Brogent Technologies Inc. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021 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, 2022 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 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 15, 2023

勤業眾信

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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, 2022 and 2021, 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, 2022 and 2021, 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. 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, 2022 is stated as follows:

<u>The recognition of project contract revenue</u>

Project contract revenue is the main operating revenue of the Group. The Group recognizes revenue based on the stage of completion of performance obligations. Since the recognition of project contract revenue is calculated manually and involves critical accounting estimates and judgments, there may be a calculation error; therefore it was deemed to be a key audit matter.

Refer to Notes 4, 5 and 24 for accounting policy on project contract, accounting estimates and assumptions, and details of project 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 project 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 project 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, 2022 and 2021 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Chiu-Yen Wu and Li-Yuan Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 15, 2023

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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 721,736	15	$ 675,485	14
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	118,819	2	287,613	6
Financial assets at fair value through other comprehensive income - current(Notes 4 and 8)	130,000	3	-	-
Financial assets at amortized cost - current (Notes 4, 9 and 32)	144,788	3	103,001	2
Accounts receivable, net (Notes 4, 5 and 10)	270,332	5	216,053	4
Contract assets - current (Notes 4, 5 and 24)	1,303,225	26	1,172,733	25
Current tax assets (Notes 4 and 26)	891	-	325	-
Inventories (Notes 4 and 11)	320,604	7	223,297	5
Prepayments	63,702	1	121,126	3
Other current assets	24,143	1	18,004	-
Total current assets	3,098,240	63	2,817,637	59
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss - noncurrent (Notes 4 and 7)	378,155	8	291,657	6
Financial assets at amortized cost - noncurrent (Notes 4, 9 and 32)	56,950	1	54,631	1
Investments accounted for using equity method (Notes 4 and 13)	1,755	-	1,506	-
Property, plant and equipment (Notes 4, 14 and 32)	758,358	15	976,416	20
Right-of-use assets (Notes 4 and 15)	287,013	6	308,417	7
Intangible assets (Notes 4 and 16)	196,740	4	166,000	4
Deferred tax assets (Notes 4 and 26)	90,499	2	76,444	2
Refundable deposits	19,484	-	15,034	-
Other noncurrent assets	64,179	1	68,697	1
Total noncurrent assets	1,853,133	37	1,958,802	41
TOTAL	$ 4,951,373	100	$ 4,776,439	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	$ 321,840	7	$ 155,085	3
Notes payable (Note 19)	11,772	-	1,388	-
Accounts payable (Note 19)	110,649	2	87,236	2
Contract liabilities - current (Note 24)	68,223	1	65,772	1
Other payables (Note 20)	83,290	2	79,014	2
Current tax liabilities (Notes 4 and 26)	2,490	-	6,442	-
Provisions - current (Note 4)	8,620	-	5,122	-
Lease liabilities - current (Notes 4 and 15)	64,414	1	60,133	1
Current portion of long-term borrowings (Note 17)	49,334	1	103,828	2
Current portion of bonds payable (Notes 4 and 18)	219,204	5	315,027	7
Other current liabilities	3,190	-	2,316	-
Total current liabilities	943,026	19	881,363	18
NONCURRENT LIABILITIES				
Bonds payable (Notes 4 and 18)	261,577	5	319,291	6
Long-term borrowings (Note 17)	268,220	5	227,560	5
Deferred tax liabilities (Notes 4 and 26)	27,010	1	41,141	1
Lease liabilities - noncurrent (Notes 4 and 15)	257,167	5	273,676	6
Total noncurrent liabilities	813,974	16	861,668	18
Total liabilities	1,757,000	35	1,743,031	36
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 23)				
Share capital				
Ordinary shares	614,431	13	573,641	12
Advance receipts for ordinary share	10,743	-	36,003	1
Total share capital	625,174	13	609,644	13
Capital surplus	2,648,189	54	2,501,234	53
Retained earnings (deficit to be compensated)				
Legal reserve	127,421	3	127,421	3
Special reserve	14,857	-	14,857	-
Accumulated deficit	(243,005)	(5)	(181,725)	(4)
Total deficit to be compensated	(100,727)	(2)	(39,447)	(1)
Other equity	21,484	-	(39,431)	(1)
Total equity attributable to owners of the Corporation	3,194,120	65	3,032,000	64
NON-CONTROLLING INTERESTS (Note 23)	253	-	1,408	-
Total equity	3,194,373	65	3,033,408	64
TOTAL	$ 4,951,373	100	$ 4,776,439	100

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, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
NET OPERATING REVENUE (Notes 4, 5, 24 and 31)	$ 803,766	100	$ 787,749	100
OPERATING COSTS (Notes 10 and 25)	473,249	59	411,243	52
GROSS PROFIT	330,517	41	376,506	48
OPERATING EXPENSES (Notes 9, 24 and 25)				
Selling and marketing expenses	74,973	9	53,715	7
General and administrative expenses	293,387	37	248,857	32
Research and development expenses	189,445	24	207,749	26
Expected credit loss	19,975	2	46,320	6
Total operating expenses	577,780	72	556,641	71
OPERATING LOSS	(247,263)	(31)	(180,135)	(23)
NON-OPERATING INCOME AND EXPENSES (Note 25)				
Interest income	8,514	1	5,337	1
Other income	19,022	2	51,114	6
Other gains and losses	159,954	20	2,994	-
Finance costs	(23,717)	(3)	(27,063)	(3)
Share of profit or loss of associates accounted for using the equity method	(468)	-	(6,029)	(1)
Total non-operating income and expenses	163,305	20	26,353	3
LOSS BEFORE INCOME TAX	(83,958)	(11)	(153,782)	(20)
INCOME TAX BENEFIT (Notes 4 and 26)	(21,560)	(3)	(20,459)	(3)
NET LOSS FOR THE YEAR	(62,398)	(8)	(133,323)	(17)
OTHER COMPREHENSIVE INCOME (Notes 21 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	-	-	(350)	-
Unrealized gains on investments in equity instruments at fair value through other comprehensive income	30,000	4	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	-	-	70	-

(Continued)

Brogent Technologies Inc. and Subsidiaries

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

	2022		2021	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	$ 30,911	4	$ (14,229)	(2)
Share of the other comprehensive loss of associates accounted for using the equity method	(33)	-	(355)	-
Other comprehensive loss for the year, net of income tax	60,878	8	(14,864)	(2)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	$ (1,520)	-	$ (148,187)	(19)
NET LOSS ATTRIBUTABLE TO:				
Owners of the Corporation	$ (60,726)	(8)	$ (131,956)	(17)
Non-controlling interests	(1,672)	-	(1,367)	-
	$ (62,398)	(8)	$ (133,323)	(17)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Owners of the Corporation	$ 189	-	$ (145,203)	(19)
Non-controlling interests	(1,709)	-	(2,984)	-
	$ (1,520)	-	$ (148,187)	(19)
LOSS PER SHARE (Note 27)				
Basic	$ (0.99)		$ (2.31)	
Diluted	$ (0.99)		$ (2.31)	

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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation											
				Retained Earnings (Deficit to be Compensated)			Other Equity					
	Ordinary Shares	Advance Receipts for Ordinary Share	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain or loss On financial Assets at FVTOCI	Total	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2021	$ 557,474	$ -	$ 2,021,953	$ 127,421	$ 14,857	$ (48,972)	$ (26,464)	$ -	$ (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)	-	(12,967)	(13,247)	(1,617)	(14,864)
Total comprehensive loss in 2021	-	-	-	-	-	(132,236)	(12,967)	-	(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 (Note 12)	-	-	(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)	-	(39,431)	3,032,000	1,408	3,033,408
Net loss in 2022	-	-	-	-	-	(60,726)	-	-	-	(60,726)	(1,672)	(62,398)
Other comprehensive income in 2022, net of income tax	-	-	-	-	-	-	30,915	30,000	60,915	60,915	(37)	60,878
Total comprehensive loss in 2022	-	-	-	-	-	(60,726)	30,915	30,000	60,915	189	(1,709)	(1,520)
Convertible bonds converted to ordinary shares (Note 18)	40,790	(25,260)	146,205	-	-	-	-	-	-	161,735	-	161,735
Changes in percentage of ownership interest in subsidiaries (Note 12)	-	-	-	-	-	(554)	-	-	-	(554)	554	-
Changes in equity of associates accounted for using equity method	-	-	750	-	-	-	-	-	-	750	-	750
BALANCE AT DECEMBER 31, 2022	$ 614,431	$ 10,743	$ 2,648,189	$ 127,421	$ 14,857	$ (243,005)	$ (8,516)	$ 30,000	$ 21,484	$ 3,194,120	$ 253	$ 3,194,373

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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$ (83,958)	$ (153,782)
Adjustments for:		
Income and expenses		
Depreciation expense	145,045	117,349
Amortization expense	31,336	33,882
Expected credit loss	19,975	46,320
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(7,537)	(23,991)
Finance cost	23,717	27,063
Interest income	(8,514)	(5,337)
Share of profit or loss of associates accounted for using the equity method	468	6,029
Net loss (gain) on disposal of property, plant and equipment	(74,931)	2,036
Net loss on disposal of intangible assets	703	-
Net loss (gain) on foreign currency exchange	(5,941)	2,973
Loss on inventories	1,642	1,875
Others	-	(2,458)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	170,415	100,623
Notes receivable	-	21,164
Accounts receivable	(55,195)	(47,862)
Contract assets	(148,784)	(62,808)
Inventories	(98,949)	12,815
Prepayments	55,978	(2,889)
Other current assets	(6,939)	2,604
Notes payable	10,384	(10,183)
Accounts payable	23,413	(12,058)
Contract liabilities	2,451	(70,982)
Other payables	4,553	20,273
Provisions	3,498	2,742
Other current liabilities	874	720
Net defined benefit liabilities	-	(9,644)
Cash generated (used in) from operations	3,704	(3,526)
Income tax paid	(11,683)	(17,019)
Net cash used in operating activities	(7,979)	(20,545)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(100,000)	-
Purchase of financial instruments at fair value through profit or loss	(61,288)	-
Purchase of financial assets at amortized cost	(207,283)	(77,849)
Proceeds from sale of financial assets at amortized cost	169,233	169,834

(Continued)

Brogent Technologies Inc. and Subsidiaries

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

	2022	2021
Payments for property, plant and equipment	$ (61,002)	$ (99,553)
Proceeds from disposal of property, plant and equipment	263,402	1,534
Increase in refundable deposits	(4,393)	(1,770)
Acquisition of intangible assets	(14,839)	(15,010)
Increase in other noncurrent assets	(37,921)	(4,783)
Interest received	8,514	5,337
Net cash used in investing activities	(45,577)	(22,260)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	166,755	(61,122)
Proceeds from long-term borrowings	224,867	120,588
Repayment of long-term borrowings	(240,014)	(145,705)
Repayment of the principal portion of lease liabilities	(46,293)	(40,741)
Interest paid	(15,237)	(13,363)
Net cash generated from (used in) financing activities	90,078	(140,343)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	9,729	(5,708)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	46,251	(188,856)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	675,485	864,341
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 721,736	$ 675,485

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

(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 approved by the Corporation's board of directors on March 15, 2023.

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 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

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

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

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

As of the date the consolidated financial statements were approved, the Group assessed that the application of the above standards and interpretations would 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
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

As of the date the consolidated financial statements were approved, 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.

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 project contracts, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Group's project contracts-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). 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 12, Table 7 and Table 8.

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' 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 individual cash-generating units or 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, financial assets at amortized cost and investments in equity instruments at FVTOCI.

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 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 30.

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.

iii Investments in equity instruments at FVTOCI

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

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

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

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

2) Equity instruments

Equity instruments issued by the 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.

l. 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) Project contract revenue

Revenue comes from the development, construction and sale of simulator rides and related films. The Group recognizes revenue upon the completion percentage of each performance obligation. The output and degree of completion of performance obligation is measured based on working days of each performance item. Contract assets recognized during the performance obligations are satisfied and 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

Revenue comes from authorizing the use of intellectual property rights of the films. The license granted provides the customer with the right to use the intellectual property that exists at the point of grant, and the revenue is recognized when the license is transferred. Advance receipts of royalty are recognized as contract liabilities. In addition, licensing revenue based on the actual sales of the customer is recognized when the sales occur.

3) Sale of tickets and merchandise

Revenue comes from sales of tickets for simulator rides and peripheral products at operated outlets. Sales of tickets are recognized at the point when services are performed; and sales of merchandise and peripheral products are recognized when merchandise and peripheral products are transferred to the customer at which point the customer takes the right of use and bears the risk of obsolescence. Advance receipts from the sale of the goods are recognized as contract liabilities.

4) Service revenue

Service revenue comes from maintenance service to simulator rides and is recognized when the service is rendered.

5) Rental revenue

Rental revenue comes from rendering simulator rides, of which accounting policy is described in 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 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 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.

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.

r. Taxation

Income tax expense (income) 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 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 accounts receivable 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 arising from the uncertainty impact caused by the COVID-19 pandemic.

b. Measurement of the percentage of completion of project contract

Project contract revenue is recognized by the percentage of completion method. The progress of completion is measured based on the working days of completed performance items. Since the estimated working days may be modified as assessed and determined by the management based on the nature and content of work, etc. for each project contract, the measurement of the percentage of completion and revenue may be affected.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	**2021**
Cash on hand	$ 1,291	$ 832
Checking accounts and demand deposits	398,447	371,062
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	321,998	166,624
Repurchase agreement collateralized by bonds	-	136,967
	$ 721,736	$ 675,485

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2022	**2021**
Financial assets		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Redemption options and put options of convertible bonds	$ 429	$ 1,983
Non-derivative financial assets		
Mutual funds	118,390	285,630
Unquoted shares	378,155	291,657
	496,545	577,287
	$ 496,974	$ 579,270

(Continued)

	December 31	
	2022	2021
Current	$ 118,819	$ 287,613
Noncurrent	378,155	291,657
	$ 496,974	$ 579,270

(Concluded)

The Group acquired the ordinary shares of Discover NY Project Company, LLC (DNY) for $31,437 thousand (US$1,050 thousand) in August 2022, increasing its shareholding to 23.22%. In addition, the Group acquired the preferred shares of DNY for $29,851 thousand (US$972 thousand) in December 2022. The dividends of the preferred shares are cumulative at the rate of 12%. Furthermore, the remaining earnings are distributed to preferred shareholders in proportion to their capital contribution, and are distributed to all shareholders in proportion to their shareholdings only after the preferred shareholders recover 2.5 times their original capital contribution.

The investment of DNY was classified as a financial asset at FVTPL since the Group did not participate in the financial and operating policy decisions of DNY and did not have significant influence.

8. FINANCIAL ASSETS AT FVTOCI - December 31, 2022 only

	December 31, 2022
Current	
Domestic investments in equity instruments	
Listed shares	$ 130,000

The Group acquired the ordinary shares of Ruentex Industries Limited for $100,000 thousand in September 2022. Accordingly, the Group elected to designate the investments in equity instruments as financial assets at FVTOCI as it was not held for trading or short-term profit.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
Time deposits with original maturities of more than 3 months	$ 15,912	$ 38,177
Pledged time deposits	151,082	86,123
Pledged demand deposits	2,004	2,002
Unquoted preferred shares	32,740	31,330
	$ 201,738	$ 157,632
Current	$ 144,788	$ 103,001
Noncurrent	56,950	54,631
	$ 201,738	$ 157,632

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 2024, 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 32 for the information on financial assets at amortized cost pledged as collateral.

10. ACCOUNTS RECEIVABLE

	December 31 2022	December 31 2021
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 318,840	$ 263,645
Less: Allowance for impairment loss	(48,508)	(47,592)
	$ 270,332	$ 216,053

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, 2022

	1-90 Days	91-180 Days	181-365 Days	Over 365 Days	With Signs of Default	Total
Gross carrying amount	$ 126,005	$ 17,739	$ 39,378	$ 40,496	$ 95,222	$ 318,840
Loss allowance (lifetime ECLs)	-	-	(30)	(3,945)	(44,533)	(48,508)
Amortized cost	$ 126,005	$ 17,739	$ 39,348	$ 36,551	$ 50,689	$ 270,332

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)	-	-	(3,322)	(2,290)	(41,980)	(47,592)
Amortized cost	$ 54,913	$ 30,808	$ 61,633	$ 18,759	$ 49,940	$ 216,053

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 47,592	$ 10,864
Impairment loss recognized	916	36,728
Balance at December 31	$ 48,508	$ 47,592

11. INVENTORIES

	December 31	
	2022	2021
Raw materials	$ 197,517	$ 155,154
Work in process	38,294	18,188
Finished goods	81,035	44,285
Merchandise	3,758	5,670
	$ 320,604	$ 223,297

Allowance loss for inventory recognized as the deduction of inventory cost were $4,081 thousand and $2,439 thousand as of December 31, 2022 and 2021, respectively.

The operating costs recognized as loss on inventory value for the years ended December 31, 2022 and 2021 were $1,642 thousand and $1,875 thousand, respectively.

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

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

			Proportion of Ownership (%) December 31		
Investor	Investee	Nature of Activities	2022	2021	Remark
The Corporation	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 Holdings Limited (Dili Jie)	Reinvestment and trading business	100	100	-
Dili Jie	Jetway Holdings Limited (Jetway)	Reinvestment and trading business	100	100	-
Jetway	Garley Holdings Limited (Garley)	Reinvestment and trading business	100	100	-

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2022	Proportion of Ownership (%) December 31 2021	Remark
	Holey Holdings Limited	Reinvestment and trading business	100	100	-
Garley	Brogent Rides (Shanghai) Limited (Brogent Rides)	Import and export business	58	58	-
Brogent Hong Kong	Brogent Rides	Import and export business	42	42	-
	hexaRide the first LLP	Development and management business of self-operated outlets	94	93	Note 1
	Ou Wei Limited	Content production licensing business	-	100	Note 2
	StarLite Design & Planning Limited (StarLite)	Design and management business	100	100	-
Brogent Rides	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	-
Jetmay	Hai Wei Culture Creative and Development (Shanghai) Limited (Hai Wei Culture Creative)	Whole planning business	100	100	-

(Concluded)

Note 1: The equity transactions with non-controlling interests were as follows:

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.

Brogent Hong Kong did not subscribe for the cash capital increase of hexaRide in proportion in 2022, resulting in an increase in its shareholding from 93% to 94%. The difference between the investment cost and the net assets acquired was recognized as deduction of retained earnings for $554 thousand.

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

Note 2: Ou Wei Limited had been liquidated in September 2022.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31 2022	December 31 2021
Investments in associates - not individually material	$ 1,755	$ 1,506

Aggregate information of associates that are not individually material:

	For the Year Ended December 31 2022	For the Year Ended December 31 2021
The Group’s share of:		
Net loss	$ (468)	$ (6,029)
Other comprehensive loss	(33)	(355)
Total comprehensive loss for the year	$ (501)	$ (6,384)

14. PROPERTY, PLANT AND EQUIPMENT

	December 31 2022	December 31 2021
Assets used by the Group	$ 751,320	$ 975,157
Assets leased under operation	7,038	1,259
	$ 758,358	$ 976,416

For the year ended December 31, 2022

	Assets Used by the Group					Assets Leased under Operation
	Land	Buildings	Other Equipment	Equipment to be Inspected and Property under Construction	Total	Other Equipment
Cost						
Balance at January 1,2022	$ 139,868	$ 691,513	$ 327,856	$ 140,644	$ 1,299,881	$ 1,302
Additions	-	8,264	144,309	(92,131)	60,442	160
Disposals	(139,868)	(55,883)	(6,688)	-	(202,439)	-
Reclassification	-	-	(9,839)	-	(9,839)	9,839
Effect of foreign currency exchange differences	-	(1,265)	139	-	(1,126)	-
Balance at December 31, 2022	$ -	$ 642,629	$ 455,777	$ 48,513	$ 1,146,919	$ 11,301
Accumulated depreciation						
Balance at January 1, 2022	$ -	$ 183,433	$ 141,291	$ -	$ 324,724	$ 43
Depreciation expense	-	29,826	68,510	-	98,336	448
Disposals	-	(16,930)	(6,387)	-	(23,317)	-
Reclassification	-	-	(3,772)	-	(3,772)	3,772
Effect of foreign currency exchange differences	-	(490)	118	-	(372)	-
Balance at December 31, 2022	$ -	$ 195,839	$ 199,760	$ -	$ 395,599	$ 4,263
Carrying amount at December 31, 2022	$ -	$ 446,790	$ 256,017	$ 48,513	$ 751,320	$ 7,038

For the year ended December 31, 2021

	Assets Used by the Group					Assets Leased under Operation
	Land	Buildings	Other Equipment	Equipment to be Inspected and Property under Construction	Total	Other Equipment
Cost						
Balance at January 1,2021	$ 139,868	$ 692,301	$ 300,810	$ 89,858	$ 1,222,837	$ -
Additions	-	2,044	43,573	50,786	96,403	1,302
Disposals	-	(211)	(16,279)	-	(16,490)	-
Effect of foreign currency exchange differences	-	(2,621)	(248)	-	(2,869)	-
Balance at December 31, 2021	$ 139,868	$ 691,513	$ 327,856	$ 140,644	$ 1,299,881	$ 1,302

(Continued)

	Assets Used by the Group					Assets Leased under Operation
	Land	Buildings	Other Equipment	Equipment to be Inspected and Property under Construction	Total	Other Equipment
Accumulated depreciation						
Balance at January 1, 2021	$ -	$ 153,062	$ 112,300	$ -	$ 265,362	$ -
Depreciation expense	-	31,141	41,990	-	73,131	43
Disposals	-	(51)	(12,869)	-	(12,920)	-
Effect of foreign currency exchange differences	-	(719)	(130)	-	(849)	-
Balance at December 31, 2021	$ -	$ 183,433	$ 141,291	$ -	$ 324,724	$ 43
Carrying amount at December 31, 2021	$ 139,868	$ 508,080	$ 186,565	$ 140,644	$ 975,157	$ 1,259

(Concluded)

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

	Assets Used by the Group	Assets Leased under Operation
Buildings		
Main buildings	50 years	-
Others	2-20 years	-
Other equipment	2-15 years	5-10 years

b. To revitalize assets and effectively utilize capital, the Corporation sold the land and buildings located in JhongShan, Sinwu Dist. Taoyuan City to a non-related party for $268,000 thousand (tax included) in August 2022, and immediately leased them back for short-term operation. The lease terms are 3 years and 6 months and expire in February 2026 with no renewal or bargain purchase options. As a result of the above transaction, the Group recognized gains on disposal of property of $83,606 thousand and recognized right-of-use assets of $16,647 thousand and lease liabilities of $25,996 thousand.

c. The farmland located in JhongShan, Sinwu Dist. Taoyuan City is registered in the name of the Chairman, the related person of the Group, due to legal restrictions. The Group had obtained an agreement with the Chairman that the Group can register the farmland under the Group or other individual specified by the Group without payment at any time. The farmland was sold and transferred in August 2022.

d. The Group rents the simulator rides 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.

e. Refer to Note 32 for the carrying amount of property, plant and equipment pledged as collateral for borrowings.

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

	For the Year Ended December 31	
	2022	2021
Additions to property, plant and equipment	$ 60,602	$ 97,705
Decrease in payables for equipment	400	1,848
Cash paid	$ 61,002	$ 99,553

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amount		
Land	$ 98,122	$ 108,729
Buildings	172,702	184,616
Transportation equipment	16,189	15,072
	$ 287,013	$ 308,417

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ 24,940	$ 13,136
Depreciation of right-of-use assets		
Land	$ 10,607	$ 10,608
Buildings	28,478	27,375
Transportation equipment	7,176	6,192
	$ 46,261	$ 44,175

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	$ 64,414	$ 60,133
Noncurrent	$ 257,167	$ 273,676
Range of discount rates (%) for lease liabilities		
Land	1.71	1.71
Buildings	1.71-1.85	1.71-1.80
Transportation equipment	1.71-1.80	1.71-1.80

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 as other income for the years ended December 31, 2021.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	$ 2,404	$ 2,571
Expenses relating to low-value asset leases	$ 367	$ 367
Total cash outflow for leases	$ 54,001	$ 49,657

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.

16. INTANGIBLE ASSETS

For the year ended December 31, 2022

	Film	Other	Total
Cost			
Balance at January 1, 2022	$ 201,548	$ 49,449	$ 250,997
Additions	7,844	9,935	17,779
Transferred from other non-current assets	40,945	-	40,945
Write-off and disposals	(16,189)	(6,767)	(22,956)
Effect of foreign currency exchange differences	4,039	(42)	3,997
Balance at December 31, 2022	$ 238,187	$ 52,575	$ 290,762
Accumulated amortization			
Balance at January 1, 2022	$ 59,399	$ 25,598	$ 84,997
Amortization expense	24,079	7,257	31,336
Write-off and disposals	(16,169)	(6,084)	(22,253)
Effect of foreign currency exchange differences	(80)	22	(58)
Balance at December 31, 2022	$ 67,229	$ 26,793	$ 94,022
Carrying amount at December 31, 2022	$ 170,958	$ 25,782	$ 196,740

For the year ended December 31, 2021

	Film	Other	Total
Cost			
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	(2,159)	(276)	(2,435)
Balance at December 31, 2021	$ 201,548	$ 49,449	$ 250,997
Accumulated amortization			
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	(1,077)	(101)	(1,178)
Balance at December 31, 2021	$ 59,399	$ 25,598	$ 84,997
Carrying amount at December 31, 2021	$ 142,149	$ 23,851	$ 166,000

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

Film	3-10 years
Others	1-25 years

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Secured bank loans (Note 32)	$ 21,840	$ 21,840
Unsecured bank loans	300,000	133,245
	$ 321,840	$ 155,085
Interest rate (%)	1.50-2.33	0.68-2.20

b. Long-term borrowings

	December 31	
	2022	2021
Secured borrowings (Note 32)		
Bank loans - repayable before October 2031	$ 296,187	$ 206,442

(Continued)

	December 31	
	2022	2021
Unsecured borrowings		
Bank loans - repayable before February 2026	$ 20,460	$ 90,877
Loans from the government - repayable before December 2023 (1)	907	865
Others (2)	-	33,204
	317,554	331,388
Current portion	(49,334)	(103,828)
Long-term borrowings	$ 268,220	$ 227,560
Interest rate (%)		
Bank loans	1.85-2.57	1.00-1.85
Others	-	4.76

(Concluded)

1) The subsidiary StarLite obtained an interest-free loan from the local government.

2) Borrowing from Chailease Finance Co., Ltd at variable interest rate and has been repaid in advance in June 2022.

18. BONDS PAYABLE

	December 31	
	2022	2021
3rd domestic unsecured convertible bonds	$ 219,204	$ 319,291
4th domestic unsecured convertible bonds	261,577	315,027
	480,781	634,318
Current portion	(219,204)	(315,027)
	$ 261,577	$ 319,291

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, 2022, the total amount of the bonds converted by the bondholders was $478,200 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, 2022, the total amount of bonds converted by the bondholders was $236,000 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.

	For the Year Ended December 31	
	2022	**2021**
Liability component at January 1	$ 634,318	$ 1,155,660
Interest charged at an effective interest rate	8,357	13,844
Converted into ordinary shares	(161,894)	(535,186)
Liability component at December 31	$ 480,781	$ 634,318

19. 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.

20. OTHER PAYABLES

	December 31	
	2022	2021
Payables for salaries	$ 36,303	$ 36,735
Payables for travel expense	3,063	8,570
Payables for service fee	3,168	4,137
Payables for insurance	3,757	3,683
Payables for equipment	1,411	1,811
Payables for pension	1,049	992
Others	34,539	23,086
	$ 83,290	$ 79,014

21. 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.

The Corporation was approved by the authority to settle the pension liabilities and the pension fund in accordance with the Labor Standards Act in July 2021, and the settlement benefits are recognized of $8,497 thousand.

22. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The current/noncurrent classification of the Group's assets and liabilities relating to the project contract was based on its operating cycle. The amount for related assets and liabilities expected to be recovered or settled more than 12 months after the reporting period were as follows:

	Within 12 Months	More Than 12 Months	Total
December 31, 2022			
Assets			
Financial assets at amortized cost - current	$ 72,137	$ 72,651	$ 144,788
Contract assets - current	800,243	502,982	1,303,225
	$ 872,380	$ 575,633	$ 1,448,013

(Continued)

	Within 1 Year	More Than 1 Year	Total
Liabilities			
Contract liabilities - current	$ 37,320	$ 30,903	$ 68,223
December 31, 2021			
Assets			
Contract assets - current	$ 884,414	$ 288,319	$ 1,172,733
Liabilities			
Contract liabilities - current	$ 32,842	$ 32,930	$ 65,772

(Concluded)

23. EQUITY

a. Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands)	90,000	90,000
Shares authorized	$ 900,000	$ 900,000
Number of shares issued and fully paid (in thousands)	61,443	57,364
Shares issued	$ 614,431	$ 573,641

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

The change in the Corporation’s ordinary shares is due to the conversion of the 3rd and 4th domestic unsecured convertible bonds. As of December 31, 2022, there were 1,074 thousand shares have not yet been registered and were recognized as advance receipts for ordinary share of $10,743 thousand.

b. Capital surplus

	December 31	
	2022	2021
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	907,080	753,327
May only be used to offset deficit		
Share of changes in capital surplus of associates	750	-
May not be used for any purpose		
Equity component of convertible bonds payable	20,542	28,090
	$ 2,648,189	$ 2,501,234

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 as set forth in the Corporation's Articles of Incorporation (the "Articles"), where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years. Where there is still balance, the Corporation shall set aside as a legal reserve 10% of the sum of said profit in balance and the amount of profit (of loss) items adjusted to the current year's undistributed earnings other than the said profit until the legal reserve equals the Corporation's paid-in capital. The accumulated distributable earnings be set aside or reversed as a special reserve in accordance with the laws or regulations, and may be retained at the discretion of the Corporation in accordance with its business needs, in addition to the payment of dividends, the remaining balance, if any, shall be distributed as dividends to shareholders by resolution of the shareholders' meeting. In accordance with the Articles as amended in May 2022, the board of directors is authorized to resolve that all or part of the dividends and bonuses, capital surplus or legal reserve be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds or more of the total number of directors, and a report of such distribution shall be submitted to the shareholders in their meeting.

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 offsets of deficit for 2021 and 2020 had been approved in the shareholders' meeting at May 27, 2022 and August 31, 2021, respectively.

On March 15, 2023, the Corporation's board of directors proposed to reverse the special reserve of $14,857 thousand and offset the deficit by the legal reserve of $127,421 thousand and capital surplus of $100,727 thousand. Moreover, it resolved to distribute $93,776 thousand in cash from capital surplus at $1.5 per share at the same time. The aforementioned proposals will be resolved or reported in the shareholders' meeting to be held in May 2023.

d. Other equity items

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

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ (39,431)	$ (26,464)
Recognized for the year		
Exchange differences on translation of financial statements of foreign operations	30,948	(12,612)
Share from associates accounted for using the equity method	(33)	(355)
Balance at December 31	$ (8,516)	$ (39,431)

2) Unrealized gain on financial asset at FVTOCI

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ -	$ -
Recognized for the year		
Unrealized gains - equity instruments	30,000	-
Balance at December 31	$ 30,000	$ -

e. Non-controlling interests

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ 1,408	$ 2,758
Share in loss for the period	(1,672)	(1,367)
Other comprehensive income (loss) for the year		
Exchange differences on translation of financial statements of foreign operations	(37)	(1,617)
Changes in percentage of ownership interest in subsidiaries	554	1,630
Additional non-controlling interest recognized on issue of employee share options by subsidiaries	-	4
Balance at December 31	$ 253	$ 1,408

24. REVENUE

	For the Year Ended December 31	
	2022	**2021**
Project contract revenue	$ 655,326	$ 729,153
Licensing revenue	39,916	6,154
Sales of tickets and merchandise	42,763	35,425
Service revenue	51,198	15,269
Rental revenue	14,563	1,748
	$ 803,766	$ 787,749

Contract balances

	December 31, 2022	**December 31, 2021**	**January 1, 2021**
Notes receivable and accounts receivable	$ 270,332	$ 216,053	$ 226,083
Contract assets			
Project contract	$ 1,321,371	$ 1,153,510	$ 1,106,733
Reserves of project contract	81,511	100,588	84,557
Less: Allowance for impairment loss	(99,657)	(81,365)	(71,862)
	$ 1,303,225	$ 1,172,733	$ 1,119,428

(Continued)

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities			
Project contract	$ 34,158	$ 42,956	$ 120,016
Others	34,065	22,816	16,738
	$ 68,223	$ 65,772	$ 136,754

(Concluded)

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.

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 81,365	$ 71,862
Loss allowance recognized	18,259	9,503
Effect of exchange rate	33	-
Balance at December 31	$ 99,657	$ 81,365

25. LOSS BEFORE INCOME TAX

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	$ 8,227	$ 4,656
Others	287	681
	$ 8,514	$ 5,337

b. Other income

	For the Year Ended December 31	
	2022	2021
Government grants (Note)	$ 16,043	$ 42,358
Others	2,979	8,756
	$ 19,022	$ 51,114

Note: The Group applied for and received government grant of $78 thousand and $18,452 thousand in 2022 and 2021 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	
	2022	2021
Net gain on financial assets at FVTPL	$ 7,537	$ 23,991
Net foreign exchange gain (loss)	78,527	(20,229)
Net gain (loss) on disposal of property, plant and equipment (Note14)	74,931	(2,036)
Net loss on disposal of intangible assets	(703)	-
Others	(338)	1,268
	$ 159,954	$ 2,994

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loan	$ 10,423	$ 7,241
Interest on lease liabilities	4,937	5,978
Interest on convertible bonds	8,357	13,844
	$ 23,717	$ 27,063

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	$ 98,784	$ 73,174
Right-of-use assets	46,261	44,175
Intangible assets	31,336	33,882
	$ 176,381	$ 151,231
An analysis of depreciation by function		
Operating costs	$ 50,038	$ 49,986
Operating expenses	95,007	67,363
	$ 145,045	$ 117,349
An analysis of amortization by function		
Operating costs	$ 18,638	$ 23,058
Operating expenses	12,698	10,824
	$ 31,336	$ 33,882

f. Employee benefits

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	$ 284,347	$ 283,077

(Continued)

	For the Year Ended December 31	
	2022	2021
Post-employment benefits		
Defined contribution plans	$ 11,497	$ 11,006
Defined benefit plans (Note 21)	-	(8,497)
	11,497	2,509
Share-based payments (Note 28)	-	4
	$ 295,844	$ 285,590
An analysis by function		
Operating costs	$ 68,974	$ 63,756
Operating expenses	226,870	221,834
	$ 295,844	$ 285,590

(Concluded)

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, but if the Corporation still has accumulated deficit, it should first set aside an amount for offset of the deficit. The board of directors resolved not to accrue compensation of employees and remuneration of directors for 2020 to 2022 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.

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.

26. INCOME TAX

a. The major components of income tax benefit were as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	$ 6,867	$ 17,859
Adjustments for prior years	27	(621)
Land value incremental tax	271	-
	7,165	17,238
Deferred tax		
In respect of the current year	(28,725)	(37,697)
	$ (21,560)	$ (20,459)

A reconciliation of accounting loss and income tax benefit was as follows:

	For the Year Ended December 31	
	2022	2021
Loss before income tax	$ (83,958)	$ (153,782)
Income tax benefit calculated at the statutory rate	$ (15,958)	$ (17,239)
Tax-exempt proceeds from land transactions	(15,704)	-
Permanent differences	(930)	(819)
Unrecognized temporary differences	701	(5,437)
Unrecognized loss carryforwards	8,048	3,657
Adjustments for prior years' tax	27	(621)
Land value incremental tax	271	-
Withholding tax	1,985	-
	$ (21,560)	$ (20,459)

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	
	2022	2021
Deferred tax expense (benefit)		
In respect of the current period		
Remeasurement of defined benefit plans	$ -	$ (70)

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax assets		
Tax refund receivable	$ 891	$ 325
Current tax liabilities		
Income tax payable	$ 2,490	$ 6,442

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2022

Deferred tax assets	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
Temporary differences					
Allowance for impairment loss	$ 22,920	$ 2,104	$ -	$ -	$ 25,024
Difference on depreciation expense	1,178	(29)	-	-	1,149
Unrealized loss on foreign currency exchange	8,572	(8,315)	-	-	257
Others	4,889	(437)	-	-	4,452
	37,559	(6,677)	-	-	30,882
Loss carryforwards	38,885	20,726	-	6	59,617
	$ 76,444	$ 14,049	$ -	$ 6	$ 90,499

Deferred tax liabilities	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
Temporary differences					
Unrealized gross margin	$ 28,571	$ (12,003)	$ -	$ 363	$ 16,931
Others	12,570	(2,673)	-	182	10,079
	$ 41,141	$ (14,676)	$ -	$ 545	$ 27,010

For the year ended December 31, 2021

Deferred tax assets	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
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	4,205	684	-	-	4,889
	26,108	11,381	70	-	37,559
Loss carryforwards	13,372	25,539	-	(26)	38,885
	$ 39,480	$ 36,920	$ 70	$ (26)	$ 76,444

Deferred tax liabilities	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
Temporary differences					
Unrealized gross margin	$ 41,355	$ (12,321)	$ -	$ (463)	$ 28,571
Others	896	11,544	-	130	12,570
	$ 42,251	$ (777)	$ -	$ (333)	$ 41,141

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

	December 31	
	2022	2021
Loss carryforwards		
Expiry in 2030	$ 904	$ 905
Expiry in 2031	18,286	18,286
Expiry in 2032	40,238	-
	$ 59,428	$ 19,191

f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2022 comprised:

Unused Amount	Expiry Year
$ 378	2024
1,028	2025
19,047	2029
38,846	2030
156,252	2031
141,608	2032
$ 357,159	

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

As of December 31, 2022 and 2021, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were $116,493 thousand and $158,253 thousand, respectively.

h. Income tax assessments

The income tax returns of the Corporation and the domestic subsidiaries through 2020 have been assessed by the tax authorities.

27. LOSS PER SHARE

Due to the net loss incurred for the years ended December 31, 2022 and 2021, 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

	For the Year Ended December 31	
	2022	2021
Net loss attributable to owners of the Corporation	$ (60,726)	$ (131,956)

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

	For the Year Ended December 31	
	2022	2021
Weighted average number of shares	$ 61,133	$ 57,113

28. 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.

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

	For the Year Ended December 31			
	2022		2021	
	Number of Options	Weighted-average Exercise Price ($)	Number of Options	Weighted-average Exercise Price ($)
Balance at January 1	31	$ 10	223	$ 10
Options forfeited	(3)	10	(192)	10
Balance at December 31	28	10	31	10
Options exercisable, end of the year	28	10	31	10

Compensation costs recognized by the Group were $4 thousand for the year ended December 31, 2021.

29. 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.

30. 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, 2022 and 2021 were as follows:

	December 31	
	2022	2021
Book value	$ 480,781	$ 634,318
Fair value	$ 470,825	$ 627,007

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, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 118,390	$ -	$ -	$ 118,390
Unquoted shares	-	-	378,155	378,155
Derivative financial assets	-	-	429	429
	$ 118,390	$ -	$ 378,584	$ 496,974
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	$ 130,000	$ -	$ -	$ 130,000

December 31, 2021

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

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2022 and 2021.

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

For the Year Ended December 31, 2022

	Derivatives	Equity Instruments	Total
Balance at January 1	$ 1,983	$ 291,657	$ 293,640
Additions	-	61,288	61,288
Convertible bonds converted into ordinary share	(159)	-	(159)
Recognized in profit or loss	(1,395)	7,929	6,534
Effect of foreign currency exchange differences	-	17,281	17,281
Balance at December 31	$ 429	$ 378,155	$ 378,584

For the Year Ended December 31, 2021

	Derivatives	Equity Instruments	Total
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	2,745	10,183	12,928
Balance at December 31	$ 1,983	$ 291,657	$ 293,640

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

a) Equity Instrument Investments

The fair values of unquoted 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

	December 31	
	2022	2021
Financial assets		
Financial assets at amortized cost (1)	$ 1,213,290	$ 1,064,204
Financial assets at FVTPL	496,974	579,270
Financial assets at FVTOCI	130,000	-
Financial liabilities		
Amortized cost (2)	1,325,886	1,288,429

1) The balances comprise cash and cash equivalents, financial assets at amortized cost, 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 number below indicates an increase 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	
	2022	**2021**
USD	$ 3,599	$ 4,790
RMB	6,456	3,865

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	
	2022	**2021**
Fair value interest rate risk		
Financial assets	$ 519,166	$ 456,881
Financial liabilities	1,095,109	1,024,077
Cash flow interest rate risk		
Financial assets	402,964	375,351
Financial liabilities	346,647	430,523

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, 2022 and 2021 would have increased/decreased by $563 thousand and decreased/increased by $552 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, 2022 and 2021 would have increased/decreased by $4,965 thousand and $5,773 thousand, respectively, as a result of the changes in the fair value of financial assets at FVTPL; other comprehensive income (loss) for the year ended December 31, 2022 would have increased/decreased by $1,300 thousand, as a result of the changes in the fair value of financial assets at FVTOCI.

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 10 for the financial risk management policies adopted by the Group.

The Group's credit risk was mainly concentrated in the following groups accounted for 57% and 81% of net accounts receivable as of December 31, 2022 and 2021, respectively.

	December 31	
	2022	**2021**
Group A	$ 38,479	$ 37,730
Group B	10,734	61,634
Group C	43,147	51,920
Group D	62,533	24,503
	$ 154,903	$ 175,787

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
December 31, 2022					
Non-interest bearing liabilities	$ 205,711	$ -	$ -	$ -	$ 205,711
Lease liabilities	69,427	101,810	84,575	84,886	340,698
Variable interest rate liabilities	84,163	167,578	43,529	68,893	364,163
Fixed interest rate liabilities	517,465	267,982	-	-	785,447
	$ 876,766	$ 537,370	$ 128,104	$ 153,779	$ 1,696,019
December 31, 2021					
Non-interest bearing liabilities	$ 167,638	$ -	$ -	$ -	$ 167,638
Lease liabilities	62,163	85,166	84,851	125,070	357,250
Variable interest rate liabilities	207,990	108,418	45,532	85,345	447,285
Fixed interest rate liabilities	383,257	335,667	-	-	718,924
	$ 821,048	$ 529,251	$ 130,383	$ 210,415	$ 1,691,097

31. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

Related Party Name	Related Party Category
Brogent Japan Entertainment	Associates
Chih-Hung Ouyang	Key Management (Chairman of the board)
Pei-Chi Ho	Key Management
Shen-Hao Cheng	Key Management (Director of the board)

b. Operating Revenue

Line Item	Related Party Types	For the Year Ended December 31 2022	2021
Rental revenue	Associates	$ 14,182	$ 916
Service revenue	Associates	$ 155	$ -
Licensing revenue	Associates	$ -	$ 55

c. Operating costs

Line Item	Related Party Types	For the Year Ended December 31 2022	2021
Operating costs	Associates	$ 318	$ -

d. Lease arrangements

In January 2022, under an operating lease agreement, the Group leased a building in the Xinxing District, Kaohsiung City, from Shen-Hao Cheng, the key management of the Group, for the use of equipment display. The lease term is 1 year and may be renewed upon expiration by mutual consent. Rental expenses in 2022 was $476 thousand recognized under operating expenses.

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

f. Compensation of key management personnel

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

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	$ 8,860	$ 10,566
Post-employment benefits	135	216
	$ 8,995	$ 10,782

32. 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:

	December 31	
	2022	2021
Financial assets at amortized cost - current		
Demand deposits and time deposits	$ 128,876	$ 64,824
Financial assets at amortized cost - noncurrent		
Time deposits	24,210	23,301
Property, plant and equipment		
Buildings	411,773	436,769
	$ 564,859	$ 524,894

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. As of December 31, 2022, 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 $95,558 thousand.

b. As of December 31, 2022, the outstanding notes payable for research and development were $19,200 thousand; letters of guarantee for warranty under various construction projects were $7,600 thousand.

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)**
December 31, 2022				
Financial assets				
Monetary items				
USD	$ 11,982	30.70	(USD:NTD)	$ 367,848
RMB	124,813	4.41	(RMB:NTD)	550,299
RMB	21,619	0.14	(RMB:USD)	95,317
Financial liabilities				
Monetary items				
USD	45	30.70	(USD:NTD)	1,377
USD	215	6.96	(USD:RMB)	6,593
December 31, 2021				
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	0.16	(RMB:USD)	13,287
Financial liabilities				
Monetary items				
USD	63	27.67	(USD:NTD)	1,730
USD	49	6.37	(USD:RMB)	1,361

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange were gains of $78,527 thousand and losses of $20,229 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:

   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: Table 4

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: Table 5

9) Trading in derivative instruments: Note 7

10) Intercompany relationships and significant intercompany transactions: Table 6

b. Information on investees: Table 7

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 8

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.

		Project contract Revenue		Accounts Receivable	
Investee Company	**Counterparty**	**Amount**	**Proportion of the Account (%)**	**Amount**	**Proportion of the Account (%)**
The Corporation	Brogent Rides	$ 41,523	6	$ 111,197	34
Brogent Global	Hai Wei Culture Creative	2,397	146	160,070	97

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: Table 2

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

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 9

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 2022 and 2021 is the same as the corporate financial statements. Refer to the balance sheets and the statements of comprehensive income for 2022 and 2021.

a. Revenue from major products and services: Note 24

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.

	Revenue from External Customers		Noncurrent Assets	
	For the Year Ended December 31		December 31	
	2022	2021	2022	2021
Taiwan	$ 53,378	$ 27,785	$ 1,161,567	$ 1,353,516
Asia	299,665	609,496	89,938	97,700
Europe	19,011	5,546	53,825	67,280
Americas	396,005	137,601	960	1,034
Others	35,707	7,321	-	-
	$ 803,766	$ 787,749	$ 1,306,290	$ 1,519,530

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			
	2022		2021	
	Amount	Proportion of Net Operating Revenue (%)	Amount	Proportion of Net Operating Revenue (%)
Group A	$ 233,417	29	$ 63,495	8
Group B	124,749	16	490,643	62
Group C	82,519	10	47,968	6
	$ 440,685	55	$ 602,106	76

Brogent Technologies Inc. and Subsidiaries

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(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 (Note 2)	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	$ -	-	$ -	$ 319,412	$ 1,277,648	
0	The Corporation	Brogent Hong Kong	Other receivables - related parties	Yes	150,000	150,000	61,400	3.5	Short-term financing	-	Operating Capital	-	-	-	319,412	1,277,648	

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=$30.70.

TABLE 2

Brogent Technologies Inc. and Subsidiaries

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(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	$ 958,236	$ 44,090	$ 44,090	$ 3,983	$ 4,409	1.38	$ 1,597,060	Y	N	Y	
0	The Corporation	Brogent Global	Subsidiary	958,236	50,000	50,000	40,000	-	1.57	1,597,060	Y	N	N	

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=$4.41.

TABLE 3

Brogent Technologies Inc. and Subsidiaries

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

Holding Company	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Value	Percentage of Ownership (%)	Fair Value	
The Corporation	Mutual funds							
	Cathay Senior Secured High Yield Bond Fund A USD	-	Financial assets at FVTPL - current	2,829,655	$ 28,867	-	$ 28,867	
	Nomura Multi Income Multi-ASSET Fund (USD)	-	Financial assets at FVTPL - current	83,817	26,750	-	26,750	
	Franklin Income Fund（USD）	-	Financial assets at FVTPL - current	20,610	7,896	-	7,896	
	Franklin Templeton SinoAm Preferred Securities Income Fund（USD）	-	Financial assets at FVTPL - current	23,278	7,289	-	7,289	
	FTGF Western Asset Short Duration Blue Chip Bond Fund（USD）	-	Financial assets at FVTPL - current	4,180	15,471	-	15,471	
					$ 86,273		$ 86,273	
	Common Stock							
	Ruentex Industries Ltd.	-	Financial assets at FVTOCI - current	2,000,000	$ 130,000	0.18	$ 130,000	
Brogent Global	Equity Investment							
	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	9,495	10	9,495	
					$ 9,495		$ 9,495	
	Preferred Stock							
	This is Holland B.V.	-	Financial assets at amortized cost - noncurrent	200	$ 32,740	-	$ 32,740	
Holey Holdings Limited	Equity Investment							
	Discover NY Project Company, LLC	-	Financial assets at FVTPL - noncurrent	2,310	$ 106,654	19.09	$ 106,654	
	Preferred Stock							
	Discover NY Project Company, LLC	-	Financial assets at FVTPL - noncurrent	1,223	$ 93,574	-	$ 93,574	
Brogent Hong Kong	Equity Investment							
	Discover NY Project Company, LLC	-	Financial assets at FVTPL - noncurrent	500	$ 23,085	4.13	$ 23,085	

(Continued)

Holding Company	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Value	Percentage of Ownership (%)	Fair Value	
Brogent Rides	Mutual funds							
	ICBC tian li bau-Net Asset Value Fund	-	Financial assets at FVTPL - current	1,000,000	$ 6,852	-	$ 6,852	
	Equity Investment							
	Fly Over The World Cultural Development Co. Ltd	-	Financial assets at FVTPL - noncurrent	20,000,000	$ 145,347	3.45	$ 145,347	
Brogent Creative	Mutual funds							
	ICBC tian li bau-Net Asset Value Fund	-	Financial assets at FVTPL - current	500,000	$ 2,507	-	$ 2,507	
	ICBC tian li bau-Net Asset Value Fund	-	Financial assets at FVTPL - current	5,000,000	22,758	-	22,758	
					$ 25,265		$ 25,265	

(Concluded)

Brogent Technologies Inc. and Subsidiaries

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
The Corporation	Land and buildings	May 11, 2022 (Board of Directors' Resolution Date)	September 30, 2020	$ 170,447	$ 268,000 (tax included)	Received in full	$ 83,606	Reychen Steel Co., Ltd.	No	To revitalize assets and effectively utilize capital.	Appraisal report	It was leased back for short-term operation for 3 years and 6 months.

TABLE 5

Brogent Technologies Inc. and Subsidiaries

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Corporation	Brogent Rides	Subsidiaries	$ 111,197	-	$ -	-	$ -	$ -
Brogent Global	Hai Wei Culture Creative	Subsidiaries	160,070	-	-	-	-	-

TABLE 6

Brogent Technologies Inc. and Subsidiaries

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Operating Revenues (Assets)
0	The Corporation	Brogent Rides	Parent to subsidiary	Accounts receivable	$ 111,197	90 days after monthly closing	2.00
0	The Corporation	Brogent Rides	Parent to subsidiary	Project contract revenue	41,523	According to the contract	5.00
0	The Corporation	Brogent Rides	Parent to subsidiary	Service revenue	494	No similar transactions with unrelated party	-
0	The Corporation	Brogent Global	Parent to subsidiary	Accounts receivable	1,807	90 days after monthly closing	-
0	The Corporation	Brogent Global	Parent to subsidiary	Other receivable	20,599	90 days after monthly closing	-
0	The Corporation	Brogent Global	Parent to subsidiary	Rental revenue	10,025	According to the contract	1.00
0	The Corporation	Brogent Hong Kong	Parent to subsidiary	Other receivable	61,582	Financing provided, According to the contract	1.00
0	The Corporation	Brogent Hong Kong	Parent to subsidiary	Others interest income	1,210	According to the contract	-
0	The Corporation	hexaRide	Parent to subsidiary	Rental revenue	1,906	According to the contract	-
0	The Corporation	hexaRide	Parent to subsidiary	Licensing revenue	11	According to the contract	-
1	Brogent Global	The Corporation	Subsidiary to parent	Accounts receivable	2,972	According to the contract	-
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 of tickets and merchandise	8,647	No similar transactions with unrelated party	1.00
1	Brogent Global	The Corporation	Subsidiary to parent	Disposal of property, plant and equipment	5,670	According to the contract	-
1	Brogent Global	Hai Wei Culture Creative	Subsidiary to subsidiary	Project contract revenue	2,397	No similar transactions with unrelated party	-
1	Brogent Global	Hai Wei Culture Creative	Subsidiary to subsidiary	Accounts receivable	160,070	According to the contract	3.00
2	Brogent Rides	Hai Wei Culture Creative	Subsidiary to subsidiary	Project contract revenue	39,469	According to the contract	5.00
2	Brogent Rides	Hai Wei Culture Creative	Subsidiary to subsidiary	Accounts receivable	42,676	According to the contract	1.00
3	StarLite	The Corporation	Subsidiary to parent	Service revenue	7,056	No similar transactions with unrelated party	1.00

TABLE 7

Brogent Technologies Inc. and Subsidiaries

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of shares	(%)	Carrying Amount			
The Corporation	Brogent Hong Kong	Hong Kong	Reinvestment and trading business	$ 306,287	$ 270,727	-	100.00	$ 242,957	$ (31,077)	$ (31,077)	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	289,922	(63,331)	(60,022)	Subsidiary
The Corporation	Dili Jie	British Virgin Islands	Reinvestment and trading business	296,593	267,955	-	100.00	410,375	23,003	23,003	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	-	35.90	1,657	(956)	(382)	Associates
Brogent Hong Kong	hexaRide the first LLP	Japan	Development and management business of self-operated outlets	81,552	70,362	-	93.98	3,948	(26,236)	(24,564)	Subsidiary
Brogent Hong Kong	Ou Wei Limited	Hong Kong	Content production licensing business	-	35,403	-	-	-	-	-	Subsidiary
Brogent Hong Kong	StarLite	Canada	Design and management business	37,505	13,135	-	100.00	15,070	(10,861)	(10,861)	Subsidiary
Dili Jie	Jetway	Cayman Islands	Reinvestment and trading business	298,658	270,020	-	100.00	410,355	22,994	22,994	Subsidiary
Jetway	Garley	British Virgin Islands	Reinvestment and trading business	131,258	131,258	-	100.00	208,149	(2,887)	(2,887)	Subsidiary
Jetway	Holey Holdings Limited	British Virgin Islands	Reinvestment and trading business	168,391	139,753	-	100.00	201,702	26,103	26,103	Subsidiary
Brogent Global	Jetmay	British Virgin Islands	Reinvestment and trading business	99,276	99,276	-	100.00	155,484	(31,099)	(31,037)	Subsidiary

Note 1: The share of profit (loss) recognized for the year ended December 31, 2022 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 8 for the information on investments in mainland China.

TABLE 8

Brogent Technologies Inc. and Subsidiaries

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

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
Brogent Rides	Import and export business	$ 218,085	Reinvested through the third region Brogent Hong Kong and Garley	$ 222,712	$ -	$ -	$ 222,712	$ (4,900)	100.00	$ (4,900)	$ 356,956	$ -	Note 2
Brogent Creative	Development and management business of self-operated outlets	57,317	Reinvested through the third region Brogent Rides	-	-	-	-	11,433	100.00	11,433	86,447	-	Note 2
Hai Wei Culture Creative	Whole planning business	88,180	Reinvested through the third region Jetmay	88,454	-	-	88,454	(31,098)	100.00	(31,098)	155,859	-	Note 2
Beijing Huawei Global Cultural Development Co., Ltd.	Development and management business of self-operated outlets	13,227	Reinvested through the third region Brogent Rides	-	-	-	-	(246)	35.00	(86)	98	-	Note 3

Investee Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
The Corporation	$ 311,166	$ 311,166	$ 1,916,472

Note 1: The exchange rate was RMB$1=$4.41.

Note 2: The investment gain (loss) was recognized based on the financial statements audited by the Corporation's CPA.

Note 3: The investment gain (loss) was recognized based on the financial statements not audited.

TABLE 9

Brogent Technologies Inc. and Subsidiaries

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of the Shareholder	Shares	
	Number of Shares Owned	Percentage of Ownership (%)
Chih-Hung Ouyang	3,807,191	6.11
Ruentex Industries Ltd.	3,230,310	5.18

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 truster 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.