December 31			
		2021		2020	
		Amount	Proportion of Net Operating Revenue (%)	Amount	Proportion of Net Operating Revenue (%)
Group A		\$ 490,643	62	\$ 361,036	34
Group B		<u>47,968</u>	<u>6</u>	<u>109,677</u>	<u>10</u>
		<u>\$ 538,611</u>	<u>68</u>	<u>\$ 470,713</u>	<u>44</u>

Brogent Technologies Inc. and Subsidiaries

**FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Year	Ending Balance	Actual Amount Drawn	Interest Rate (%)	Nature of Financing	Transaction Amount	Reason for Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company (Note 1)	Financing Company's Total Financing Limit (Note 1)	Note
													Item	Value			
0	The Corporation	Brogent Global	Other receivables - related parties	Yes	\$ 150,000	\$ 150,000	\$ -	-	Short-term financing	\$ -	Operating Capital	\$ -	-	\$ -	\$ 303,200	\$ 1,212,800	
0	The Corporation	Brogent Hong Kong	Other receivables - related parties	Yes	150,000	150,000	55,340	1	Short-term financing	-	Operating Capital	-	-	-	303,200	1,212,800	

Note 1: The financing limit for each borrowing company and the total financing limit shall not exceed 10% and 40% respectively of the latest equity of the Corporation.

Note 2: The exchange rate was USD\$1=\$27.67.

Brogent Technologies Inc. and Subsidiaries

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit of Amount Provided to Each Guaranteed Party (Note 1)	Maximum Balance for the Year	Ending Balance (Note 2)	Amount Actually Drawn (Note 2)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 1)	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiary in Mainland China	Note
		Name	Relationship											
0	The Corporation	Brogent Creative	Subsidiary	\$ 909,600	\$ 43,450	\$ 43,450	\$ -	\$ -	1.43	\$ 1,516,000	Y	N	Y	

Note 1: The limit on endorsement/guarantee given for each party and the total financing limit shall not exceed 30% and 50% respectively of the latest equity of the Corporation.

Note 2: The exchange rate was RMB\$1=\$4.345.

TABLE 3

Brogent Technologies Inc. and Subsidiaries

**MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Holding Company	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Value	Percentage of Ownership (%)	Fair Value	
The Corporation	Mutual funds							
	Capital RMB Money Market Fund RMB	-	Financial assets at FVTPL - current	555,526	\$ 28,991	-	\$ 28,991	
	Cathay RMB Money Market Fund	-	Financial assets at FVTPL - current	423,657	22,781	-	22,781	
	Capital Global Senior Secured High Yield Bond Fund A CNY	-	Financial assets at FVTPL - current	506,448	25,818	-	25,818	
	JPMorgan Funds - Global Short Duration Bond Fund USD	-	Financial assets at FVTPL - current	253,807	82,870	-	82,870	
					<u>\$ 160,460</u>		<u>\$ 160,460</u>	
Brogent Global	Common Stock							
	Jump Media International Co., LTD.	-	Financial assets at FVTPL - current	264,001	\$ -	0.93	\$ -	
	This is Holland B.V.	-	Financial assets at FVTPL - noncurrent	100	7,519	10	7,519	
	Preferred Stock							
This is Holland B.V.	-	Financial assets at FVTPL - noncurrent	200	31,330	-	31,330		
					<u>\$ 38,849</u>		<u>\$ 38,849</u>	
Holey Holdings Limited	Common Stock							
Discover NY Project Company, LLC	-	Financial assets at FVTPL - noncurrent	2,310	<u>\$ 129,938</u>	19.91	<u>\$ 129,938</u>		
Brogent Rides	Mutual funds							
	ICBC tian li bau-Net Asset Value Fund		Financial assets at FVTPL - current	1,000,000	\$ 6,619	-	\$ 6,619	
	NBCB-Net Asset Value Fund (Redeemable)	-	Financial assets at FVTPL - current	83,921	444	-	444	
	NBCB-Net Asset Value Fund	-	Financial assets at FVTPL - current	7,494,214	<u>35,150</u>	-	<u>35,150</u>	
						<u>42,213</u>		<u>42,213</u>
Common Stock								
Fly Over The World Cultural Development Co. Ltd	-	Financial assets at FVTPL - noncurrent	20,000,000	154,200	3.62	154,200		
					<u>\$ 196,413</u>		<u>\$ 196,413</u>	

(Continued)

Holding Company	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Value	Percentage of Ownership (%)	Fair Value	
Brogent Creative	Mutual funds							
	ICBC tian li bau-Net Asset Value Fund	-	Financial assets at FVTPL - current	500,000	\$ 2,421	-	\$ 2,421	
	NBCB-Net Asset Value Fund (Redeemable)	-	Financial assets at FVTPL - current	706,725	3,739	-	3,739	
	ICBC tian li bau-Net Asset Value Fund	-	Financial assets at FVTPL - current	5,000,000	<u>21,976</u>	-	<u>21,976</u>	
					<u>\$ 28,136</u>		<u>\$ 28,136</u>	
Hai Wei Culture Creative	Mutual funds							
	NBCB-Net Asset Value Fund (Redeemable)	-	Financial assets at FVTPL - current	1,350,880	\$ 7,147	-	\$ 7,147	
	NBCB tian li xin C	-	Financial assets at FVTPL - current	8,532,685	<u>47,674</u>	-	<u>47,674</u>	
					<u>\$ 54,821</u>		<u>\$ 54,821</u>	

(Concluded)

TABLE 4

Brogent Technologies Inc. and Subsidiaries

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship	Transaction Details			% of Total Operating Revenues (Assets)
				Financial Statement Account	Amount	Payment Terms	
0	The Corporation	Brogent Rides	Parent to subsidiary	Construction contract revenue	\$ 83,610	No similar transactions with unrelated party	11.00
0	The Corporation	Brogent Global	Parent to subsidiary	Construction contract revenue	1,746	No similar transactions with unrelated party	-
0	The Corporation	Brogent Hong Kong	Parent to subsidiary	Construction contract revenue	5,711	No similar transactions with unrelated party	1.00
0	The Corporation	Brogent Rides	Parent to subsidiary	Accounts receivable-related parties	66,783	90 days after monthly closing	1.00
0	The Corporation	Brogent Hong Kong	Parent to subsidiary	Accounts receivable-related parties	6,952	90 days after monthly closing	-
0	The Corporation	Brogent Global	Parent to subsidiary	Accounts receivable-related parties	1,757	90 days after monthly closing	-
0	The Corporation	Brogent Global	Parent to subsidiary	Other receivable	17,115	No similar transactions with unrelated party	-
0	The Corporation	Brogent Hong Kong	Parent to subsidiary	Other receivable	55,387	No similar transactions with unrelated party	1.00
0	The Corporation	Brogent Hong Kong	Parent to subsidiary	Other interest revenue	216	No similar transactions with unrelated party	-
1	Brogent Global	Hai Wei Culture Creative	Subsidiary to subsidiary	Construction contract revenue	43,870	No similar transactions with unrelated party	6.00
1	Brogent Global	The Corporation	Subsidiary to parent	Construction contract revenue	2,000	No similar transactions with unrelated party	-
1	Brogent Global	The Corporation	Subsidiary to parent	Service revenue	4,560	No similar transactions with unrelated party	1.00
1	Brogent Global	The Corporation	Subsidiary to parent	Sales revenue	14,236	No similar transactions with unrelated party	2.00
1	Brogent Global	The Corporation	Subsidiary to parent	Ticket revenue	1,669	No similar transactions with unrelated party	-
1	Brogent Global	The Corporation	Subsidiary to parent	Dividend revenue	3,053	No similar transactions with unrelated party	-
1	Brogent Global	Brogent Rides	Subsidiary to subsidiary	Other receivable	327	No similar transactions with unrelated party	-
1	Brogent Global	The Corporation	Subsidiary to parent	Accounts receivable-related parties	3,620	No similar transactions with unrelated party	-
1	Brogent Global	Brogent Hong Kong	Subsidiary to subsidiary	Construction contract revenue	726	No similar transactions with unrelated party	-

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			% of Total Operating Revenues (Assets)
				Financial Statement Account	Amount	Payment Terms	
2	Brogent Hong Kong	Brogent Creative	Subsidiary to subsidiary	Construction contract revenue	\$ 2,393	No similar transactions with unrelated party	-
2	Brogent Hong Kong	Brogent Creative	Subsidiary to subsidiary	Accounts receivable-related parties	7,387	No similar transactions with unrelated party	-

(Concluded)

Brogent Technologies Inc. and Subsidiaries

INFORMATION ON INVESTEEES FOR THE YEAR ENDED DECEMBER 31, 2021 (In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of shares	(%)	Carrying Amount			
The Corporation	Brogent Hong Kong	Hong Kong	Reinvestment and trading business	\$ 270,727	\$ 270,727	-	100.00	\$ 229,001	\$ (17,302)	\$ (17,302)	Subsidiary
The Corporation	Brogent Global	Taiwan	Development and management business of self-operated outlets, site planning and film production	300,000	300,000	36,214,332	100.00	347,316	(4,816)	(5,649)	Subsidiary
The Corporation	Dili Jie	British Virgin Islands	Reinvestment and trading business	267,955	267,955	-	100.00	339,724	37,411	37,411	Subsidiary
Brogent Hong Kong	Brogent Japan Entertainment	Japan	Management business development and sales of the peripheral products of simulator rides in Japan	10,161	10,161	-	40.00	1,324	(4,102)	(1,641)	Associates
Brogent Hong Kong	hexaRide the first LLP	Japan	Development and management business of self-operated outlets	70,362	44,122	-	92.86	18,308	(16,048)	(14,681)	Subsidiary
Brogent Hong Kong	Ou Wei Limited	Hong Kong	Content production licensing business	35,403	-	-	100.00	-	(1,904)	(658)	Subsidiary
Brogent Hong Kong	StarLite	Canada	Design and management business	13,155	-	-	100.00	2,944	(9,748)	(5,091)	Subsidiary
Dili Jie	Jetway	Cayman Islands	Reinvestment and trading business	270,020	270,020	-	100.00	339,712	37,411	37,411	Subsidiary
Jetway	Garley	British Virgin Islands	Reinvestment and trading business	131,258	131,258	-	100.00	207,717	20,687	20,687	Subsidiary
Jetway	Holey Holdings Limited	British Virgin Islands	Reinvestment and trading business	139,753	139,753	-	100.00	131,341	16,967	16,967	Subsidiary
Brogent Global	Jetmay	British Virgin Islands	Reinvestment and trading business	112,164	112,164	-	100.00	183,893	10,646	11,695	Subsidiary
Brogent Global	Ou Wei Limited	Hong Kong	Content production licensing business	-	43,641	-	-	-	(1,904)	(1,246)	Subsidiary
Jetmay	StarLite	Canada	Design and management business	-	15,054	-	-	-	(9,748)	(4,657)	Subsidiary

Note 1: The share of profit (loss) recognized for the year ended December 31, 2021 included eliminated unrealized gains or losses.

Note 2: The share of profit (loss) of subsidiaries are eliminated on consolidation.

Note 3: Please refer to Table 6 for the information on investments in mainland China.

Brogent Technologies Inc. and Subsidiaries

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Brogent Rides	Import and export business	\$ 214,919	Reinvested through the third region Brogent Hong Kong and Garley	\$ 222,712	\$ -	\$ -	\$ 222,712	\$ 36,088	100.00	\$ 36,088	\$ 356,573	\$ -	Note 1
Brogent Creative	Development and management business of self-operated outlets	56,485	Reinvested through the third region Brogent Rides	-	-	-	-	1,175	100.00	1,175	73,931	-	Note 1
Hai Wei Culture Creative	Whole planning business	86,900	Reinvested through the third region Jetmay	88,454	-	-	88,454	15,653	100.00	15,653	184,332	-	Note 1
Beijing Huawei Global Cultural Development Co., Ltd.	Development and management business of self-operated outlets	13,035	Reinvested through the third region Brogent Rides	-	-	-	-	(12,537)	35.00	(4,388)	182	-	Note 2

Investee Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
The Corporation	\$ 311,166	\$ 311,166	\$ 1,819,200

Note 1: The investment gain (loss) was recognized based on the financial statements audited by the Corporation's CPA.

Note 2: The investment gain (loss) was recognized based on the financial statements not audited.

TABLE 7**Brogent Technologies Inc. and Subsidiaries****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of the Shareholder	Shares	
	Number of Shares Owned	Percentage of Ownership (%)
Chih-Hung Ouyang	3,807,191	6.24
Ruentex Industries Ltd.	3,230,310	5.29

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, including shares that have been issued without physical registration by the Corporation as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

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