

Stock code: 2464



MIRLE AUTOMATION CORPORATION

ANNUAL REPORT 2022

- **Link to annual report on Market Observation Post System:**
<http://mops.twse.com.tw>
- **Company website:** <https://www.mirle.com.tw>
- **Date of publication:** April 28, 2023

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V. Stock exchange in overseas and inquiry method: None .**VI. Official website: <https://www.mirle.com.tw>**

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Chapter One. Report to Shareholders

Ladies and gentlemen:

Throughout 2022, the global economy was faced with the Russia-Ukraine War, China lock-down, and port congestion to result in obstructed global supply chain and persistently heated inflation. The Fed responded by raising the interest rate, which further drove excessive funds to flow back to the US. As a result, stock and exchange rate markets around the world suffered drastic changes. Under multiple crises and the turbulent global political and economic situations, respective sectors in Taiwan borne impacts and challenges to a certain extent. This year, with “smart and durable” as the operational focus, we developed “smart, energy-saving, reliable, and durable” automation systems and equipment and became a robust and indispensable partner of first-rate enterprises in the world. The combined net revenue of 2022 came to NTD 10,769,000,000 and the combined after-tax net profit was NTD 520,000,000; the basic after-tax earnings per share was NTD 2.63.

For 2023, the global economy slowed comprehensively; the Russia-Ukraine War is yet to come to an end; the economic recovery strength after the lock-down in China lifted controls remains unknown; and the US continues to increase the interest rate. These are all challenges for us. Despite the impacts from changes in the global situation, the Company focuses on its core competitive advantages and, with “Smart and Durable 2.0” as the operational focus, has improved in terms of marketing, strategy preparation, product positioning, technical innovation, product R&D, manufacturing, construction, and managerial levels, among others. For the coming year, we will go with the international situation, keep track of economic dynamics, and take on challenges while marching forward.

The following is a report of the Company's 2022 operational performance and 2023 business prospect:

I. 2022 Business Report

1. Results of business plans:

The Company reported consolidated net revenue of NT\$10,769 million in 2022, an increase of 9.20% from the previous year. The consolidated after-tax net profit was NT\$520 million, a decrease of 1.76% from the previous year. The basic after-tax earnings per share was NT\$2.63, a decline of NT\$0.07 from the previous year. Despite the unstable global economic situation, the Company demonstrated robust operational performance.

2. Research and development:

Key technologies successfully developed in this year up to the date when the Annual Report was printed (acquired patents):

- (1) Pallet delivery equipment and delivery device
- (2) Industrial equipment and cyclonic ventilation device

- (3) Pathway test equipment
- (4) Automated delivery and deployment system
- (5) Shuttle cart equipment
- (6) Automatic guided vehicle (AGV)
- (7) Rail car control system
- (8) OHT equipment and its sensor control system
- (9) Rail car system
- (10) Rail car and visual sensing equipment
- (11) Precision alignment equipment
- (12) Mounting equipment

II. Overview of 2023 Business Plan

1. Business strategies:
 - (1) Operational focus: “Smart and durable 2.0” will be the focus.
 - (2) Operational goals:
 - ◆ Marketing needs to focus primarily on self-owned brands.
 - ◆ High-quality intellectual property rights need to be built through R&D.
 - ◆ The Quality Assurance System needs to cover all products.
 - ◆ Management is comprehensively digitalized and needs to be instantaneous.
2. Key production/sales policies:
 - (1) Technological advantage: Acquire complete system integration technologies and develop automated equipment for energy conservation and environmental protection purposes.
 - (2) Product integration: Provide integrated system solutions that enable coordination between logistics, manufacturing, robotics, industrial control, and information systems.
 - (3) Operation model: Continue exploring innovative products and technologies in automation, and offer turnkey solutions for sales growth.
 - (4) R&D capacity: Strengthen R&D capability in new fields, new products, and new technologies, and produce functional data and analyses on automated equipment and systems.
3. Future strategies, impacts of the competitive environment, regulatory environment, and the overall business environment:
 - (1) Future strategies:
 - ◆ Make organizational adjustments in ways that maximize human resources potentials; coordinate talents, partners, and resources of different nations for maximal yield and reduced costs; and share technologies across borders for mutual improvement of competitiveness.
 - ◆ Continue exploring a business model that is supported by innovation and competitive advantage; develop proper management practices for production procedures and knowledge; integrate internal as well as

external resources; gain knowledge on market trends; and build Mirle as a local brand everywhere around the world.

◆ Adopt "turnkey marketing" as a means to increase sales and market share.

(2) Impacts of the competitive environment, regulatory environment, and macroeconomic environment:

The Company has adopted appropriate measures and amended internal policies in response to regulatory changes.

We would like to express our most sincere gratitude for the presence and guidance of our shareholders. It is our hope that with the efforts and persistence of our staff and the new technologies and skills, we will be able to continue broadening our horizon and accessing new fields despite the competition. In honor of the essence of doing it right on the first try, we will work for providing high-performing smart equipment and systems and continue to provide customers with the best service, creating the maximum value for shareholders. It is also our hope that the support from our shareholders remains.

We wish all our shareholders

A prosperous year ahead

Mirle Automation Corporation

Chairman: Sun Houng

Manager: Sun Houng

Head of Accounting: Max Lin

Chapter Two. Company profile

I. Date of establishment: February 2, 1989

II. Company history:

Year	Major events
1988	Received approval from Science Park Guidance Committee to construct plant facilities
1989	- Incorporated with a paid-up capital of NT\$233,750,000. - The Industrial Technology Research Institute (ITRI), Ministry of Economic Affairs, contributed capital in the form of technology, which increased paid-up capital to NT\$275,000,000
1990	Made cash issue of NT\$116,875,000 while ITRI contributed capital of NT\$20,625,000 in the form of technology, which increased paid-up capital to NT\$412,500,000.
1992	- Made cash issue of NT\$116,875,000 while ITRI contributed capital of NT\$20,625,000 in the form of technology, which increased paid-up capital to NT\$550,000,000. - The Ministry of Economic Affairs approved subsidies totaling NT\$23,000,000 for the development of lead product - smart injection molding machine controller
1994	The Ministry of Economic Affairs approved subsidies totaling NT\$25,981,000 for the development of critical parts - high-performance programmable controller
1995	- Securities and Exchange Commission approved public offering of shares. - The science park administration approved critical parts and product subsidies totaling NT\$20,549,000 for the development of "automated parking tower."
1997	- The Ministry of Economic Affairs approved the Company's 1997 Private Business Technology Project Application and granted subsidies totaling NT\$12,000,000 for - automation of PCB component-assembling surface mount technology. - Invested into Mirle Automation Technology (Shanghai) Co., Ltd.
1998	The Ministry of Economic Affairs approved the Company's second year (1999) Private Business Technology Project Application and granted subsidies totaling NT\$16,000,000 for - "automation of PCB component-assembling surface mount technology."
1999	- Securities and Futures Institute approved share listing on TPEX. - The Company began development of lead product - "PC embedded programmable open controller," for which the Industrial Development Bureau, Ministry of Economic Affairs, approved subsidies totaling NT\$9,850,000.
2000	Shares of Mirle were reclassified to the electronics sector in July.
2001	- Common shares of Mirle Automation were approved by Securities and Futures Institute and Taiwan Stock Exchange Corporation (TWSE) to list on TWSE with a stock code of: 2464. - Issued additional capital of NT\$78,814,500.

Year	Major events
2002	• The Company's terminal electrode deep coater won Hsinchu Science Park Innovative Product Award. • Passed certification for IS 9001:2000.
2003	• Mirle moved into Tainan Science Park with the establishment of Tainan Science Park Office. • "An intelligent method for controlling injection molding machine" was awarded patent in the United States. • "Automated deep coater and deep-coating method" was awarded patent in the Republic of China.
2004	• Issued NT\$500 million of domestic convertible bonds to finance future growth of operations. • The Ministry of Economic Affairs approved subsidies totaling NT\$37,590,000 for the development of "Key Equipment and Technology Integration Program for Flat Panel Display" • Won 2003 Outstanding Businesses Award from National Tax Administration.
2005	• The Industrial Development Bureau, Ministry of Economic Affairs, approved the renewal of "Certificate of Registration as a Technological Service Organization." Automation technologies qualified for the registration included: A2 - Materials storage and transportation technology counseling, and A3 - Production technology counseling.
2006	• Chairman Sun won the 2006 Outstanding Directors and Supervisors Award of Chinese National Federation of Industries. • Chairman Sun was named Honorary Chairman of "Taiwan Society of Manufacture Engineering and Automation Technology." • Chairman Sun was named Honorary Chairman of "Society of Manufacturing Engineers." • Won 2006 IBM System X Best Distributor and IBM System Storage Best Selling Partner.
2007	• Department of Industrial Technology, Ministry of Economic Affairs, approved subsidies totaling NT\$18,534,000 for the development of "Key Equipment and Technology Integration Program for Large LCD Panel - LCD Chroma/Film Thickness Measurement Technology." • Industrial Development Bureau, Ministry of Economic Affairs, approved subsidies totaling NT\$9,910,000 for the development of lead product - "Electro-hydraulic servo valve for injection molding machine." • Development of glass forming machine completed and began mass production and sale. • Received certificate of appreciation from Industrial Development Bureau for "Localized Production of LCD Equipment." • "Cleanroom Stocker" won Hsinchu Science Park Innovative Product Award.

Year	Major events
2008	• Mirle Shanghai headquarter's self-constructed plant was commissioned into operation. • Named "2007 Outstanding Contractor for Work Safety" by Chi Mei Optoelectronics.
2009	• Mirle's Tainan Science Park Factory was commissioned into operation. • Won IBM System X Best Distributor • Ranked 2nd in IBM System Storage Best Selling Partner.
2010	• "Automatic Control Method of Laser Cutting Apparatus" was awarded invention patent in the Republic of China. • "Image Signal Processing Method and Device for Integrity Testing of Flat Display Panel" was awarded invention patent in the Republic of China. • Won IBM Solution Partner of the Year. • Won IBM System X Extraordinary Distributor and Service Best Contribution Award. • Ranked 1st in IBM System/System Storage Best Selling Partner.
2011	• Began construction of new plant at Houli, Central Taiwan Science Park. The plant occupies 2.36 hectares of land and has 26,000 square meters of floor space. • Won 2011 IBM Solution Partner of the Year, System Storage /Power Systems Best Selling Partner, System X Best Distributor, and Service Best Contribution. • Established David Investment Co., Ltd. and IoT Services Information System Corporation.
2012	• Central Taiwan Science Park Factory in Houli was commissioned into operation. • Won 2012 IBM Pure System Key Contribution Award (Flex System), Service of the Year Award, Storage Specialty Elite Partner Award, and IBM Best Partner Award. • Awarded 6 utility model patents in the Republic of China, 4 utility model patents in the People's Republic of China, and 1 invention patent in Korea.
2013	• Won 2013 IBM Service of the Year Award, STG Best Contribution Award, SWG Best Contribution Award, and 2013 Customer Satisfaction Award. • Awarded 2 invention patents and 16 utility model patents in the Republic of China.
2014	• Class 10 (0.1μm) Stocker System was successfully developed in Central Taiwan Science Park Factory. • Won 2014 IBM Best Cloud Partner Award, Best Contribution of the Year Award, and Best Selling Partner Award. • Awarded 6 invention patents and 7 utility model patents in the Republic of China, and 1 invention patent and 11 utility model patents in the People's Republic of China.
2015	• Won 2015 IBM Information Infrastructure Service Outstanding Seller Award and Outstanding Contributor of the Year Award. • Established Mirle Taipei Branch. • Awarded 4 invention patents and 10 utility model patents in the Republic of China, and 2 invention patent and 10 utility model patents in the People's Republic of China.

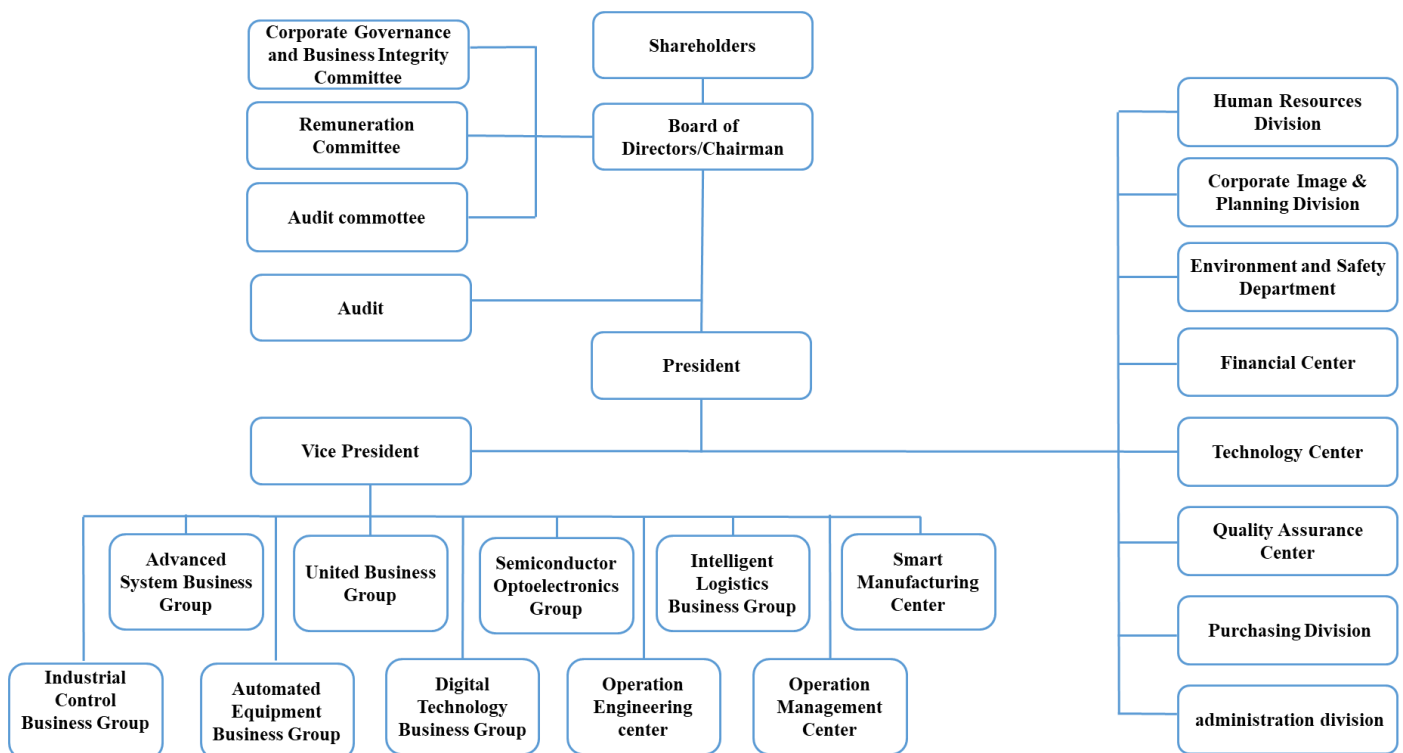
Year	Major events
2016	- Chairman Sun was awarded the 5th academicians of ITRI. - New plant at Kunshan was built. - Began phase-2 construction of Central Taiwan Science Park Plant. - Awarded 11 invention patents and 26 utility model patents in the Republic of China, and 22 utility model patents in the People's Republic of China.
2017	- Kunshan Plant completed - The Company's PLC FS-800 obtained IEC61508 certification for functional safety (SIL2). - Awarded 24 invention patents and 28 utility model patents in the Republic of China, 2 invention patents and 28 utility model patents in the People's Republic of China, and 3 utility model patents in Japan.
2018	- Won 2017 Award for International Trade - Best Contributor from Bureau of Foreign Trade, Ministry of Economic Affairs. - Awarded 17 invention patents and 12 utility model patents in the Republic of China, 4
2019	- Construction of new plant at Tongluo began. - Named "Outstanding Supplier" by Xianyang Caihong Optoelectronics Technology. - Received "Certificate of Appreciation" for music development from Taoshan Primary School. - Awarded 5 invention patents and 1 utility model patent in the Republic of China, 6 invention patents and 2 utility model patents in the People's Republic of China, 3
2020	- Organized "Messages of Love: Used Book Donation" event to support the underprivileged and promote reading as a parental activity. - Named "TOP 10 Intelligent Manufacturing System Solution Providers" during the 6th The Capek Prize. - Participated in the "2020 Hsinchu Christmas Gift in A Shoe Box" event, and helped fulfill wishes of underprivileged children. - President Sun Houng was named 2020 EY Entrepreneur of The Year. - Awarded 2 invention patents and 6 utility model patents in the Republic of China, 7 invention patents and 2 utility model patents in the People's Republic of China, 1 design patent, and 3 invention patents in the United States.

Year	Major events
2021	• Completion of Mirle's factory in Tongluo • “Pioneer in Carbon Management as Part of Environmental Management”, Directorate General of Highways, MOTC • Winner of “City Construction Quality Award - Golden Prize for Green Projects”, Kaohsiung Structural Engineers Association • Taiwan Intellectual Property Management System (TIPS) certification • “Registration as a Technological Service Organization” approved by the Industrial Development Bureau, MOEA, with items registered including: AU2 - Materials storage and transportation technology, AU3 - Production technology, and AU4 - System integration and planning technology. • President Hung Sun honored with “2021 Outstanding Alumni Award” conferred upon by the National Cheng Kung University • Winner of “Sixth Excellent Medium-sized Enterprise Award”, Industrial Development Bureau, MOEA • “Precision Engineering Project and Paper Award” organized jointly with the Taiwan Society for Precision Engineering to match the R&D momentum and facilitate talent exchange between the business circle and the academic research community
2022	• Obtain the Information Security Management System ISO 27001:2013 (ISMS) Certificate - Maintenance and Management of Information Machine Rooms at the Operation and Management Center. • President Hounq Sun was awarded the fourth “Precision Engineering Project Award” of the Taiwan Society for Precision Engineering. • Participated in the "2022 Angle Glow - Christmas Gift in A Shoe Box" event, and helped fulfill wishes of underprivileged children. • Obtained 16 invention patents and 2 utility model patents in the Republic of China, 6 invention patents, 4 utility model patents, and 1 design patent in China, 4 invention patents in Japan, and 1 invention patent in the US. • The Group maximized information security certification in 2022, with addition of the design procedure certification of the design center and it was approved in the third-party audit in December of the same year. • Acquired the Certificate of Class A Qualification of the Taiwan Intellectual Property Management System (TIPS) on December 30, 2022, which will expire on December 31, 2024.

Chapter Three. Corporate Governance Report

I. Organization:

(I) Organizational structure



(II) Responsibilities of main departments

Department	Department duties
President's Office	● Responsible for strategic planning, operational analysis, and public relations of the Company. ● Responsible for personnel management, recruitment, and training. ● Design and execution of corporate identity and brand marketing programs. ● Safety and health planning and management. ● Comprehensively handling the drafting of various contracts, reviewing and providing legal consulting services related to the business.
Audit Unit	● Assisting the board of directors and managers to check and review whether the design and implementation of the internal control system are effective, and measuring the effectiveness and efficiency of operations. ● Performing internal audit work in accordance with the audit plan approved by the board meeting, performing the audit work of various projects based on actual conditions, and assisting in strengthening corporate governance and various risk control assessments.
Automated Equipment Business Group	● Planning, designing, and manufacturing automated logistics systems. ● Planning, design, and manufacturing of glass-based optical lenses and other optics molding equipment.
Intelligent Logistics Business Group	● Planning, designing, and manufacturing new logistics automation systems for e-commerce, supermarkets and the logistics industry.

Department	Department duties
Digital Technology Business Group	● Planning, consultation, and implementation service for integrated information system solutions. ● Planning, consultation, and implementation service for corporate information security: ● Industry applications. ● AI and industry smart applications.
Industrial Control Business Group	● Developing and manufacturing industrial computers and various industrial controllers. ● Planning and designing the war situation room system.
Semiconductor Optoelectronics Group	● Planning, designing, and manufacturing advanced automated logistics systems for clean rooms in the optoelectronic and semiconductor industries
Advanced System Business Group	● Planning, designing, and manufacturing advanced process equipment systems for clean rooms in optoelectronic and semiconductor industries. ● Developing the control system software for intelligent logistics systems.
United Business Group	● Gathering of market intelligence, investigation, and forecast. ● Proposal and execution of business plans. ● Customer credit investigation and collection of receivables. ● Distribution and collaborative sale of strategic products. ● Turnkey intelligent automation system and advanced production equipment.
Operational Engineering Center	● Assigns PM manpower for allocation and progress control of resources for the variety of projects undertaken throughout the Group so that respective phased goals may be fulfilled as scheduled. ● Assign engineering manpower from the Mechanical and Engineering Section according to the Project schedule for automation system introduction, system operation, installation, testing, acceptance, and warranty, among others. ● Define the project design, manufacturing, quality assurance, and material feedback and optimization mechanism for enhanced project quality. ● Enforce respective project warranty processes and customer service operations after warranty.
Smart Manufacturing Center	● Define throughput goals for the production of core mass production items, cost management, and fulfillment of product yield rate. ● Integrate the automation system upon completion of assembly, testing, and shipment of core mass production items produced of self-brands. ● Manage manufacturing and production staff and manage the production, abnormalities, materials, quality, and accounting system of products.
Financial Center	● Preparing annual budget, financial accounting, financial statements and operational analysis reports. ● Planning, executing and controlling taxation, finance and stock affairs. ● Effectively using and managing working capital. ● Analyzing the operations of group reinvestment businesses.

Department	Department duties
Operation Management Center	● Planning, designing, implementing and guiding information management policies and systems. ● Planning, maintenance, and security management of computer hardware/peripherals and communication software/program. ● Improving work process efficiency, collecting and analyzing production and operation information, increasing production efficiency, and strengthening software and hardware infrastructure and information systems. ● Project production planning management, material control management, warehousing management. ● Introduction of Digital Information Management: Configure project cost analytical systems, material control lot platform management, working hours system platform management.
Technology Center	● Research and development of new technologies and products. ● Structural analysis, logistics simulation analysis, material analysis, fatigue analysis and vibration analysis of automated equipment systems. ● Technical R&D document management. ● Auditing and tracking on the improvements of the Taiwan Intellectual Property System (TIPS) ● Auditing and tracking on the improvements of ISO 27001 Information Security Management System
Quality Assurance Center	● Auditing and tracking on the improvements of ISO 9001Quality Management System ● Auditing and tracking on the improvements of ISO 14001/45001 Occupational Health and Safety Management Systems ● Quality control for the products shipment and operations for the quality assurance of products
Purchasing Division	● Equipment management, raw material purchase, and import/export matters.
Administration division	● Planning and managing general affairs and the coordination of factory resources. ● Enforcement and support of an energy conservation and carbon reduction system. ● Supervision and back-end support for overseas projects.

II. Background information of directors, supervisors, the President, vice presidents, assistant vice presidents, and heads of various departments and branches

(I) Background information of directors and supervisors

1.Shares Held by Directors and Supervisors

April 1, 2023

Title	Nationality or place of registration	Name	Gende Age	Date elected (appointed)	Service term	Date first elected	Shareholding when elected		Current Shareholding		Shareholding of spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as manager, director or supervisor			Remark
							No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Title	Name	Relationship	
Chairman	The Republic of China	Houng Sun	Male 71-80	2022.6.09	3 years	1989.1.18	3,823,059	1.96%	3,823,059	1.96%	509,929	0.26%	-	-	Ph.D. in Mechanical Engineering, University of Wisconsin ITRI Mechanical and Mechatronics Systems Lab - Deputy Head	Mirle Automation Corporation - President Mirle Automation Technology (Shanghai) Co., Ltd. - Chairman Mirle Automation (KunShan) Co., Ltd. - Chairman Main Drive Corporation - Chairman	-	-	-	Note 1
Director	The Republic of China	Lien Sheng Investment Co., Ltd.	-	2022.6.09	3 years	1989.1.18	8,895,541	4.55%	8,895,541	4.55%	-	-	-	-	Department of Accounting, Hsingwu University Fu Sheng Industrial Co., Ltd. - Manager of Chairman's Office	Lien Sheng Investment Co., Ltd. - Director	-	-	-	
		Representative: Wei-Chen Lee	Female 61-70	-	-	-	-	-	-	-	-	-	-	-			-	-	-	
Director	The Republic of China	I-MEI Foods Co., Ltd.	-	2022.6.09	3 years	2010.6.9	11,496,066	5.88%	11,496,066	5.88%	-	-	-	-	Bachelor of Information management, University of Massachusetts I-MEI Foods Co., Ltd. – Vice president	I-MEI Foods Co., Ltd. – Vice president	-	-	-	
		Corporate representative: Hank Kao	Female 41-50	-	-	-	-	-	-	-	-	-	-	-			-	-	-	Note 2
Director	The Republic of China	Chih-Ming Kao	Male 71-80	2022.6.09	3 years	2022.6.09	1,337,983	0.68%	1,337,983	0.68%	78,183	0.04%	-	-	Mechanical Division, Department of Agricultural Engineering, National Taiwan University I-MEI Foods Co., Ltd. - President	I-MEI Foods Co., Ltd. - President Taiwan News - Publisher Openfind Information Technology, Inc. - Chairman Me-I Information Technology Co., Ltd. – Chairman Digiforen Technology Co.,Ltd – president I-Mei Environmental Protection Foundation - CEO Digital Taiwan Roundtable – Chairman Taiwan Information and Cybersecurity Service Consortium – Chairman	-	-	-	
Director	The Republic of China	Chun-Te Chang	Male 71-80	2022.6.09	3 years	2006.5.30	500,000	0.26%	500,000	0.26%	79,000	0.04%			Master of Accounting, Soochow University Ministry of Finance Audit Team - Auditor Licensed Accountant (since 1982)	UHY L&C Company - Partner Accountant Chunghwa Telecom Foundation - Supervisor Shang-En Info Co., Ltd. - Supervisor Up Young Cornerstone Corp. - Independent Director	-	-	-	
Director	The Republic of China	Chang Hsu	Male 81-90	2022.6.09	3 years	2010.6.9	-	--	-	-	-	-	-	-	Ph.D. in Industrial Engineering, Purdue University Industrial Technology Research Institute - Quality Management Representative Asia Pacific Metrology Programme (APMP) - Executive Committee Member	Industrial Technology Research Institute Center for Measurement Standards - Consultant Chinese Metrology Society - Standing Director Sanlien Technology Culture and Education Foundation - Director FocalTech Systems Co., Ltd. - Independent Director	-	-	-	
Independent Director	The Republic of China	Chia-Ming Hsu	Male 81-90	2022.6.09	3 years	2010.6.9	63,803	0.03%	63,803	0.03%					Chartered Engineer/Ph.D. in Engineering, Technische Universität Berlin School of Mechanical Engineering Department of Mechanical Engineering Feng Chia University - Professor/Head of Department/President Chief of Preparatory Division, National Space Program Office, Executive Yuan ITRI Mechanical and Mechatronics Systems Lab - Head Norm Pacific Automation Corp. - Chairman Chienkuo Technology University – President	Mirle Automation Corporation - Independent Director				

Title	Nationality or place of registration	Name	Gende Age	Date elected (appointed)	Service term	Date first elected	Shareholding when elected		Current Shareholding		Shareholding of spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as manager, director or supervisor			Remark
							No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Title	Name	Relationship	
Independent Director	The Republic of China	Paul Hsu	Male 61-70	2022.6.09	3 years	2022.6.09									Ph.D. in Mechanical Engineering, University of Wisconsin National Chiao Tung University – Professor/College of Electrical Engineering – Vice Dean Chinese Automatic Control Society – Chairman	Navigate Fulllife Center of Viatch Foundation – CEO				
Independent Director	The Republic of China	Hung-Wen Huang	Male 61-70	2022.6.09	3 years	2022.6.09									Bachelor of Accounting, Soochow University Deloitte Taiwan – Partner CPA Deloitte Taiwan – Partner CPA/ Chief in Northern Taiwan	Sunplus Innovation Technology Inc. – Director				

Note 1:Chairman and President Sun Houng, Ph.D., was the founder of Mirle. For 34 years, the Chairman has demonstrated strong insight and industry knowledge in smart automated equipment/system (and was selected as one of ITRI's 5th panel of academicians). His decisiveness, vision, and innovative thinking combined with exceptional administrative skills accumulated over many years have led Mirle through ups and downs of the industry to become a leading supplier of smart automation solutions. The Chairman not only has deep insight of where the industry is progressing and the ability to plan future strategies, his strong sense of purpose and leadership has enabled him to take advantage of his concurrent Chairman and President roles, allowing decisions to be made and executed at improved efficiency for many years.

For continuity and sound corporate governance practice, the Company has taken the initiative to train the next generation of managers, and will have Chairman and President positions undertaken by different persons to better conform with corporate governance trends and requirements. Alternatively, additional independent directors may be introduced to the board to better support corporate governance.

2. Major shareholders of corporate shareholders

Name of corporate shareholder	Corporate shareholder's major shareholders(%)
Lien Sheng Investment Co., Ltd.	L.C. Lee(16.69%), Hsiu-Chuan Lee(15.65%), Meng-Fen Lee(14.24%), Wei-Chen Lee(13.86%), Yen-Te Lee(7.08%), Po-I Lee(5.63%), Ying-Tsun Lee(4.26%), Ting-Yi Lee(4.24%), Yueh-Hsun Lee(4.22%), I-Chen Lee(3.65%)
I-MEI Foods Co., Ltd.	Chih-Shang Kao(19.46%), Chih-Yuan Kao(19.39%), Chih-Cheng Kao(19.39%), Chih-Ming Kao(19.38%),

3. Disclosure of Professionalism of Directors and Supervisors and Independence of Independent Directors

Criteria Name	Professionalism and experience (Note 1)	Independence	Number of positions as independent director in other public companies
Chairman Houng Sun	- At least 5 years of work experience required for commerce and corporate operations. - None of the conditions under Article 30 of the Company Act.	- Not a director, supervisor, or employee of another company with the number of directors in the Company or shares entitled to votes accounting for a majority that is controlled by the same person. - Not a director, supervisor, manager, or a shareholder holding more than 5% of shares of a specific company or institution with financial or business activities with the Company. - Not a professional who provides audit service, or commercial, legal, financial, accounting or related services for an accumulated sum of less than NTD 500,000 in the most recent 2 years, to the Company or its affiliate, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliated companies. - Not the spouse or a relative within the second degree of kinship to any other director of the Company. - Not a government agency, corporation, or its representative set forth in Article 27 of the Company Act.	0
Director Wei-Chen Lee	- At least 5 years of work experience required for commerce, financial affairs, accounting, and corporate operations. - None of the conditions under Article 30 of the Company Act.	- Not an employee of the Company or any of its affiliates. - Not a natural person shareholder that holds by himself/herself or by his/her spouse or minor child in someone else's name more than 1% of all circulating shares of the Company or is on the Top 10 shareholding list. - Not the spouse, a relative within the second degree of kinship, or a direct blood relative within the third degree of	0

Director (Corporate representative) Hank Kao	1. At least 5 years of work experience required for commerce, financial affairs, accounting, and corporate operations. 2. None of the conditions under Article 30 of the Company Act.	kinship of the managers listed under (1) or those listed under (2). 4. Not a director, supervisor, or employee of another company with the number of directors in the Company or shares entitled to votes accounting for a majority that is controlled by the same person. 5. Not a director, supervisor, or employee of another company or institution whose chairman, president, or someone assigned with similar responsibilities is the same person or the spouse of that of the Company 6. Not a director, supervisor, manager, or a shareholder holding more than 5% of shares of a specific company or institution with financial or business activities with the Company. 7. Not a professional who provides audit service, or commercial, legal, financial, accounting or related services for an accumulated sum of less than NTD 500,000 in the most recent 2 years, to the Company or its affiliate, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliated companies. 8. Not the spouse or a relative within the second degree of kinship to any other director of the Company.	0
Director Chih-Ming Kao	1. At least 5 years of work experience required for commerce and corporate operations. 2. None of the conditions under Article 30 of the Company Act.	1. Not an employee of the Company or any of its affiliates. 2. Not a director or supervisor of the Company or any of its affiliates. 3. Not a natural person shareholder that holds by himself/herself or by his/her spouse or minor child in someone else's name more than 1% of all circulating shares of the Company or is on the Top 10 shareholding list.	0
Director Chang Hsu	1. At least 5 years of work experience required for commerce and corporate operations. 2. None of the conditions under Article 30 of the Company Act.	4. Not the spouse, a relative within the second degree of kinship, or a direct blood relative within the third degree of kinship of the managers listed under (1) or those listed under (2) or (3). 5. Not a director, supervisor, or employee of an institutional shareholder directly holding at least 5% of the circulating shares of the Company or that ranks Top 5 in shareholding ratio or that assigns a representative to serve	1

Director Chun-Te Chang	- At least 5 years of work experience required for commerce, financial affairs, and accounting. - Lecturer (or above) of related departments required for accounting at a public or private college or university. - Professional or technician having passed the national exam and holding the Certificate. - None of the conditions under Article 30 of the Company Act.	as director or supervisor of the Company according to Article 27 Paragraph 1 or 2 of the Company act. - Not a director, supervisor, or employee of another company with the number of directors in the Company or shares entitled to votes accounting for a majority that is controlled by the same person. - Not a director, supervisor, or employee of another company or institution whose chairman, president, or someone assigned with similar responsibilities is the same person or the spouse of that of the Company - Not a director, supervisor, manager, or a shareholder holding more than 5% of shares of a specific company or institution with financial or business activities with the Company. - Not a professional who provides audit service, or commercial, legal, financial, accounting or related services for an accumulated sum of less than NTD 500,000 in the most recent 2 years, to the Company or its affiliate, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliated companies. - Not a spouse or relative of second degree or closer to any other directors. - Not elected as a government or corporate representative according to Article 27 of the Company Act.	1
Independent Director Chia-Ming Hsu	- At least 5 years of work experience required for commerce, financial affairs, and accounting. - Lecturer (or above) of related departments required for accounting at a public or private college or university. - None of the conditions under Article 30 of the Company Act.	- Not an employee of the Company or any of its affiliates. - Not a director or supervisor of the Company or any of its affiliates. - Not a natural person shareholder that holds by himself/herself or by his/her spouse or minor child in someone else's name more than 1% of all circulating shares of the Company or is on the Top 10 shareholding list. - Not the spouse, a relative within the second degree of kinship, or a direct blood relative within the third degree of kinship of the managers listed under (1) or those listed under (2) or (3). - Not a director, supervisor, or employee of an institutional shareholder directly holding at least 5% of the circulating shares of the Company or that ranks Top 5 in shareholding ratio or that assigns a representative to serve as director or supervisor of the Company according to Article 27 Paragraph 1 or 2 of the Company act. - Not a director, supervisor, or employee of another company with the number of directors in the Company or shares entitled to votes accounting for a majority that is	0
Independent Director Paul Hsu	- At least 5 years of work experience required for commerce and corporate operations. - Lecturer (or above) of related departments required for corporate operation at a public or private college or university - None of the conditions under Article 30 of the Company Act	Not a director, supervisor, or employee of another company with the number of directors in the Company or shares entitled to votes accounting for a majority that is	0

Independent Director Hung-Wen Huang	1. At least 5 years of work experience required for commerce, financial affairs, and accounting. 2. Professional or technician having passed the national exam and holding the Certificate. 3. None of the conditions under Article 30 of the Company Act	controlled by the same person. 7. Not a director, supervisor, or employee of another company or institution whose chairman, president, or someone assigned with similar responsibilities is the same person or the spouse of that of the Company 8. Not a director, supervisor, manager, or a shareholder holding more than 5% of shares of a specific company or institution with financial or business activities with the Company. 9. Not a professional who provides audit service, or commercial, legal, financial, accounting or related services for an accumulated sum of less than NTD 500,000 in the most recent 2 years, to the Company or its affiliate, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliated companies. 10. Not a spouse or relative of second degree or closer to any other directors. 11. Not elected as a government or corporate representative according to Article 27 of the Company Act.	0
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Note 1: For the professionalism and experience of individual directors and supervisors, please refer to the main education (experience) as shown in the profile of the specific director or supervisor and other positions held by in the Company or any other company at present.

Note 2: The Company already confirms according to the requirements of applicable regulations governing the set-up of independent directors that all of its independent directors meet the independence criteria specified in laws and regulations.

4. Diversification and Independence of Board of Directors

(1) Diversification of Board of Directors

Diversification shall be taken into consideration for the composition of the Board of Directors except that the number of directors who are also managers in the Company may not account for more than one-third of all directors and a suitable diversification policy is prepared reflective of its function, operational pattern, and developmental demand. It shall include, without limitation, the following criteria:

- Basic requirements and values: gender, age, nationality, and culture, etc.
- Professional knowledge and skills: Professional background (such as law, accounting, industry, financial affairs, marketing, or technology), professional skills, and industrial experience, etc.

All board members shall possess the knowledge, skills and attainments needed to perform their duties. To achieve the ideal goals of corporate governance, fulfillment by each director of the diversification policy on the composition of the Board of Directors is provided below:

Measurements of diversity Name of director	Gender	Nationality	Employee status	Age	Term in office and seniority of Independent Directors (at least 9 years)	Operational judgment and Corporate management	Finance and accounting	Crisis and Risk management	Industry knowledge	International horizon	Leadership and decision-making
Houng Sun	Male	The Republic of China	√	71-80		√	√	√	√	√	√
Wei-Chen Lee	Female	The Republic of China		61-70		√		√	√	√	√
Hank Kao (Note 1)	Male	The Republic of China		41-50		√	√			√	√
Director: Chih-Ming Kao	Male	The Republic of China		71-80		√		√	√	√	√
Director: Chun-Te Chang	Male	The Republic of China		71-80			√	√		√	√
Director: Chang Hsu	Male	The Republic of China		81-90		√			√	√	√
Independent Director: Chia-Ming Hsu (Note 2)	Male	The Republic of China		81-90	√	√			√	√	
Independent Director: Paul Hsu (Note 2)	Male	The Republic of China		61-70		√		√	√	√	
Independent Director: Hung-Wen Huang (Note 2)	Male	The Republic of China		61-70			√	√		√	√

Note 1: Corporate representative, and the Nationality is according to the registration of organization.

Note 2: Independent director

(2) Independence of Board of Directors

The Company has a total of nine directors now, including one director that is also an employee, three independent directors, and one female directors (accounting for 11%, 33%, and 11%, respectively, of all directors). One director is less than 50 years old, three were 61-70 years old and five are over 70 years old. One independent directors has served the Company for more than 9 years, that is, for more than 3 terms in office. The Company continues to accept him as independent director considering Independent Director Chia-Ming Hsu's professional background and experience in automation technologies and applications, and that whom is able to make independent and unbiased judgments when performing independent director duties. At the end of 2022, one director was 41–50 years old; three were 61–70 years old, three were 71-80 years old, and two were 81–90 years old. All the independent directors fulfilled the requirements for independent directors set by the Securities and Futures Bureau under the Financial Supervisory Commission. For the education, gender, professional qualifications, work experience, and diversification of respective directors, refer to the director profile under III. Corporate Governance Report.

The board of directors has devised a policy on the diversity of board members and disclosed the policy over company website.

(3) Substantial management goals and their fulfillment:

The board of directors guides the company's strategy, supervise the management team, and be accountable to the Company and our shareholders. The operations and arrangements of its corporate governance system ensure that the board of directors performs its duties in accordance with laws and regulations, the Articles of Incorporation, or the resolutions adopted by the shareholders' meeting. We aim to have at least 3 directors for each field of specialty and professional skills. In addition, we pay attention to gender equality among the board members and plan to increase female directors in the future, while aiming to raise the number of female directors to one-third of all board members and achieve a balanced distribution in terms of age to duly implement the board diversity policy.

(II) Background information of President, vice presidents, assistant vice presidents, and heads of departments and branches

April 1, 2023																
Title	Nationality	Name	Gender Age	Date onboard	Shareholding		Shares held by spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent positions in other companies	Spouse or relatives of second degree or closer acting as managers			Remark
					No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Title	Name	Relationship	
Chairman and President	The Republic of China	Houng Sun	Male 71-80	1989.03	3,823,059	1.96%	509,929	0.26%	-	-	Ph.D. in Mechanical Engineering, University of Wisconsin ITRI Mechanical and Mechatronics Systems Lab - Deputy Head	Mirle Automation Technology (Shanghai) Co., Ltd. - Chairman Mirle Automation (KunShan) Co., Ltd. - Chairman Main Drive Corporation - Chairman	-	-	-	Note 2
Vice President (Note 3)	The Republic of China	Shih-Tung Lin	Male 51-60	1989.03	18,991	0.01%	83,899	0.04%	-	-	Graduated from Department of Mechanical Engineering, National Cheng Kung University ITRI Mechanical and Mechatronics Systems Lab - Assistant Engineer	Mirle Automation Technology (Shanghai) Co., Ltd. - Director Mirle Automation (KunShan) Co., Ltd. - Director MIRLE AUTOMATION INTER CO., LTD. - Director JCC Software Company – Director IOT Services Information System Corporation. - Director	-	-	-	
Intelligent logistics business group - General Manager	The Republic of China	Chih-Chiang Chu	Male 61-70	1999.05	95,760	0.05%	23,460	0.01%	-	-	Graduated from Postgraduate Study of Mechanical Engineering, National Central University ITRI Mechanical and Mechatronics Systems Lab - Associate Researcher	HICHAIN & MIRLE AUTOMATION CO., LTD - Director	-	-	-	
Advanced System Business Group - General Manager (Note 3)	The Republic of China	Hao-Sheng Li	Male 41-50	2002.09	5,936	0.00%	-	-	-	-	Graduated from Postgraduate Study of Mechanical Engineering, National Central University Nanya Technology - Engineer	JCC Software Company - Director	-	-	-	
Technology Center Assistant Vice President	The Republic of China	Charles Kao	Male 51-60	2021.09	-	-	-	-	-	-	Doctor of Machinery, Pennsylvania State University President, Sigold Optics Inc.	-	-	-	-	
Financial Center - CFO	The Republic of China	Max Lin	Male 41-50	2015.01	50,135	0.03%	20,000	0.01%	-	-	Graduated from Department of Accounting, Feng Chia University Deloitte Taiwan - Assistant Vice President	Mirle Automation Technology (Shanghai) Co., Ltd. - Supervisor Mirle Automation (KunShan) Co., Ltd. - Supervisor MIRLE AUTOMATION INTER CO., LTD. - Director JCC Software Company – Superivsor HICHAIN & MIRLE AUTOMATION CO., LTD – Superivsor	-	-	-	
Automated Equipment Business Group - Deputy General Manager	The Republic of China	Wen-Jen Li	Male 51-60	1997.12	44,867	0.02%	6,839	0.00%	-	-	Graduated from Department of Electrical Engineering, Chung Yuan Christian University Avision - Engineer		-	-	-	
Digital Technology Business Group- Deputy General Manager	The Republic of China	Yu-Tsai Tsai	Male 51-60	1999.12	-	-	-	-	-	-	Department of Information, Chung Hua University Coretronic Corporation - Engineer	IOT Services Information System Corporation. - Chairman -	-	-	-	
Advanced System Business Group - Deputy General Manager	The Republic of China	Chin-Chang Huang	Male 51-60	1997.07	5,000	0.00%	-	-			Graduated from Department of Industrial Engineering and Management, Da-Yeh University	-	-	-	-	

Note 1: The Company has not issued employee warrant to date.

Note 2: Chairman and President Sun Houng, Ph.D., was the founder of Mirle. For 34 years, the Chairman has demonstrated strong insight and industry knowledge in smart automated equipment/system (and was selected as one of ITRI's 5th panel of academicians). His decisiveness, vision, and innovative thinking combined with exceptional administrative skills accumulated over many years have led Mirle through ups and downs of the industry to become a leading supplier of smart automation solutions. The Chairman not only has deep insight of where the industry is progressing and the ability to plan future strategies, his strong sense of purpose and leadership has enabled him to take advantage of his concurrent Chairman and President roles, allowing decisions to be made and executed at improved efficiency for many years.

For continuity and sound corporate governance practice, the Company has taken the initiative to train the next generation of managers, and will have Chairman and President positions undertaken by different persons to better conform to corporate governance trends and requirements. Alternatively, additional independent directors may be introduced to the board to better support corporate governance.

Note 3: Vice President Shih-Tung Lin concurrently serving as President of Joint Business Group 、President of Digital Technology Business Group 、President of Operation Management Center 、President of Smart Manufacturing Center 、Hao-Sheng Li President of Advanced System Business Group concurrently serving as President of Industrial Control Business Group 、President of Semiconductor Optoelectronics Group

Note 4: Deputy General Manager Chia-Jung Chen of Automated Equipment Business Group retired on 2022/08/26, the shareholding field is not applicable.

Note 5: - Deputy General Manager Tsai-Hsing Lin of Industrial Control Business Group retired on2022/05/30, the shareholding field is not applicable.

III. Compensation paid to directors, supervisors, the President, and vice presidents in the last year

(I) Compensation to non-independent and independent directors (aggregate disclosure of directors' names and range of compensation)

Unit: NTD thousands; %

Title	Name	Directors' compensation								Sum of A, B, C, and D (A+B+C+D) as a percentage of net income (%)		Compensation received as employee								Sum of A, B, C, D, E, F, and G (A+B+C+D+E+F+G) as a percentage of net income (%)		Compensati on from parent company or business investments other than subsidiaries
		Benefits (A)		Pension (B)		Director remuneration (C)		Fees for services rendered (D)				Salaries, bonuses, special allowances etc. (E)		Pension (F)		Employee remuneration (G)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
Chairman	Houng Sun	0	0	0	0	6,674	6,674	420	420	7,094 1.38%	7,094 1.38%	16,321	16,321	0	0	22	0	22	0	23,437 4.55%	23,437 4.55%	0
Director	Lien Sheng Investment Co., Ltd.																					
Director	I-MEI Foods Co., Ltd.																					
Director	Chih-Ming Kao																					
Director	Chun-Te Chang																					
Director	Chang Hsu																					
Independent Director	Chia-Ming Hsu	0	0	0	0	2,225	2,225	140	140	2,365 0.46%	2,365 0.46%	0	0	0	0	0	0	0	0	2,365 0.46%	2,365 0.46%	0
Independent Director	Paul Hsu																					
Independent Director	Hung-Wen Huang																					
1. Please explain the policy, system, standards, and structure by which independent director compensation is paid, and association between the amount paid and independent directors' responsibilities, risks and time committed: Pursuant to Article 43 of the Articles of Incorporation, profits concluded from a financial year are subject to employee remuneration of no less than 1% and director (including independent director) and supervisor remuneration of no more than 2%. However, profits has to be taken offset against cumulative losses if any. The amount of director and supervisor remuneration changes in line with pre-tax profit, and is considered reasonable. Furthermore, it is stated in Subparagraph 2, Paragraph 2, Article 6 of Remuneration Committee Charter that directors' and managers' performance shall be evaluated and compensated in comparison to industry peers, while taking into consideration their individual achievements, the Company's overall performance, and association with future risks. Contributions and performance of the two independent directors were comparable, therefore it was reasonable to set compensations at the same level. 2. Compensation received by director for providing service to any company included in the financial statements (e.g. consultancy service without the title of an employee) in the last year, except those disclosed in the above table: No.																						

Range of compensation to Director	Name of director			
	Sum of first 4 compensations (A+B+C+D)		Sum of first 7 compensations (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements (H)	The Company	All companies included in the financial statements (I)
Below NT\$ 1,000,000	Chih-Ming Kao, Chun-Te Chang, Chang Hsu, Chia-Ming Hsu, Paul Hsu, Hung-Wen Huang, Lien Sheng Investment Co., Ltd., I-MEI Foods Co., Ltd.	Chih-Ming Kao, Chun-Te Chang, Chang Hsu, Chia-Ming Hsu, Paul Hsu, Hung-Wen Huang, Lien Sheng Investment Co., Ltd., I-MEI Foods Co., Ltd.	Chih-Ming Kao, Chun-Te Chang, Chang Hsu, Chia-Ming Hsu, Paul Hsu, Hung-Wen Huang, Lien Sheng Investment Co., Ltd., I-MEI Foods Co., Ltd.	Chih-Ming Kao, Chun-Te Chang, Chang Hsu, Chia-Ming Hsu, Paul Hsu, Hung-Wen Huang, Lien Sheng Investment Co., Ltd., I-MEI Foods Co., Ltd.
NT\$ 1,000,000 (inclusive) - NT\$ 2,000,000 (non-inclusive)	-	-	-	-
NT\$ 2,000,000 (inclusive) - NT\$ 3,500,000 (non-inclusive)	Houng Sun	Houng Sun	-	-
NT\$ 3,500,000 (inclusive) - NT\$ 5,000,000 (non-inclusive)	-	-	-	-
NT\$ 5,000,000 (inclusive) - NT\$ 10,000,000 (non-inclusive)	-	-	-	-
NT\$ 10,000,000 (inclusive) - NT\$ 15,000,000 (non-inclusive)	-	-	-	-
NT\$ 15,000,000 (inclusive) - NT\$ 30,000,000 (non-inclusive)	-	-	Houng Sun	Houng Sun
NT\$ 30,000,000 (inclusive) - NT\$ 50,000,000 (non-inclusive)	-	-	-	-
NT\$ 50,000,000 (inclusive) - NT\$ 100,000,000 (non-inclusive)	-	-	-	-
NT\$ 100,000,000 and above	-	-	-	-
Total	9	9	9	9

(II) Compensation to General Managers and Deputy General Managers

1. Compensation to General Managers and Deputy General Managers (aggregate disclosure of compensation range and name)

Unit: NTD thousands; %

Title	Name	Salary (A)		Pension (B)		Bonus and special allowances (C)		Employee remuneration (D)				Sum of A, B, C, and D (A+B+C+D)as a percentage of net income (%)		Compensation from parent company or business investments other than subsidiaries
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
President	Houng Sun	18,136	18,136	0	0	24,839	24,839	70	0	70	0	43,045 8.36%	43,045 8.36%	NO
Vice President (Note)	Shih-Tung Lin													
General Manager of Intelligent logistics business group	Chih-Chiang Chu													
General Manager of Advanced System Business Group (Note)	Hao-Sheng Li													

Note : Vice President Shih-Tung Lin concurrently serving as President of Joint Business Group 、President of Digital Technology Business Group 、President of Operation Management Center 、President of Smart Manufacturing Center 、Hao-Sheng Li President of Advanced System Business Group concurrently serving as President of Industrial Control Business Group 、President of Semiconductor Optoelectronics Group

Range of compensation to general managers and deputy general managers	Names of general managers and deputy general managers	
	The Company	All companies included in the financial statements (E)
Below NT\$ 1,000,000	-	-
NT\$ 1,000,000 (inclusive) ~ NT\$ 2,000,000 (non-inclusive)		-
NT\$ 2,000,000 (inclusive) ~ NT\$ 3,500,000 (non-inclusive)	-	-
NT\$ 3,500,000 (inclusive) ~ NT\$ 5,000,000 (non-inclusive)		
NT\$ 5,000,000 (inclusive) ~ NT\$ 10,000,000 (non-inclusive)	Chih-Chiang Chu, Hao-Sheng Li	Chih-Chiang Chu, Hao-Sheng Li
NT\$ 10,000,000 (inclusive) ~ NT\$ 15,000,000 (non-inclusive)	Shih-Tung Lin	Shih-Tung Lin
NT\$ 15,000,000 (inclusive) ~ NT\$ 30,000,000 (non-inclusive)	Houng Sun	Houng Sun
NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (non-inclusive)	-	-
NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (non-inclusive)	-	-
NT\$ 100,000,000 and above	-	-
Total	4	4

Note 1: Employee remuneration for 2022 represents estimate of the proposed amount. (Estimated based on the amount of cash paid in 2021)

2. Names of managers who received employee remuneration:

Unit: NTD thousands

Manager's title/name	Amount paid in shares	Amount paid in cash	Total	Total as a percentage of net income (%)
Group of 9 including President Sun Houg (Note 1)	-	141	141	0.03

Note 1: Managers' titles and names

President: Houg Sun

Vice President: Shih-Tung Lin

Business Group General Managers: Chih-Chiang Chu and Hao-Sheng Li

CFO: Max Lin

Technology Center Assistant Vice President: Charles Kao

Business Group Deputy General Managers: Wen-Jen Li, Yu-Tsai Tsai, Chin-Chang Huang

Note 2: Employee remuneration for 2022 represents estimate of the proposed amount (estimated based on the amount of cash paid in 2021)

(III) Amount of compensation paid in the last 2 years by the Company and all companies included in the consolidated financial statements to the Company's directors, supervisors, President, and vice presidents, and their respective proportions to standalone net income, as well as the policies, standards, and packages by which they were paid, the procedures through which compensations were determined, and their association with business performance and future risks:

1. Percentage (%) of standalone net income paid by the Company and all companies included in the consolidated financial statements as compensation to the Company's directors, supervisors, the President, and Vice Presidents in the last 2 years:

Unit: NTD thousands; %

Title	2021		2022	
	Amount	Percentage	Amount	Percentage
Director	6,823	1.29	8,899	1.73
Supervisor	2,559	0.48	-	-
General Managers and Deputy General Managers	41,754	7.91	43,045	8.36
Net income	527,896		514,724	

Note 1: Amounts for 2022 are proposed figures.

2. Compensation policies, standards, packages, and procedures, and association with future risks and business performance:

Compensation to directors, supervisors, and managers is determined according to Articles of Incorporation and internal policies; proposals are evaluated and reviewed by the Remuneration Committee before submitting to the board of directors for discussion. The Company sets compensations based on the state of profitability and makes appropriate adjustments after taking into consideration changes in global economy, industry prospect, future business risks, and overall operational performance.

IV. Corporate governance

(I) Operation of board of directors

1. A total of 9 board meetings were held in 2022 (Directors of the 11th should attend three times and Directors of the 12th should attend six times.); below are the attendance records:

Title	Name	No. of in-person attendance	Proxy attendance	Percentage of in-person attendance	Remark	
Chairman	Houng Sun	6	0	100%	Reelected	(Note 1)
Director	Lien Sheng Investment Co., Ltd. Representative: Wei-Chen Lee	6	0	100%	Reelected	
Director	I-MEI Foods Co., Ltd. Corporate representative: Hank Kao	4	0	66.67%	Reelected (Note 2)	
Director	Chih-Ming Kao	5	0	83.33%	Newly appointed	
Director	Chun-Te Chang	6	0	100%	Newly appointed	
Director	Chang Hsu	5	1	83.33%	Newly appointed	
Independent Director	Chia-Ming Hsu	6	0	100%	Reelected	
Independent Director	Paul Hsu	6	0	100%	Newly appointed	
Independent Director	Hung-Wen Huang	5	0	83.33%	Newly appointed	

Note 1 : Directors of the 12th intake were already elected during the General Shareholders' Meeting on June 9, 2022 and the new independent directors formed the Audit Committee to serve a term from June 9, 2022 to June 8, 2025.

Note 2 : The 11th Director: I-Mei Foods Co., Ltd. (Corporate representative : Feng-Hsi Wei) attended three times in person. (100% in person attendance)

Note 3 : The 11th Independent Director: Ching-Yi Wang attended two times in person. (66.67% in person attendance)

Other mandatory disclosures:

I. For board of directors meetings that meet any of the following descriptions, state the date, session, the discussed motions, independent directors' opinions and how the Company has responded to such opinions:

(I) Conditions described in Article 14-3 of the Securities and Exchange Act:

Date (Session)	Motion details and subsequent actions taken	Opinions from all independent directors and Company's response
03/17/2022 11th committee 18th	Approved the 2021 employee remuneration as well as directors' and supervisors' remuneration distribution proposal.	Approved by all independent directors
	Approved the proposal to remove the non-compete clause for directors.	
	Approved the proposal for partial amendments to the "Procedures for Asset Acquisition and Disposal".	
	Approved the proposal for partial amendments to the "Procedures for Loaning of Funds to Others".	

	Approved the proposal for partial amendments to the “Procedures for Endorsements and Guarantees”.	
05/12/2022 11th committee 20th	Passed the proposal for a loan to a subsidiary and the amount.	
08/11/2022 12th committee 3rd	Approved endorsements/guarantees between the Company and its subsidiaries.	
	Approved lending of funds between the Company and its subsidiaries.	
12/27/2022 12th committee 6th	Approved the revision of some articles of the Company’s “Internal Control System”	
	Approved the revision of some articles of the Company’s “Corporate Governance Best Practice Principles”	
	Approved the revision of some articles of the Company’s “Rules of Procedure for the Board of Directors’ Meetings”	
	Approved the revision of some articles of the Company’s “Operating Procedure for Handling Major Internal Information”	
(II) Any other documented objections or reservations raised by independent director against board resolution in relation to matters other than those described above:None. How it was handled by the Company: It was approved by the Board of Directors and was enforced. II. Directors' recusal from interest-conflicting motions: Interest-conflicting motions are highlighted in board meeting agenda to serve as reminder for directors to recuse from discussion. III. Enhancements to the functionality of the board of directors in the current and the most recent year (e.g. establishment of an Audit Committee, improvement of information transparency etc.), and progress of such enhancements: The Company already approved by the Board of Directors on June 9, 2022 to establish the Audit Committee and members of the Audit Committee were delegated as required by Article 4 of the Company’s Audit Committee Organic Rules, which were amended as approved on June 20, 2022 in order to reinforce the function of the Board of Directors. The Company has a Remuneration Committee in which independent directors account for half of total seats. The Committee's responsibilities are to establish and regularly review directors' and managers' performance as well as compensation policies, systems, standards, and structures, and to evaluate and propose salaries/compensations for directors and managers on a regular basis. Directors' attendance in board meetings and Remuneration Committee members' attendance in committee meetings are updated to the Market Observation Post System; major resolutions made by the board of directors are also disclosed on the Company's website. The Company has taken steps to enhance the functionality of its board of directors by subjecting directors to ongoing education, so that they may develop the characters, the professional advantage, and skills to perform board duties. Major resolutions made by the board are disclosed on the Company's website to update shareholders on the latest news while enhancing information transparency.		

2. Implementation of the evaluation of the board of directors:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Executed once a year	January 1, 2022 to December 31, 2022	The entire board	The internal self-evaluation of the board of directors	includes the following five items A. Participation in the Company's operations B. Improvement of the quality of board decisions C. Board composition and structure D. Professional and continuing study of directors E. Internal control
Executed once a year	January 1, 2022 to December 31, 2022	Individual directors	The self-evaluation of board members	includes the following five items A. Mastery of company goals and tasks B. Awareness of directors' responsibilities C. Participation in the Company's operations D. Professional and continuing study of directors E. Internal control
Executed once a year	January 1, 2022 to December 31, 2022	Audit Committee	Internal assessment performed by the functional committee	Includes the following five major items A. Involvement in corporate operation. B. Awareness of the duties of the functional committee. C. Improved decision-making quality of the functional committee. D. Composition and election of members functional committees. E. Internal control.
Executed once a year	January 1, 2022 to December 31, 2022	Remuneration Committee	Internal assessment performed by the functional committee	Includes the following five major items A. Involvement in corporate operation. B. Awareness of the duties of the functional committee. C. Improved decision-making quality of the functional committee. D. Composition and election of members functional committees. E. Internal control.

(II) Supervisors' involvement in board of directors meetings

A total of 7 board of directors meetings were held in 2021; below are supervisors' attendance records:

Title	Name	No. of meeting invitations	Proxy attendance	Percentage of in-person attendance	Remark
Supervisor	Chih-Ming Kao	2	0	67%	Note 1
Supervisor	Chang Hsu	3	0	100%	
Supervisor	Chun-Te Chang	3	0	100%	
Note 1: Directors of the 12 th intake were already elected during the General Shareholders' Meeting on June 9, 2022 and the new independent directors formed the Audit Committee					
Other mandatory disclosures:					
I. Composition and duties of supervisors:					
(I) Supervisors' communication with employees and shareholders: Supervisors are able to communicate with employees and shareholders if needed.					
(II) Supervisors' communication with chief internal auditor and CPAs: Internal auditors submit audit reports or audit tracking reports to supervisors and independent directors on a monthly basis. Supervisors may arrange separate meetings and have the chief internal auditor or CPAs present to report on certain issues if they require further insight to the Company's operations. Overall, there are open channels of communication between the above parties.					
II. Opinions expressed by supervisors in board meetings; state the date and session of the meeting held, the discussed motion, the board's resolution, and how the Company had responded to supervisors' opinions:None.					

(III) Operation of the Audit Committee

The Audit Committee had four meetings in 2022 and the attendance status of independent directors is as follows:

Title	Name	No. of meeting invitations	Proxy attendance	Percentage of in-person attendance	Remark
Independent Director	Chia-Ming Hsu	4	0	100%	Note 1
Independent Director	Paul Hsu	4	0	100%	
Independent Director	Hung-Wen Huang	4	0	100%	
Note 1: Directors of the 12 th intake were already elected during the General Shareholders' Meeting on June 9, 2022 and the new independent directors formed the Audit Committee					
Other mandatory disclosures:					
1.In case of any of the following circumstances in the operation of the Audit Committee, state the date, term, content of proposals as well as any objections, reservations, or major recommendations of the independent directors, along with the results of resolutions by the Audit Committee and the Company's handling in response to the resolutions:					
(1) Any matters under Article 14-5 of the Securities Exchange Act:					
Date (Session)	Motion details and subsequent actions taken		Resolutions Results		The Company's response to the

			Audit Committee's opinions
08/11/2022 The 1 st committee 1st	1. Elected the convener of the first Audit Committee; Independent Director Chia-Ming Hsu served as the convener. 2. Approved the Financial Consolidated Statement for the second quarter of 2022. 3. Approved endorsements/guarantees between the Company and its subsidiaries. 4. Approved lending of funds between the Company and its subsidiaries.	Approved by all Audit Committee members present.	Approved by all Directors present.
09/28/2022 The 1 st committee 2nd	1. Approved the re-investment plan.		
11/10/2022 The 1 st committee 3rd	1. Approved the Financial Consolidated Statement for the third quarter of 2022.		
12/27/2022 The 1 st committee 4th	1. Approved the discussions about the revenue, profits, and capital expenditure of the Company and its subsidiaries in Mainland China for 2023. 2. Approved endorsements/guarantees between the Company and its subsidiaries. 3. Approved the 2023 Audit Plan. 4. Approved the revision of some articles of the Company' Internal Control System.		
03/14/2023 The 1 st committee 5th	1. Approved 2021 Business Report, Parent Company-only Financial Statements, and Consolidated Financial Statements. 2. Approved the assessment of the independence and suitability of CPAs. 3. Approved lending of funds between the Company and its subsidiaries.		

- (2) Except for the matters mentioned above, other resolutions that had not been approved by the Audit Committee but had been agreed by more than two-thirds of all directors: None.
2. With regard to the recusal of Independent Directors from voting due to conflicts of interest, the name of the Independent Directors, the proposal content, reason for recusal due to conflicts of interest, and voting outcomes shall be specified: None
3. The communication between Independent directors and internal audit officer, and CPAs
- (1) Independent directors communicate with CPAs and internal auditors through at least a meeting per year. The CPAs explain the details of the audit of the Company's financial statements. If there is a major anomaly, a meeting can be convened at any time.
- (2) the chief internal auditor reports on the implementation of internal audits to the independent directors by email per month.

(III) Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies:

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Has the Company established and disclosed its corporate governance principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	V		The Company has established a set of "Corporate Governance Code of Conduct" with board of directors' approval based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies." This code of conduct is disclosed over the Company's website and at Market Observation Post System.	No.
II. Shareholding structure and shareholders' interests				
(I) Has the Company implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes, and litigations?	V		(I) The Company has dedicated personnel including the spokesperson and acting spokesperson available to assist with investor-related issues; furthermore, investor contact and E-mail have been established on the corporate website.	No.
(II) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller?	V		(II) The Company maintains good relationship with major shareholders, and makes monthly reports on changes in directors' and managers' shareholding over the "Market Observation Post System."	No.
(III) Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with?	V		(III) The Company has a "Subsidiary Operational Management Policy" in place and operates independently from affiliated enterprises. All transactions are carried out according to internal policies and regulations.	No.
(IV) Has the Company established internal policies that prevent insiders from trading securities against non-public	V		(IV) The Company has "Business Integrity Code of Conduct" and "Ethical Behavior Guidelines" in place to prohibit insiders from	No.

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
information?			trading securities against non-public information.	
III. Composition and responsibilities of the board of directors (I) Has the board devised and implemented policies to ensure diversity of its members?	V		(I) The composition of the Board of Directors is according to "Corporate Governance Code of Conduct". A set of diversity guidelines was mentioned in Chapter 3 - "Enhancement of Board Function." The current board consists of 9 directors, each of whom possesses the expertise and industry background needed to perform their duties ,so as to improve the efficiency of the company's operation and management.(please refer to page 17 of this annual report for more details on Diversification of Board of Directors).	No.
(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?	V		(II) The Company has assembled a "Corporate Governance and Business Integrity Committee" and disclosed information on committee members and policies over company website.	No.
(III) Has the company established a set of policies and assessment tools for evaluating board performance, and conducted performance evaluation on a yearly basis? Are performance evaluation results reported to the board of directors and used as reference for compensation and nomination decisions?	V		(III) The Company has implemented "Board of Directors Performance Evaluation Policy" and will submit evaluation outcomes to the board of directors starting from 2021. Performance evaluation will serve as reference for compensation and nomination of individual directors in the future.	No.

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(IV) Are external auditors' independence assessed on a regular basis?	V		(IV) The Company assesses financial statement auditors' independence on a regular basis (Note 1) to confirm that no financial or business dealing exists between the auditors and the Company other than the fees paid for auditing and taxation services, and that auditors are able to perform in line with principles of independence. Outcome of the latest assessment will be presented for the board of directors' review on December 27, 2021; meanwhile, the two auditors will be requested to issue statements of independence.	No.
IV. Has the TWSE/TPEX listed company allocated adequate number of competent corporate governance staff and appointed a corporate governance officer to oversee corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, assisting directors/supervisors with compliance issues, convention of board meetings and shareholder meetings, and preparation of board/shareholder meeting minutes)?	V		Employees of the Financial Center have been assigned to handle related affairs. The Company had appointed a corporate governance officer to oversee corporate governance affairs, support board functions, and protect shareholders' and stakeholders' interests in 2021.	No.

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	V		The Company has created a stakeholders section on its website and assigned various units to communicate and respond to issues that are of concern to stakeholders in a frequent manner.	No.
VI. Does the Company engage a share transfer agency to handle shareholders' meeting affairs?	V		The Company has commissioned the Agency Department of CTBC Bank to handle shareholder-related affairs.	No.
VII. Information disclosure (I) Has the Company established a website that discloses financial, business, and corporate governance-related information?	V		(I) The Company has an "Investors" section created on its website to disclose financial, business, and corporate governance-related information.	No.
(II) Has the Company adopted other means to disclose information (e.g. English website, assignment of dedicated personnel to collect and disclose corporate information, implementation of a spokesperson system, and broadcasting of investor conferences via the company website)?	V		(II) The Company has assigned dedicated personnel to gather and disclose company information, and has enforced a spokesperson system according to policy.	No.
(III) Does the Company publish and make official filing of annual financial report within two months after the end of an accounting period, and publish/file Q1, Q2 and Q3 financial reports along with monthly business performance before the required due dates?	V		(III) The Company announces and publishes quarterly financial reports ahead of deadlines, and discloses monthly performance data as soon as it is available.	The Company currently does not prepare financial reports within two months after the end of a financial year.

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and liability insurance for directors and supervisors)?	V		(I) The Company complies with the Labor Standards Act on all matters concerning employees' rights, and has assembled an Employee Welfare Committee to execute various benefits and subsidies. (II) All directors and supervisors of the Company are able to perform their duties as prudent managers in the utmost loyalty. (III) Please visit the Market Observation Post System for information on directors' and supervisors' education. (IV) Directors of the Company had recused from all motions in which they held conflicting interest. (V) The Company has been purchasing liability insurance for directors and supervisors on a yearly basis since 2006. (VI) The Company convenes director meetings at least once every three months as an enhanced corporate governance practice.	No.
IX. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified: (I) Corrections already done regarding the 8th corporate governance evaluation (year of evaluation: 2021): (1) 2.2 Has the Company define its diversification policy for the composition of the Board of Directors and disclosed substantial management goals and how they are fulfilled on the Company's website and in the Annual Report? Improvements: Related information was already disclosed in the 2022 Annual Report and on the corporate website. (2) 3.2 Does the Company release important news in English concurrently? Improvements: Important English information was released simultaneously in 2022. (3) 3.18 Has the Company established an English website to disclose financial, business, and corporate governance-related information? Improvements: The English website containing related information was already set up in 2022.				

Assessment	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(II) Priority enhancement measures for issues yet to be improved upon with respect to the 9th corporate governance evaluation (year of evaluation: 2022):				
(1) Is the Company’s general shareholders’ meeting held before the end of May? Improvements: It is intended to hold the general shareholders’ meeting before the end of May, 2023.				
(2) Have all interim financial reports of the Company been approved by the Audit Committee and brought forth for discussion in the Board of Directors’ meeting? Improvements: It will be precisely implemented in 2023.				
(3) Has the Company defined risk management policies and procedures approved by the Board of Directors, disclosed the scope of risk management, the organizational structure, and its operational status and reported to the Board of Directors at least once a year? Improvements: Preparation of related regulations and organizations are intended in 2023.				
(4) Did the Company follow the GRI Guidelines by preparing and uploading the Sustainability Report to the Market Observation Post System and the corporate website by the end of September? Improvements: Preparation of the Sustainability Report is intended in 2023 and will be uploaded by the given deadline.				

Note 1: Assessment criteria for auditors' independence

Serial No.	Assessment	Assessment results
1	Whether the CPAs have direct or material indirect financial interest with the Company	No
2	Are the CPAs involved in any financing or guarantee arrangement with the Company or its directors	No
3	Whether CPAs have extensive commercial relationship and potential employment relationship with the Company	No
4	Whether the CPAs currently or previously assumed role as the Company's director, manager, or any position that may significantly affect the audit in the last two years	No
5	Whether the CPAs provide any non-audit service to the Company that may directly affect the outcome of the audit task	No
6	Whether the CPAs serve as any form of intermediary to the shares or securities issued by the Company	No
7	Whether the CPAs serve as defense attorney for the Company, or represent the Company in mediating any conflict with a third party	No
8	Whether the CPAs are related to the Company's directors, managers, or any person that is significant to the audit task	No

(IV) Composition, responsibilities, and functionality of the Remuneration Committee:

1. Remuneration Committee members

December.31,2022

Criteria Status/Name		Professionalism and experience	Independence	Number of other public offering companies where the role of Compensation and Remuneration Committee member is also served
Independent Director (Convener)	Chia-Ming Hsu	Refer to related contents of 3. Disclosure of Professionalism of Directors and Supervisors and Independence of Independent Directors on Page 16.	1. Not an employee of the Company or any of its affiliates. 2. Not a director or supervisor of the Company or any of its affiliates 3. Not a natural person shareholder that holds by himself/herself or by his/her spouse or minor child in someone else's name more than 1% of all circulating shares of the Company or is on the Top 10 shareholding list. 4. Not the spouse, a relative within the second degree of kinship, or a direct blood relative within the third degree of kinship of the managers listed under 1 or those listed under 2 or (3). 5. Not a director, supervisor, or employee of an institutional shareholder directly holding at least 5% of the circulating shares of the Company or that ranks Top 5 in shareholding ratio or that assigns a representative to serve as director or supervisor of the Company according to Article 27 Paragraph 1 or 2 of the Company act. 6. Not a director, supervisor, or employee of another company with the number of directors in the Company or shares entitled to votes accounting for a majority that is controlled by the same person. 7. Not a director, supervisor, or employee of another company or institution whose chairman, president, or someone assigned with similar responsibilities is the same person or the spouse of that of the Company	0
Independent Director	Paul Hsu			0

Criteria		Professionalism and experience	Independence	Number of other public offering companies where the role of Compensation and Remuneration Committee member is also served
Status/Name				
Others	Cheng Chen	1. At least 5 years of work experience required for commerce and corporate operations. 2. None of the conditions under Article 30 of the Company Act.	8. Not a director, supervisor, manager, or a shareholder holding more than 5% of shares of a specific company or institution with financial or business activities with the Company. 9. Not a professional who provides audit service, or commercial, legal, financial, accounting or related services for an accumulated sum of less than NTD 500,000 in the most recent 2 years, to the Company or its affiliate, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliated companies.	1

2. Duties of the Remuneration Committee

- (1) Establishment and regular review of directors' and managers' compensation policies, systems, standards and structures, and performance evaluation.
- (2) Regularly review and adjust directors' and managers' compensation.

The Committee shall abide by the following principles when performing duties mentioned in the preceding paragraph:

1. Directors' and managers' performance shall be evaluated and compensated in comparison to industry peers, while taking into consideration their individual achievements, the Company's overall performance, and association with future risks.
2. The compensation should not entice directors and managers into seeking high returns by acting outside the Company's risk appetite.
3. Short-term performance bonuses to directors and senior executives and the timing of variable salary payments/compensations shall be set according to industry characteristics and the Company's business nature.

The term "compensation" mentioned in the two paragraphs above includes cash compensations, warrants, share-based profit sharing, retirement benefits, severance pay, allowances of all kinds, and any substantive incentives. This definition should be consistent with the scope of directors' and managers' compensation stated in "Regulations Governing Information to be Published in Annual Reports of Public Companies."

3. Operation of the Remuneration Committee:

- (1) The Company's Remuneration Committee consists of 3 members, 2 of whom are independent directors.
- (2) The 4th term of committee is from June 24, 2019 to June 9, 2022 and The 5th term of committee is from June 9, 2022 to June 8, 2025. The Remuneration Committee held 2 meetings in 2022; details of members' eligibility and attendance are as follows:

Title	Name	Required attendance	No. of in-person attendance	Proxy attendance	In-person attendance rate	Remark
Independent Director	Ching-Yi Wang	1	1	0	100%	Discharged on June 9, 2022
Independent Director	Chia-Ming Hsu	2	2	0	100%	(Convener)
Independent Director	Paul Hsu	1	1	0	100%	Newly elected on June 9, 2022
Committee member	Cheng Chen	2	2	0	100%	-

Other mandatory disclosures:

- I. In the event that the Remuneration Committee's proposal is rejected or amended in a board of directors meeting, state the date and session of the meeting, details of the motion, the board's resolution, and how the Company had handled the Remuneration Committee's proposals (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): None.
- II. Should any committee member object or express reservations to the resolution made by the Remuneration Committee, whether on-record or in writing, please state the date and session of the meeting, details of the motion, the entire members' opinions, and how their opinions were addressed: None.

4. Major resolutions of the Remuneration Committee

Date (Session)	Motion details and subsequent actions taken	Resolution	Company's response to Remuneration Committee's opinions
2022/3/4 The fourth committee 7th	Review of compensations currently paid to directors, supervisors, and managers of the Company.	Approved unanimously by all attending directors	The proposal was approved unanimously by all attending directors.
	Review of the Company's 2021 employee/director/supervisor remuneration	Approved unanimously by all attending directors	
2022/12/7 The 5th committee 1st	Review of compensations currently paid to directors, supervisors, and managers of the Company.	Approved unanimously by all attending directors	
	Review of the Company's "Employee Profit Sharing/Share Subscription Policy" and "Bonus Policy."	Approved unanimously by all attending directors	

5. Information of members of the Nomination Committee and its operational status: Not applicable (there is no such committee yet).

(V) Promotion of sustainable development and its implementation status and deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons:

Action item	Implementation status (Note 1)			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Brief Description	
I. Does the Company have the governance framework in place to help promote sustainable developments and have a unit that specializes (or is involved) in promoting sustainable developments and have the Board of Directors to empower high-ranking management to take care of it and report the progress to the Board of Directors?	V		The Company set up the Sustainable Development Office to be the part-time unit responsible for sustainable developments. It reports once a quarter now to the Board of Directors the implementation status of greenhouse gas inventory checks.	None.
II. Has the Company conducted risk assessment on environmental, social, and corporate governance issues that are relevant to its operations, and implemented risk management policies or strategies based on principles of materiality?	V		The Company decides material sustainability issues through six major steps according to the developmental materiality analysis approach of the GRI Guidelines: (1) Identify the stakeholders (2) Collect sustainability issues (3) Investigate the extent of concern (4) Measure operational impacts (5) Confirm major issues (6) Decide major topics. Risk policies on effective identification, measurement and evaluation, supervision, and control are defined according to the identified major issues to hopefully minimize the impacts of related risks and respond to the management policy in the Sustainability Report.	None.
III. Environmental Issues (I) Has the company developed an appropriate environmental management system reflective of its distinctive characteristics?	V		The Company supports the 6S movement, enforces recycling practices, and conducts environmental audits regularly. It openly rewards accomplishments and reviews defects.	None.
(II) Has the Company endeavored to improve the energy utilization efficiency and use renewable materials with minimal impacts on the environment?	V		The Company proactively enforces various energy reduction measures, such as selecting high energy-efficiency and energy-saving equipment, reducing consumption of energy by the corporation and the product, and maximizing the use of renewable energy to optimize the energy use efficiency. (For detailed information, refer to Note 1)	None.

Action item	Implementation status (Note 1)			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons																		
	Yes	No	Brief Description																			
(III) Does the Company evaluate potential risks and opportunities now and in the future brought about by climate change for the corporation and adopt related responsive measures?		V	The Company has not evaluated the potential risks brought about by climate change in detail so far. It is expected that GHG inventory check will be enforced in 2023 and possible room for reductions is to be found at the source of emission in order to enforce energy and GHG management policies. (It is expected to be set up in 2022 and related information will be built on the company's website, please refer to the company's website)	The corporate governance system is being redesigned to incorporate such actions.																		
(IV) Does the Company tally the total greenhouse gas emissions, water consumption, and waste generated over the past two years and have greenhouse gas reduction, water reduction, or other waste management policies in place?	V		The efficiency of the energy equipment is enhanced through periodic maintenance and care, with high energy-consuming equipment eliminated. Meanwhile, new green energy power-generating equipment and energy-saving equipment is installed to address corporate operational demand and consolidate energy management. The Company is committed to reducing energy consumption by using energy-saving equipment such as: centralized inverter air conditioning system, plant watering system with reclaimed water, elevator service allocation system, sensor-based lighting equipment, and energy-saving pull switch for lights. Furthermore, energy conservation and carbon reduction awareness is constantly promoted within the organization. The Company adopts paperless processes internally and supports the government's e-invoice policy as ways to enforce its convictions toward environmental protection and sustainability. Quantification of GHG emissions throughout the Company; a major source of emissions (Scope 2) is indirect greenhouse gases, that is, the carbon emissions generated by externally purchased power to meet operational demand. Greenhouse gas emission in the last two years: <table><tr><th>No.</th><th>2021</th><th>2022</th></tr><tr><td>Category I</td><td>237,791</td><td>256,490</td></tr><tr><td>Category II</td><td>3,200,471</td><td>4,345,529</td></tr><tr><td>Annual greenhouse gas emissions/CO2e</td><td>3,067,748</td><td>4,602,019</td></tr><tr><td>Total number of people at Mirle</td><td>1,156</td><td>1,246</td></tr><tr><td>Carbon emissions CO2e/person</td><td>2,974</td><td>3,693</td></tr></table>	No.	2021	2022	Category I	237,791	256,490	Category II	3,200,471	4,345,529	Annual greenhouse gas emissions/CO2e	3,067,748	4,602,019	Total number of people at Mirle	1,156	1,246	Carbon emissions CO2e/person	2,974	3,693	None.
No.	2021	2022																				
Category I	237,791	256,490																				
Category II	3,200,471	4,345,529																				
Annual greenhouse gas emissions/CO2e	3,067,748	4,602,019																				
Total number of people at Mirle	1,156	1,246																				
Carbon emissions CO2e/person	2,974	3,693																				

Action item	Implementation status (Note 1)			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons																								
	Yes	No	Brief Description																									
			Note: (1) 2021 statistics up to 11/30 (2) The data cover all premises of the main office. (3) The Tongluo Plant of Mirle was officially activated at the end of 2021. As such, GHG emissions significantly climb compared to before. Wate consumption in the last two years: <table><tr><td>廠區</td><td>2021</td><td>2022</td></tr><tr><td>Headquarter</td><td>25,298</td><td>31,793</td></tr><tr><td>Tongluo Science Park Factory</td><td>-</td><td>15,665</td></tr><tr><td>Central Taiwan Science Park Factory</td><td>15,559</td><td>13,535</td></tr><tr><td>Tainan Science Park Factory</td><td>3,523</td><td>4,044</td></tr><tr><td>Water/cubic meter</td><td>44,380</td><td>65,037</td></tr></table> Note: (1) 2021 statistics up to 11/30 (2) The Tongluo Plant of Mirle was officially activated at the end of 2021. Waste generation in the last two years: <table><tr><td>No.</td><td>2021</td><td>2022</td></tr><tr><td>General waste/ton</td><td>17.98</td><td>68.04</td></tr></table> Note: (1) 2021 statistics up to 11/30 (2) The data cover all premises of the main office. (3) The Group supplies downstream contractors. The assembly and production of machinery throughout the plant do not involve the use of any hazardous substance and raw material and no hazardous waste is generated.	廠區	2021	2022	Headquarter	25,298	31,793	Tongluo Science Park Factory	-	15,665	Central Taiwan Science Park Factory	15,559	13,535	Tainan Science Park Factory	3,523	4,044	Water/cubic meter	44,380	65,037	No.	2021	2022	General waste/ton	17.98	68.04	
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General waste/ton	17.98	68.04																										
IV. Social Issues (I) Has the Company developed related management policies and procedures in accordance with applicable laws and regulations and the International Bill of Human Rights?	V		To fulfill its corporate social responsibilities and to protect the basic human rights of its staff and respective stakeholders, the Responsible Business Alliance (RBA) code of conduct is followed. We also support and abide by internationally acceptable human rights regulations and principles, such as the Universal Declaration of Human Rights, the United Nations Global Compact, and the International Labour Organization Declaration of Fundamental Principles and Rights at Work as well as labor laws and regulations in respective areas in order to eradicate acts in violation of human rights. The Company’s human right management policies and substantial solutions are summarized as follows:	None.																								

Action item	Implementation status (Note 1)			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons								
	Yes	No	Brief Description									
			<table><tr><td>Human right management policy</td><td>Substantial solution</td></tr><tr><td>Provide reasonable complaint-filing channel</td><td>Define the “Personnel Review Committee Charter” and the “Employee Opinion Expression Guidelines” and set up the actual poll box for employees.</td></tr><tr><td>Ban unethical acts and sexual harassments</td><td>Define the “Code of Ethical Conduct” and the “Sexual Harassment Prevention and Control Measures, Complaint-filing, and Management Guidelines”</td></tr><tr><td>Environment and Protection of Right to Work</td><td>Set up the nursery room, provide the option to hold position without pay for childcare leave and the option for staff to switch to another workplace as needed for care purpose.</td></tr></table> The Company provides employees with a series of quality and complete educational trainings reflective of their functional demand, including: ● Newcomer/periodical training Compliance with applicable requirements, including moral conduct regulations, sexual harassment prevention and control, anti-discrimination, attendance management, personal data safety protection and management, protection of humane treatment and a healthy and safe workplace. ● Communication of integrity and ethics Education and communication take place for daily behavior and ethical criteria in order to provide a healthy and positive workplace culture. ● Series of occupational safety training The annual education covers safety and health training, fire prevention safety training, emergency response, and first-aid training, etc.	Human right management policy	Substantial solution	Provide reasonable complaint-filing channel	Define the “Personnel Review Committee Charter” and the “Employee Opinion Expression Guidelines” and set up the actual poll box for employees.	Ban unethical acts and sexual harassments	Define the “Code of Ethical Conduct” and the “Sexual Harassment Prevention and Control Measures, Complaint-filing, and Management Guidelines”	Environment and Protection of Right to Work	Set up the nursery room, provide the option to hold position without pay for childcare leave and the option for staff to switch to another workplace as needed for care purpose.	
Human right management policy	Substantial solution											
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Ban unethical acts and sexual harassments	Define the “Code of Ethical Conduct” and the “Sexual Harassment Prevention and Control Measures, Complaint-filing, and Management Guidelines”											
Environment and Protection of Right to Work	Set up the nursery room, provide the option to hold position without pay for childcare leave and the option for staff to switch to another workplace as needed for care purpose.											
(II) Does the Company define and enforce reasonable employee welfare measures (including compensation, leave, and other benefits, among others) and the operational performance or accomplishments are adequately reflected in the employees’ compensation?	V		● Employee welfare measures The Company has the Employee Welfare Committee in place to plan and provide its people with quality benefits, such as travel subsidies, subsidies for entertaining and cultural programs, birthday gift certificates, marriage allowance, birth allowance, funeral allowance as well as health examinations. In terms of the leave system, on the basis of fixed two days off per week, the number of days available for corresponding leave is defined as required by law. For colleagues caught in sudden situations, such as childcare, major injuries and diseases, and major	None.								

Action item	Implementation status (Note 1)			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Brief Description	
			accidents that require a leave involving a relatively long period, they may apply for retention of their position without pay so that they can take care of personal demand and the need to care for their families. The Company has the “Employee Shareholding Trust Plan” in place. For the welfare of employees of the Company and its subsidiaries, it helps them with long-term deposits, builds wealth and ensures a steady life in the future. It also boosts a sense of attachment among the employees to the Company. The fact that employees can hold the Company’s shares means that they are sharing the operational accomplishments of the Company. • Operational performance reflected in employee compensation and remuneration Clause 43 of the Articles of Incorporation: In cases of profits made by the Company for the year, at least 1% shall be set aside to be the remuneration to employees and no higher than 2% to be the remuneration to directors/supervisors. If the Company has cumulative deficits, the profits shall be reserved to offset the deficits first. The remuneration to employees may be distributed in stock or in cash as determined by the Board of Directors and the employees can be those of an affiliate meeting certain criteria.	
(III) Does the Company provide employees with a safe and healthy work environment as well as periodic safety and health education?	V		The Company ensures that its workplace complies with public safety requirements, and that employees are able to work in an environment free of health and safety concerns. The Company also arranges employee health checkup and physician consultation on a yearly basis, and organizes training on public safety for all new recruits. (Please refer to Note 2 for details)	None.
(IV) Has the Company established an effective training program that helps employees develop skills over the course of their career?	V		The Company provides employees with a series of quality educational training reflective of their functional demand, including the newcomer training, professional technical training, managerial skill training, legal affairs (patent and intellectual property right) training, labor safety and environmental protection training, communication and interpersonal skills, language course subsidies, and project management-series courses. Employees can choose to take part reflective of their own needs.	None.

Action item	Implementation status (Note 1)			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Brief Description	
(V) Does the Company comply with laws and international standards concerning customer health and safety, customer privacy, marketing, and labeling of products and services and define related policies and complaint-filing procedures to protect the rights of consumers or customers?	V		The Company complies with regulatory requirements for all its offerings. “Customer satisfaction survey” is conducted on a yearly basis; the Company has a dedicated department that assists customers with services and complaints, and toll-free service hotlines have been created for the various categories of product offered.	None.
(VI) Does the Company define supplier management policies and require that suppliers follow applicable regulations in issues such as environmental protection, occupational safety and health, or human rights of workers and how are they implemented?	V		• Supplier Management Mirle’s supplier management policy starts with the creation of a supply chain with a friendly environment, with emphasis over social responsibilities, and sustainable development of the human rights of workers. It is specified on each purchase order that the RoHS policy must be followed and highly polluting surface treatment is prohibited both internally and externally. All suppliers are asked to sign the “Supplier Social Responsibility Commitment” to be as friendly to the environment as the Company and to value their social responsibilities. • Substantial supplier management practices Mirle has more than 2,000 suppliers. To be on a par with environmental protection laws and regulations in countries around the world, the Company formed the Green Environmental Protection Promotion Group in 2005 and defined the regulations over RoHS for its products and expected cooperation from suppliers as part of the joint effort to fulfill their responsibilities in complying with regulatory requirements, protecting the Earth and the environment, and minimizing impacts on the ecosystem. Starting in December 2005, suppliers shall provide “Lead-free Certificate” or the “RoHS Commitment Warranty” for their products to be randomly inspected by Mirle upon receipt to ensure that their products meet environmental protection laws and regulations in countries around the world. <u>Supplier Evaluation</u> The Company’s suppliers need to be evaluated in compliance with the defined “Supplier Evaluation Procedure” on six major domains, namely operational management, environmental safety, social responsibility, quality system, technical standard, and manufacturing capability. Once written review and site accreditation are completed in compliance with the procedure, qualified suppliers are selected and educated on compliance with applicable laws and regulations. <u>Supplier Audit</u>	None.

Action item	Implementation status (Note 1)			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Brief Description	
			The Company has the Audit Group and Counseling Team in place. Besides audits as needed, each month, specific suppliers are invited to attend the quality meeting and engage in bilateral communication (such meetings were attended by suppliers about 115 times throughout 2022). Deficiencies are discussed and corrected. Suppliers are evaluated as a whole each year. For those falling short of meeting the criteria set by the Company internally, the Company may suspend purchases from them or cancel their approved status. Purchases may only be resumed after they have made exact corrections so as to ensure optimized processes and to help suppliers grow together with Mirle. <u>Supplier Training</u> The Company holds related training as needed where collaborative suppliers are invited to take part. Such training covers workplace health and safety, related professional processes and procedures, and testing and use of green and environmentally friendly materials, among others. During process supervision, efforts need to be made to ensure the safety of employees in the workplace and the stress of related regulatory requirements. <u>Supplier Recognition</u> To ensure quality and sustainable operation, the Company evaluates the quality of goods delivered, the lead time, service, and sustainable performance of suppliers according to internal regulations each year. Outstanding ones are recognized and given preferred payment terms and are prioritized for purchases as rewards for them.	
V. Does the Company prepare the Sustainability Report or other reports disclosing non-financial information of the Company by referring to international general principles or guidelines in the preparation of reports? Are there opinions from a third-party qualification unit to validate or guarantee the said reports?	V		The Company released the first Sustainability Report in 2022. The Report was composed in compliance with the GRI Guidelines. Future reports will also follow international standards. The said Report is yet to be authenticated by related qualifying institutions. For improved credibility, the Company has set qualification of the Report as a goal in the future. For the Sustainability Report, refer to https://www.mirle.com.tw/esg/document/	None.
VI. If the Company has established its own sustainable development principles according to the Sustainable Development Best-Practice Principles for TWSE/TPEX-Listed Companies, please describe the differences between its implementation and the established principles: The Company's Sustainable Development Best-Practice Principles are being designed and planned.				

Action item	Implementation status (Note 1)			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Brief Description	
VII. Other Important Information to Help Understand Implementation Status in the Promotion of Sustainable Developments: Supporting a green life: 1. “Paperless process, paper reduction” and “waste sorting/recycling/reduction.” 2. Digitalized administrative processes and digital signatures are being implemented to reduce waste of paper. 3. Use of e-invoice is being promoted to reduce mailing cost and paper waste.				

Note 1: Energy conservation and carbon reduction action plans of Mirle Group

Item	Action plan
Energy conservation	• Solar power generation systems are set up in the Tainan Science Park Plant and the Tongluo Plant in response to the government’s renewable energy policy. • Interior remodeling started in 2020; LED lamp holders have been renewed and lights have been replaced by electricity-saving ones on each floor. Up to 72% are completed now and the effort is ongoing. • Pressurized motors are renewed for all eight floors of the Stage 3 project to maximize the efficacy/energy conservation associated with the ice-making machine, cooling water, and ice water pumps. • Select appliances such as the ice-making machines, air-conditioners, refrigerators, and water dispensers carrying the national energy conservation symbol to minimize the electricity load. • Set indoor AC temperature at 27 to 28 degrees. • Help colleagues form the habit of turning off lights and computers and unplugging them after use and encourage them to take the stairs instead of the elevator. • Install sun shading curtains to bring down indoor temperature and save AC consumption.
Water conservation	• Change to sensor faucets to reduce the use of water • Replace the dosing treatment system for the cooling tower to significantly improve quality of water in the tower, extend the water refilling frequency, and reduce the amount of water to be refilled • Add constant pressure valves to inlet pipes of tap water • Periodically eliminate obsolete water pipes and inspect the factory end to reduce the water leakage rate.
Waste reduction	• Paperless policy and discontinue useless paper-based documents • Enforce the 3R policy: Recycle, Reuse, and Reduce. • Promote reduced use of plastic bags and encourage reusable cups on the premises • Follow applicable requirements of the “EPA Waste Disposal Act” for the temporary storage, clearance, and treatment of various types of waste. • Reuse documents destroyed in water.

Note 2: The Company provides employees with a safe and healthy work environment, trains them regularly on safety and health issues

An Occupational Safety and Health Committee (OSHC) has been assembled according to Article 23 of Occupational Safety and Health Act and Article 10 of Regulations Governing Occupational Safety and Health. In accordance with Article 11 of Regulations Governing Occupational Safety and Health, the OSHC has at least seven members including one chief committee to oversee related matters. Composition of OSHC is as follows:

Occupational Safety and Health Committee	
Chief Committee	Assumed by general manager of the Group.
Committee member	Consists of occupational safety and health personnel, department heads, medical personnel, and worker representatives (to account for at least one-third of total committee members, as required by laws).
Secretary	The Chief Committee appoints one secretary to assist with committee affairs.

(I) Worker environment monitoring

The OSHC makes plans, takes samples, conducts monitoring and tests, and performs analyses to gain an understanding of the state and environment that workers are exposed to. Work environment test is conducted twice a year to gather information on workers' environmental exposure, and thereby protect them from hazardous substances, giving them a healthy and comfortable environment to work in.

(II) Work safety audits

Mirle has devised a work plan for its work safety audit team, and assigned general manager to serve as convener for the audit team. A work safety inspection team has been assembled within the Environment and Safety Department to record recommendations and improvement progress mentioned in each audit report. Audit recommendations are mailed to managers and departments on a weekly basis for improvement and defect review.

Work safety audit tasks	
1. Work safety inspection team, Environment and Safety Department	At least once inspection a day
2. Joint inspection team, Administration Center	At least once a week
3. MBWA by on-site manager	At least twice a month by the manager
4. Off-premise work site safety inspection	As required by work site owner

(III) Fire safety

Mirle has devised a "Fire Safety Plan" in accordance with Article 13 of the Fire Services Act to serve as guidance for "fire hazard prevention, rescue, and emergency aid." The plan has been acknowledged by the local fire safety authority, and fire safety management practices are being executed according to plan. The Environment and Safety Department organizes emergency response drills for each department on a yearly basis to improve employees' responses and rescue skills in the event of disaster, and therefore reduce chances of accident and ensure property safety. All fire safety equipment is subjected to maintenance, inspection, and repair once installed. The Company conducts annual inspection and maintenance on its fire safety equipment each year according to the Fire Services Act; the outcomes of which are acknowledged by the local fire safety authority.

(IV) Emergency response

Mirle organizes at least one emergency response drill covering fire safety and rescue every

six months. Its annual emergency response drill plan has been devised to incorporate fire safety and rescue courses.

(V) Work safety training and promotion

(I) Statistics on work safety training

Year	Participant count (enrollments)	Time (man-hours)
2022	280	1,604

(II) Professional work safety management personnel

Professionally certified work safety management personnel			
Category	Count	Category	Count
Occupational safety management specialist	3	Operator of forklift weighing 1 ton and above	15
Occupational health management specialist	2	Crane operator	22
Occupational safety and health officer	11	Operator of stationary crane weighing less than 3 tons	15
Class-A occupational safety and health manager	12	Operator of stationary crane weighing 3 tons and above	19
Class-C occupational safety and health manager	52	First-aid personnel	28
Worker health service nurse	1	Organic solvent operations manager	4

(III) Work safety performance

Disabling injuries suffered by employees including contractors - 2021					
Year	Death incidents	Disabling incidents	Frequency of injuries Note 1	Severity of injuries Note 2	Frequency-severity indicator Note 3
2022	0	1	0.61	3	0.04
*Note 1: Frequency of injuries represents number of injuries per million work hours. *Note 2: Severity of injuries represents loss days from injury per million work hours. *Note 3: Frequency-severity indicator is calculated by multiplying frequency of injuries with severity of injuries, dividing the product by 1000, and taking the square root.					

(VI) Prevention of occupational illness

(I) Work environment monitoring

The Company measures its work environment for hazardous substances such as: organic solvents, lead, carbon dioxide etc. once every six months to evaluate and eventually reduce employees' exposure to hazardous substances. Based on the outcomes of environmental tests, the Company arranges health checkups for employees who are involved in workplaces of special hazard. Those who are subjected to tier-2 management are offered health guidance; those who are subjected to tier-3 management are tracked and followed up by medical specialists, and reclassified after assessing the work environment; those who are subjected to tier-4 management are inspected for proper use of protective gears 4 times a month to prevent occupational illness.

(II) Health promotion activities

Occupational safety and health nurses publish disease prevention posters regularly to keep employees up to date on health knowledge and prevention against seasonal communicable diseases. This information is distributed through e-mail and the KM website in the form of newsletter, and is made easily accessible to employees.

(VI) Enforcement of business integrity, deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies

Assessment	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Establishment of integrity policies and solutions				
(I) Has the Company established a set of board-approved business integrity policy, and stated in its Memorandum or external correspondence about the policies and practices it implements to maintain business integrity? Are the board of directors and the senior management committed to fulfilling this commitment?	V		(I) A set of "Business Integrity Code of Conduct" was passed during the 15th meeting of the 10th board of directors held on November 9, 2018. All members of the board and managers have signed commitments not to violate integrity principles. To enforce the conviction and policy mentioned in the preceding Article, the Company has introduced integrity practices and practical preventions against dishonest conducts into internal policies such as "Work Rules," "Ethical Behavior Guidelines," and "Material Insider Information Handling Procedures."	No.
(II) Has the Company developed systematic practices for assessing integrity risks? Does the Company perform regular analyses and assessments on business activities that are prone to higher risk of dishonesty, and implement preventions against dishonest conducts that include at least the measures mentioned in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?	V		(II) The Company has established "Business Integrity Procedures and Behavioral Guidelines" and "Ethical Behavior Guidelines" that outline the issues employees has to take note of when performing duties. Fraud prevention measures and awareness promotion programs are being enforced throughout the organization to support business integrity and build up the Company's reputation of professionalism.	No.

Assessment	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(III) Has the Company defined and enforced operating procedures, behavioral guidelines, penalties, and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis?	V		(III) The Company has established "Business Integrity Code of Conduct" and "Business Integrity Procedures and Behavioral Guidelines" and implemented disciplinary actions along with whistleblower systems to address violations. Enforcement of the above policies is reported to the board of directors and reviewed on a regular basis.	No.
II. Enforcement of business integrity				
(I) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	V		(I) The Legal Affairs Office has designed a "Counterparty Integrity Commitment Letter" and introduced an "integrity clause" to all commercial contracts that requires both parties to abide by the principles of integrity and act with honesty and self-discipline, and to restrain employees from offering bribe, commission, proportional reward, kickback, or other improper gains.	No.
(II) Does the Company have a unit that enforces business integrity directly under the board of directors? Does this unit report its progress (regarding implementation of business integrity policy and prevention against dishonest conducts) to the board of directors on a regular basis?	V		(II) Independent directors, the Human Resources Division, and the Legal Affairs Office have jointly assembled a task force that is responsible for helping the board of directors and the management supervise and execute business integrity policy as well as prevention measures. The task force ensures that Business Integrity Code of	No.

Assessment	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?	V		Conduct is duly enforced, and made its last progress report to the board of directors on May 12, 2022. A total of 281 new recruits were trained in 2022. (III) The Company has stated preventions against conflicting interest and implemented reporting channels as part of its "Business Integrity Code of Conduct" and "Ethical Behavior Guidelines," and duly enforces them in procurement contracts.	No.
(IV) Has the Company implemented effective accounting policy and internal control system to maintain business integrity? Has an internal or external audit unit been assigned to devise audit plans based on the outcome of integrity risk assessment, and to audit employees' compliance with various preventions against dishonest conduct?	V		(IV) The Company engages major local accounting firms to perform audit service. Accounting and internal control systems have been established and executed according to relevant regulations and rules, and audit personnel have been assigned to conduct audit and report to the board of directors on a regular basis.	No.
(V) Does the Company organize internal or external training on a regular basis to maintain business integrity?	V		(V) The Company has disclosed "Business Integrity Code of Conduct" and "Ethical Behavior Guidelines" on its website, and conveys policy implications to new recruits during orientation. The Company trained a total of 281 new recruits in 2022 on various topics from work ethics, behavior guidelines, integrity, fair trading to duties	No.

Assessment	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			of confidentiality.	
III. Whistleblowing system				
(I) Does the Company provide incentives and means for employees to report misconducts? Does the Company assign dedicated personnel to investigate the reported misconducts?	V		(I) The Company has outlined proper whistleblowing practices as part of its "Business Integrity Procedures and Behavioral Guidelines" and disclosed misconduct reporting channels on the website. The Legal Affairs Office is the unit responsible for accepting complaints and misconduct reports.	No.
(II) Has the Company implemented any standard procedures for handling reported misconducts, and subsequent actions and confidentiality measures to be undertaken upon completion of an investigation?	V		(II) The Company has established relevant procedures as part of its "Business Integrity Code of Conduct" and "Business Integrity Procedures and Behavioral Guidelines."	No.
(III) Has the Company provided proper whistleblower protection?	V		(III) The Company's "Business Integrity Procedures and Behavioral Guidelines" have measures in place to ensure that whistleblowers are not mistreated in any way.	No.
IV. Enhanced information disclosure				
(I) Has the Company disclosed its integrity principles and progress onto its website and MOPS?	V		(I) The Company has disclosed the terms of its Business Integrity Code of Conduct along with execution progress onto the corporate website.	No.
V. If the Company has established business integrity policies in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: No.				
VI. Other information useful to the understanding of integrity in business dealings: No.				

- (VII) Methods of inquiry for the Company's corporate governance principles and policies, if any:
Inquiries can be made on Market Observation Post System (<http://mops.twse.com.tw>) or the Company's website (<https://www.mirle.com.tw>).
- (VIII) Other information material to the understanding of corporate governance: Please refer to pages 28-33 Item (III) of the annual report, or make inquiries on Market Observation Post System or the Company's website.

(IX) Internal control

1. Declaration of Internal Control System:

Mirle Automation Corporation
Declaration of Internal Control System

Date: March 14, 2023

The following declaration regarding the Company's internal control system has been made based on its 2022 self-assessment:

- I. The Company acknowledges and understands that establishment, implementation, and maintenance of the internal control system are the responsibility of the board of directors and managers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance and efficiency (including profitability, performance, asset security etc), reliable, timely, and transparent financial reporting, and regulatory compliance.
- II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, internal control system of the Company features a self-monitoring mechanism that rectifies any deficiencies immediately upon discovery.
- III. The Company evaluates the design and execution of its internal control system based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "The Governing Principles") to determine whether existing policies continue to be effective. Assessment criteria introduced by "The Governing Principles" consisted of five main elements, each representing a different stage of internal control: 1. Control environment; 2. Risk evaluation and response; 3. Procedural control; 4. Information and communication; and 5. Supervision. Each element further encompasses several sub-elements. Please refer to "The Governing Principles" for details.
- IV. The Company has adopted the abovementioned criteria to validate the effectiveness of its internal control system design and execution.
- V. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2022. This system (including supervision and management of subsidiaries) has provided assurance with regards to the Company's business results and target accomplishment, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
- VI. This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or omission in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This declaration was passed unanimously without objection by all 8 directors present at the board meeting dated March 14, 2023.

Mirle Automation Corporation



Chairman & President: Sun Houg

2. If the internal control system was reviewed by an external CPA, the result of such review has to be disclosed: No.

(X) Penalties imposed against the Company for regulatory violation, or penalties against employees for violation of internal control system in the most recent year up until the publication date of annual report; describe areas of weakness and any corrective actions taken: No.

(XI) Major resolutions passed in shareholder meetings and board of directors meetings held in the last year up until the publication date of annual report:

1. Major resolutions:

Date (Session)	Shareholders' meeting / Board of Directors meeting	Important resolution	Opinions from all independent directors and Company's response
3/17/2022 11th committee 18th	Board of Directors meeting	Ratified 2021 Business Report, Parent Company-only Financial Statements, and Consolidated Financial Statements.	Approved by all independent directors
		Approved distribution of 2021 remuneration to employees and that to directors/supervisors.	
		Approved distribution of 2021 earnings.	
		Approved 2021 Internal Control System Declaration.	
		Approved 2022 General Shareholders' Meeting and other related matters.	
		Passed the proposal to hold an election for the 12th board of directors (including independent directors).	
		Approved the proposal to remove the non-compete clause for directors.	
		Approved revisions to partial provisions of the "Articles of Incorporation".	
		Approved the proposal for partial amendments to the "Procedures for Asset Acquisition and Disposal".	
		Approved the proposal for partial amendments to the "Procedures for Loaning of Funds to Others".	
		Approved the proposal for partial amendments to the "Procedures for Endorsements and Guarantees".	
		Approved the proposal for partial amendments to the "Board Directors and Supervisors Election Regulations."	
		Passed the proposal for amendments to the "Power Hierarchy Table".	
		Approved the base date for distribution of cash dividends with 2021 earnings and related authorization.	
3/31/2022 11th committee 19th	Board of Directors meeting	Approved the list of directors (including independent directors) candidates and reviewed qualifications of nominees for independent directors.	Approved by all independent directors
5/12/2022 11th committee 20th	Board of Directors meeting	Presented Consolidated Financial Statements for the first quarter of 2022.	
		Reported on matters related to accepting "shareholder proposals".	
		Passed the proposal for a loan to a subsidiary and the amount.	
06/09/2022 12th committee 1st	Board of Directors meeting	Elected Mr. Sun, Hung as the Chairman of the 12th board.	
06/09/2022	Shareholders' meeting	Ratified the 2021 business report, financial statements, and statement of the earnings distribution.	
		Approved revisions to partial provisions of the "Articles of Incorporation".	
		Approved the proposal for partial amendments to the "Procedures for Asset Acquisition and Disposal".	

Date (Session)	Shareholders' meeting / Board of Directors meeting	Important resolution	Opinions from all independent directors and Company's response
		Approved the proposal for partial amendments to the "Procedures for Loaning of Funds to Others". Approved the proposal for partial amendments to the "Procedures for Endorsements and Guarantees". Approved the proposal for partial amendments to the "Board Directors and Supervisors Election Regulations." Passed the proposal to hold an election for the 12th board of directors (including independent directors). Passed the proposal to remove the non-compete clause for directors.	
06/20/2022 12th committee 2nd	Board of Directors meeting	Passed the appointment of the 5th "Remuneration Committee Members". Passed the proposal to formulate and amend the relevant regulations in relation to the establishment of the Audit Committee. Passed the proposal for a greenhouse gas inventory schedule in alignment with the "Sustainable Development Roadmap for TWSE/TPEX Listed Companies." Passed the proposal to appoint a new acting spokesperson.	
08/11/2022 12th committee 3rd	Board of Directors meeting	Presented Consolidated Financial Statements for the second quarter of 2022. Approved endorsements/guarantees between the Company and its subsidiaries. Approved lending of funds between the Company and its subsidiaries. Approved the revision of some articles of the Company' "Operating Procedure for Handling Major Internal Information".	
09/28/2022 12th committee 4th	Board of Directors meeting	Approved technical authorization. Approved the re-investment.	
11/10/2022 12th committee 5th	Board of Directors meeting	Presented Consolidated Financial Statements for the third quarter of 2022.	
12/27/2022 12th committee 6th	Board of Directors meeting	Approved the limits for loans to take out of financial institutions in 2023. Approved the discussions about the revenue, profits, and capital expenditure of the Company and its subsidiaries in Mainland China for 2023. Approved the 2023 Audit Plan. Approved endorsements and guarantees from the Company to its wholly-owned subsidiaries. Approved the revision of some articles of the Company's "Internal Control System", "Corporate Governance Best Practice Principles", "Rules of Procedure for the Board of Directors' Meetings", and "Operating Procedure for Handling Major Internal Information".	Approved by all independent directors
03/14/2023 12th committee 7th	Board of Directors meeting	Approved distribution of 2022 remuneration to employees and that to directors/supervisors. Approved 2022 Business Report, Parent Company-only Financial Statements, and Consolidated Financial Statements. Approved distribution of 2022 earnings. Approved 2023 General Shareholders' Meeting and other related matters.	

Date (Session)	Shareholders' meeting / Board of Directors meeting	Important resolution	Opinions from all independent directors and Company's response
		Approved 2022 Internal Control System Declaration.	
		Approved the base date for distribution of cash dividends with 2022 earnings and related authorization.	
		Approved the assessment of the independence and suitability of CPAs.	
		Approved lending of funds between the Company and its subsidiaries.	

2. Enforcement of resolutions reached during the shareholders' meeting on 06/09/2022:

Resolutions	Execution
Adoption of the proposal for distribution of 2021 earnings	Shareholder dividends totaling NTD 430,168,697 were allocated according to resolution reached during the shareholders' meeting and July 10, 2022 was set to be the distribution base date; all were distributed on July 29, 2022. (Cash dividends per share to be distributed at NTD 2.2.)
Election of the directors and independent directors of the 12th intake List of directors-elect: Hounq Sun, I-MEI Foods Co., Ltd., Lien Sheng Investment Co., Ltd. Representative: Wei-Chen Li, Chih-Ming Kao, Chun-Te Chang, Chang Hsu List of independent directors-elect: Chia-Ming Hsu, Paul Hsu, Hung-Wen Huang	Registration was approved by the Hsinchu Science Park Administration under the Ministry of Technology on July 23, 2022 and was announced on the Company's website.
Approved the case of lifting the director's non-competition restriction	Lifting the restrictions on director Mr. Sun Hung from the competitive companies, Mirle Automation Technology (Shanghai) Co., Ltd., Mirle Automation (Kunshan) Co., Ltd. and Main Drive Corporation, which have similar business to the Company.
Amended the Articles of Incorporation.	Registration with the competent authority is completed as required and enforcement has taken place according to the post-amended Articles of Incorporation.
Amendment to the "Procedure for the Acquisition or Disposal of Assets"	It was uploaded to the Market Observation Post System and announced on the Company's website on June 9, 2022 and the post-revision procedure has been followed.
Amendment to the "Operating Procedure for Lending to Others"	It was uploaded to the Market Observation Post System and announced on the Company's website on June 9, 2022 and the post-revision procedure has been followed.

Resolutions	Execution
Amendment to the “Operating Procedure for Endorsements and Guarantees”	It was uploaded to the Market Observation Post System and announced on the Company’s website on June 9, 2022 and the post-revision procedure has been followed.
Amendment to the “Directors and Supervisors Election Regulations”	Announce on the Company’s website and follow the post-revised procedure.

(XII) Documented opinions or declarations made by directors or supervisors against board resolutions in the most recent year, up until the publication date of annual report: None.

(XIII) Resignation or dismissal of the Chairman, President, head of accounting, head of finance, chief internal auditor, or head of R&D in the most recent year up until the publication date of annual report: None.

V. Disclosure of CPA remuneration

NTD: NTD thousands

Name of accounting firm	Name of CPA	CPA’s Audit Period	Auditing fee	Non-auditing fee	Total	Remark
Deloitte Taiwan	Mei-Chen Tsai Yu-Feng Huang.	01/01/2022-12/31/2022	\$4,900	\$71	\$4,971	-

Note 1: Mainly represents expenses that the accounting firm had paid on behalf of the Company

(I) Disclosure of audit fees, non-audit fees, and details of non-audit services, if the sum of non-audit fees paid to the CPA, accounting firm, and affiliated companies amount to more than one-quarter of total CPA remuneration: No.

(II) Change of accounting firm that resulted in the reduction of audit fee from the previous year; disclose audit fee before and after the change and the cause of such change: No.

(III) Any reduction in audit fee by more than 10% compared to the previous year; state the amount, the percentage, and reason of such variation: No.

VI. Change of CPA:

(I) Information relating to the former CPA:

Date of Replacement	December 31, 2021		
Reason for Replacement and Description	To follow regulatory requirements and maintain the independence of CPAs and go with the internal reassignment of duties of Deloitte Taiwan.		
Explain if the appointee or CPA is terminated or does not accept the authorization	~~Affected party~~		CPA
	Situation		Authorizer
	Spontaneous termination of authorization	Not applicable	Not applicable
	No more acceptance (continuation) of authorization	Not applicable	Not applicable
Opinions expressed in audit reports other than unqualified opinions within the most recent two years and the reason	Not applicable		
Different opinions from those of the publisher	Yes		Accounting principles or practice
			Disclosure of financial statements
			Scope or steps of inspection
			Others
	No	✓	
	Description: Not Applicable		
Other matters disclosed	Not applicable		
Name of Firm	Deloitte Taiwan		
Name of CPA	CPA Mei-Chen Tsai, CPA Yu-Feng Huang		
Date Delegated	January 1, 2022		
Consultations and findings about opinions possibly signed off on the accounting approach of specific transactions and financial statements prior to authorization.	Not applicable		
Written opinions of succeeding CPAs that differ from those of former CPAs	Not applicable		

(II) Information relating to the succeeding CPA:

Name of the firm	Deloitte Taiwan
Name of CPA	CPA Mei-Chen Tsai, CPA Yu-Feng Huang
Date of appointment	January 1, 2022
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report	Not applicable
Written opinions of succeeding CPAs that differ from those of former CPAs	Not applicable

(III) Former CPA's reply to Item 1 and Item 2-3, Subparagraph 6, Article 10 of the Guidelines:

Not applicable.

VII. Any of the Company's Chairman, President, or any manager were involved in financial or accounting affairs being employed by the accounting firm or any of its affiliated company within the most recent year: None.

VIII. In the last year and as of the publication date of the annual report, the situation of share transfer and changes in share pledges by directors, supervisors, managers and shareholders whose shareholding ratio exceeds 10%:

(I) Changes in the equity of directors, supervisors, managers and major shareholders

Unit: share

Title	Name	2022		Current year as of April 1	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairman concurrently serving as President	Houng Sun	0	0	0	0
Director	Lien Sheng Investment Co., Ltd. Representative: Wei-Chen Lee	0	0	0	0
Director	I-MEI Foods Co., Ltd.	0	0	0	0
Director	Chih-Ming Kao	0	400,000 (900,000)	0	900,000
Director	Chang Hsu	0	0	0	0
Director	Chun-Te Chang	0	0	0	0
Independent Director	Chia-Ming Hsu	0	0	0	0
Independent Director	Paul Hsu	0	0	0	0
Independent Director	Hung-Wen Huang	0	0	0	0
Vice President (Note)	Shih-Tung Lin	0	0	0	0
President of Intelligent Logistics Business Group	Chih-Chiang Chu	0	0	0	0
President of Advanced System Business Group (Note)	Hao-Sheng Li	0	0	0	0
Technology Center Assistant Vice President	Charles Kao	0	0	0	0
Chief Financial Officer of Finance Center	Fang-Yi Lin	0	0	0	0
Vice President of Automation Equipment Business Group	Wen-Jen Li	0	0	0	0
Digital Technology Business Group	Yu-Tsai Tsai	0	0	0	0
Vice President of Advanced System Business Group	Chin-Chang Huang	0	0	0	0

Note : Vice President Shih-Tung Lin concurrently serving as President of Joint Business Group 、President of Information and Intelligence Business Group 、President of Operation Management Center 、President of Smart Manufacturing Center , Hao-Sheng Li President of Advanced System Business Group concurrently serving as President of Industrial Control Business Group 、President of Semiconductor Optoelectronics Group

(II) The share transfer counterparty is a related party:None.

(III) The share transfer or share pledge counterparty is a related party:None.

IX. Relative relationship information of top ten shareholders in terms of shareholding ratio who are related parties, spouses or second-tier relatives:

Name	Personal shareholdings		Shares held by spouse and underage children		Total shareholdings in the names of others		Name of top ten shareholders who are related parties, spouses or second-degree relatives:		Remark
	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	Name	Relationship	
I-MEI Foods Co., Ltd.	11,496,066	5.88%	-	-	-	-	Fumei Co., Ltd. and Imei Co., Ltd.	Same representative	
Representative Chi-Shang Kao	8,726	0.00%	-	-	-	-			
Lien Sheng Investment Co., Ltd.	8,895,541	4.55%	-	-	-	-	Lienchang Investment Co., Ltd.	Same representative	
Representative Shu-Shen Cheng	-	-	-	-	-	-			
Openfind Information Technology, Inc.	5,440,300	2.78%	-	-	-	-	Yuching Investment Co., Ltd.	Same representative	
Representative Chi-Ming Kao	1,337,983	0.68%	78,183	0.04%	-	-			
Fu sheng Co., Ltd.	5,008,146	2.56%	-	-	-	-	-	-	
Representative Liang-Chen Li	-	-	-	-	-	-	-	-	
Houng Sun	3,823,059	1.96%	509,929	0.26%	-	-	-	-	
CTBC Trust Account of Mirle Automation Corporation Employees for Shares Held in the Company	3,447,954	1.76%	-	-	-	-	-	-	
Lienchang Investment Co., Ltd.	2,266,424	1.16%	-	-	-	-	Lien Sheng Investment Co., Ltd.	Same representative	
Representative Shu-Shen Cheng	-	-	-	-	-	-			
Fumei Co., Ltd.	2,033,859	1.04%	-	-	-	-	Imei Foods Co., Ltd. and Imei Co., Ltd.	Same representative	
Representative Chi-Shang Kao	8,726	0.00%	-	-	-	-			
Imei Co., Ltd.	2,010,557	1.03%	-	-	-	-	Imei Food Co., Ltd. and Fumei Co., Ltd.	Same representative	
Representative Chi-Shang Kao	8,726	0.00%	-	-	-	-			
Yuching Investment Co., Ltd.	2,000,040	1.02%	-	-	-	-	Openfind Information Technology, Inc.	Same representative	
Representative Chi-Ming Kao	1,337,983	0.68%	78,183	0.04%	-	-			

X. The number of shares held by the Company, its directors, supervisors, managers and enterprises directly or indirectly controlled by the Company in the same reinvested enterprise and the consolidated shareholding ratio is calculated as follows:

December 31, 2022

Re-investment business (note)	The Company's investment		Investment by directors, supervisors, managers and directly or indirectly controlled businesses		Comprehensive investment	
	Quantity (thousand shares)	Shareholdings ratio	Quantity (thousand shares)	Shareholdings ratio	Quantity (thousand shares)	Shareholdings ratio
MIRTEK(BVI) CORP. LTD.	29,641	100%	-	-	29,641	100%
MIRLE HOLDING CO., LTD.	-	-	17,000	100%	17,000	100%
MIRLE AUTOMATION INTER CO., LTD.	10,300	100%	-	-	10,300	100%
VAN QUOC INFORMATION TECHNOLOGY CONSULTING SERVICES CO., LTD.	-	-	-	100%	-	100%
Mirle Automation (Shanghai) Co., Ltd.	-	-	-	100%	-	100%
Mirle Automation (Kunshan) Co., Ltd.	-	-	-	100%	-	100%
Fuyi Technology Co., Ltd.	2,523	21%	-	-	2,523	21%
David Investment Co., Ltd.	-	100%	-	-	-	100%
IOT Services Information System Corporation	-	-	7,610	100%	7,610	100%
Main Drive Corporation	11,713	23.43%	580	1.16%	12,293	24.59%
Factory Automation International Co., Ltd.	1,275	51%	-	-	1,275	51%

Note: This is the Company's investment by equity method.

Chapter Four. Capital Overview

I. Capital and shares

(I) Source of share capital

1. Share capital formation process

Month and year	Issuing price	Approved share capital		Paid-in capital		Remark		
		No. of shares (thousand shares)	Amount (thousand yuan)	No. of shares (thousand shares)	Amount (thousand yuan)	Source of share capital	Share capital paid with assets other than cash	Others
78.02	10	55,000	550,000	23,375	233,750	Establishment	-	note (1)
78.04	10	55,000	550,000	4,125	41,250	Technical price manipulation	Technical price manipulation for NT\$41,250 thousand	note (2)
79.04	10	55,000	550,000	13,750	137,500	Capital increase in cash	Technical price manipulation for NT\$20,625 thousand	note (3)
81.06	10	55,000	550,000	13,750	137,500	Capital increase in cash	Technical price manipulation for NT\$20,625 thousand	note (4)
88.09	10	65,000	650,000	2,750	27,500	Capital increase from earnings	-	note (5)
89.09	10	65,000	650,000	4,323	43,226	Capital increase from earnings	-	note (6)
90.10	10	84,800	848,000	7,881	78,814	Capital increase from earnings	-	note (7)
September 2002	10	134,800	1,348,000	8,681	86,810	Capital increase from earnings	-	note (8)
92.09	10	149,900	1,499,000	9,941	99,414	Capital increase from earnings	-	note (9)

93.07	10	200,000	2,000,000	10,650	106,498	Capital increase from earnings	-	note (10)
93.10	10	200,000	2,000,000	250	2,500	Conversion of corporate bonds into shares	-	note (11)
94.04	10	200,000	2,000,000	10,948	109,484	Conversion of corporate bonds into shares	-	note (12)
94.07	10	200,000	2,000,000	2,794	27,938	Conversion of corporate bonds into shares	-	note (13)
94.08	10	226,000	2,260,000	7,217	72,169	Capital increase from earnings	-	note (14)
94.10	10	226,000	2,260,000	5,050	50,495	Conversion of corporate bonds into shares	-	note (15)
95.01	10	226,000	2,260,000	3,022	30,220	Conversion of corporate bonds into shares	-	note (16)
95.04	10	226,000	2,260,000	3,269	32,692	Conversion of corporate bonds into shares	-	note (17)
95.07	10	226,000	2,260,000	1,093	10,934	Conversion of corporate bonds into shares	-	note (18)
95.08	10	226,000	2,260,000	12,687	126,867	Capital increase from earnings	-	note (19)
95.10	10	226,000	2,260,000	116	1,159	Conversion of corporate bonds into shares	-	note (20)
96.07	10	226,000	2,260,000	10,271	102,711	Capital increase from earnings	-	note (21)
97.08	10	226,000	2,260,000	12,963	129,629	Capital increase from earnings	-	note (22)
100.09	10	226,000	2,260,000	8,345	83,453	Capital increase from earnings	-	Note (23)
101.08	10	226,000	2,260,000	5,317	53,175	Capital increase from earnings	-	note (24)
104.08	10	226,000	2,260,000	9,128	91,284	Capital increase	-	note

						from earnings		(25)
106.08	10	226,000	2,260,000	3,834	38,339	Capital increase from earnings	-	note (26)
Total			226,000	2,260,000	195,531	1,955,312		

Note (1): On February 2, 1989, the Science Park Administration Bureau approved the establishment with the reference number Ke-Chu-Sher 103.

Note (2): On July 21, 1989, the Science Park Administration Bureau approved the change of capital with the reference number Ke-Chu-Sher 325.

Note (3): On September 7, 1990, the Science Park Administration Bureau approved the change of capital with the reference number Ke-Chu-Hsin No. 476.

Note (4): On July 15, 1992, the Science Park Administration Bureau approved the change of capital with the reference number Ke-Chu-Hsin No. 693.

Note (5): On September 1, 1999, the Science Park Administration Bureau approved the change of capital with the reference number Ke-Chu-Hsin No. 2018.

Note (6): On September 1, 2000, the Science Park Administration approved the change of capital with the reference number Ke-Chu-Hsin No. 2360.

Note (7): On October 4, 2001, the Science Park Administration approved the change of capital with the reference number Ke-Chu-Hsin No. 2713.

Note (8): On September 3, 2002, the Science Park Administration approved the change of capital with the reference number Yuan-Shang No. 20849.

Note (9): On September 3, 2003, the Science Park Administration approved the change of capital with the reference number Yuan-Shang No. 23263.

Note (10): On July 28, 2004, the Science Park Administration approved the change of capital with the reference number Yuan-Shang No. 19939.

Note (11): On October 26, 2004, the Science Park Administration Bureau approved the change of capital with the reference number Yuan-Shang No. 29485.

Note (12): On April 20, 2005, the Science Park Administration approved the change of capital with the reference number Yuan-Shang No. 9988.

Note (13): On July 27, 2005, the Science Park Administration approved the change of capital with the reference number Yuan-Shang No. 19320.

Note (14): On August 16, 2005, the Science Park Administration approved the change of capital with the reference number Yuan-Shang No. 21495.

Note (15): On October 21, 2005, the Science Park Administration approved the change of capital with the reference number Yuan-Shang No. 28358.

Note (16): On January 25, 2006, the Science Park Administration Bureau approved the change of capital with the reference number Yuan-Shang No. 1391.

Note (17): On April 26, 2006, the Science Park Administration Bureau approved the change of capital with the reference number Yuan-Shang No. 9472.

Note (18): On July 27, 2006, the Science Park Administration approved the change of capital with the reference number Yuan-Shang No. 18371.

Note (19): On August 22, 2006, the Science Park Administration approved the change of capital with the reference number Yuan-Shang No. 21577.

Note (20): On October 20, 2006, the Science Park Administration approved the change of capital with the reference number Yuan-Shang No. 27408.

Note (21): On July 16, 2007, the Science Park Administration Bureau approved the change of capital with the reference number Yuan-Shang No. 17567.

Note (22): On August 6, 2008, the Science Park Administration Bureau approved the change of capital with the reference number Yuan-Shang No. 21117.

Note (23): On September 1, 2011, the Science Park Administration approved the change of capital with the reference number Yuan-Shang No. 26461.

Note (24): On August 20, 2012, the Science Park Administration approved the change of capital with the reference number Yuan-Shang No. 25744.

Note (25): On August 11, 2015, the Science Park Administration approved the change of capital with the reference number Yuan-Shang No. 23224.

Note (26): On August 10, 2017, the Science Park Administration Bureau approved the change of capital with the reference number Yuan-Shang No. 21704.

2. Share type

Share type	Approved share capital			Remark
	Outstanding shares (listed)	Unissued shares	Total	
Common stock	195,531 thousand shares	54,469 thousand shares	250,000 thousand shares	-

(II) Shareholder Structure:

April 1, 2023/unit: shares

Shareholder structure Quantity	Government agencies	Financial institutions	Other legal persons	Foreign institutions and foreigners	Individuals	Total
Count	0	6	238	108	47,408	47,760
Number of shares held	0	5,246,115	45,700,021	7,683,792	136,901,298	195,531,226
Shareholdings ratio	0.00%	2.68%	23.37%	3.93%	70.02%	100.00%

(III) Diversification of shareholdings:

April 1, 2023

Shareholdings class	Number of shareholders	Number of shares held	Shareholdings ratio
1 to 999	26,570	968,876	0.50%
1,000 to 5,000	16,482	33,660,940	17.22%
5,001 to 10,000	2,493	19,269,120	9.85%
10,001 to 15,000	730	9,252,558	4.73%
15,001 to 20,000	419	7,689,503	3.93%
20,001 to 30,000	400	10,149,671	5.19%
30,001 to 40,000	181	6,394,790	3.27%
40,001 to 50,000	115	5,332,866	2.73%
50,001 to 100,000	203	14,311,733	7.32%
100,001 to 200,000	92	12,399,979	6.34%
200,001 to 400,000	34	9,656,051	4.94%
400,001 to 600,000	20	9,442,806	4.83%
600,001 to 800,000	6	4,238,321	2.17%
800,001 to 1,000,000	1	836,635	0.43%
1,000,001 or more	14	51,927,377	26.55%
Total	47,760	195,531,226	100.00%

*The company has not issued preferred shares.

(IV) List of major shareholders: (list of shareholders with shareholdings ratio of more than 5% or among the top ten shareholders)

April 1, 2023

Shares	Number of shares held	Shareholdings ratio
Name of major shareholder		
I-MEI Foods Co., Ltd.	11,496,066	5.88%
Lien Sheng Investment Co., Ltd.	8,895,541	4.55%
Openfind Information Technology, Inc.	5,440,300	2.78%
Fu sheng Co., Ltd.	5,008,146	2.56%
Hong Sun	3,823,059	1.96%
CTBC Trust Account of Mirle Automation Corporation Employees for Shares Held in the Company	3,447,954	1.76%
Lienchang Investment Co., Ltd.	2,266,424	1.16%
Fumei Company	2,033,859	1.04%
Imei Co., Ltd.	2,010,557	1.03%
Yuching Investment Co., Ltd.	2,000,040	1.02%

(V) Prices, net worth, earnings, dividends and related information of each share market in the last two years

Item \ Year		2021 (Note 9)	2022 (Note 9)	Current year as of March 31 (Note 9)
Price per share (note 1)	Highest	53.90	46.65	39.80
	Lowest	38.40	35.60	37.10
	Average	43.75	39.55	38.66
Net value per share (note 2)	Before distribution	21.48	22.11	-
	After distribution	19.28	Note 8	-
Earnings per share	Weighted average number of shares		195,531	195,531
	Earnings per share	Before adjustment (note 3)	2.7	2.63
		After adjustment (note 3)	2.7	Note 8
Dividend per share	Cash dividends		2.0	2.2
	Free share allotment	Earnings distribution	-	-
		Fee share allotment from capital reserve	-	-
		Accumulated unpaid dividends (note 4)	-	-
Return on investment analysis	P/E ratio (note 5)		16.2	15.04
	P/I ratio (note 6)		21.88	17.98
	Cash dividends yield (note 7)		0.046	0.056

*If earnings or capital reserve is transferred to capital increase and free share allotment, the market price and cash dividend information adjusted retrospectively based on the number of shares issued should be disclosed.

Note 1: List the highest and lowest market prices of each year, and calculate the average market price of each year based on the transaction value and volume of each year.

Note 2: Please fill in the list based on the number of issued shares as of the end of the year, and according to the Board of Directors or the distribution resolved at the shareholders meeting in the following year.

Note 3: If retrospective adjustment is required due to circumstances such as free share allotment, the earnings per share before and after the adjustment shall be listed.

Note 4: If the equity securities issuance conditions stipulate that the dividends that have not been paid in the current year are accumulated until the year of earnings, the accumulated and unpaid dividends as of the current year shall be disclosed separately.

Note 5: P/E ratio = average closing price per share for the year/earnings per share.

Note 6: P/I ratio = average closing price per share for the year/cash dividends per share.

Note 7: Cash dividends yield = cash dividend per share/average closing price per share for the year.

Note 8: The earnings for the current year have not yet been distributed.

Note 9: The individual financial report is used as the basis for 2021 and 2022.

(VI) Company Dividends Policy and Implementation Status

1. Dividends policy stipulated in the Company's Articles of Association:

The Company's dividend policy shall enable the shareholders to share the Company's earnings and business results and aim at expanding the business scale and stabilizing the profitability continuously. Conditions and timing of allocation: The Company's earning in

each fiscal year shall be used to offset any loss in previous years after the business income tax is paid, and then 10% of the balance shall be provided for the legal reserve unless such legal reserve amounts to the total paid-in capital of the Company, The special reserve shall then be allocated or reversed according to law; if there is still a balance, Allocate at least 30% of dividends to shareholders, The cash dividends distributed each year shall not be lower than 40% of the total amount of dividends paid in that year.. the board of directors shall draft an earnings distribution proposal according to actual needs based on the balance together with the accumulated undistributed earnings and submit it for the resolution of the shareholders' meeting on dividends distribution to shareholders and the remainder shall be retained.

2. Distribution of dividends intended to be proposed and discussed during the current shareholders' meeting:
 - (1)As is required by Clause 43-1 of the Articles of Incorporation, if earnings are distributed as cash dividends, the Board of Directors is authorized to distribute them by a special resolution and report them to the shareholders.
 - (2)Based on the resolution reached in the Board of Directors meeting on March 14, 2023, cash dividends worth NTD 351,956,207 will be distributed, that is, NTD 1.8 per share, chopped off to one NT dollar. The total amount of monetary value of less than one dollar is included in other income of the Company. The Chairman is also authorized to set the base date for distribution of cash dividends, the payout date, and other related matters.
 3. Explanation of expected major changes in the dividends policy: None.
- (VII) The impact of the free share allotment proposed by the shareholders' meeting on the Company's operating performance and earnings per share: Not applicable.
- (VIII) Remuneration of employees, directors and supervisors:
1. The amount or scope of the remuneration of employees, directors and supervisors as stated in the Company's Articles of Association:
 Article 43 of the Company's Articles of Association states that if the Company makes a profit during the year, at least 1% shall be allocated as employees' remuneration, and no more than 2% as directors' and supervisors' remuneration. However, when the Company still has a cumulated loss, it shall reserve the compensation amount in advance.
 In the formulation of the remuneration procedures, in addition to considering the Company's operating results, the contribution to the Company's performance is taken into account and the Company's "Performance Evaluation Measures for the Board of Directors" is based upon as the evaluation basis for the payment of reasonable remuneration. The relevant performance evaluation and reasonableness of remuneration have been reviewed by the Compensation Committee and the board meeting.
 2. Calculation basis for the estimated amount of remuneration for employees, directors and supervisors in the current period, calculation basis for the number of shares distributed as

employees' remuneration and the accounting treatment if the actual distribution amount is different from the estimated amount:

Estimated ratio/amount

	<u>Ratio in 2022</u>	<u>Amount in 2022</u>	<u>Remark</u>
Employees' remuneration	1%	\$ 5,933	Payment in cash
Remuneration of Directors and Supervisors	1.5%	8,899	Payment in cash

If the amount in the annual consolidated financial report is still changed after the date of publication, it shall be treated according to the change in accounting estimates and adjusted and recorded in the next year.

3. Approval of the board meeting on the distribution of remuneration:

The 2022 distribution proposal was approved by the Company's board meeting on March 14, 2023, and is pending submission to the shareholders' meeting. The proposed distribution is as follows:

Unit: NTD thousand; %

Item \ Amount	Cash	Stock			Is there any difference from the estimate of recognized expenses for the year?
		Amount	No. of shares	Percentage of the total of the net profit after tax in the current individual financial report and employees' remuneration	
Employees' remuneration	5,933	0	0	0	No
Directors' and supervisors' remuneration	8,899	0	0	0	

4. If there is any difference between the actual distribution of the remuneration of employees, directors and supervisors in the previous year (including the number of shares distributed, amount and share price) and the recognized remuneration of employees, directors and supervisors, state the number of difference, reasons and handling status:

There is no difference between the actual distribution amount of remuneration of employees, directors and supervisors for 2021 and the amount recognized in the 2021 consolidated financial report.

(IX) The Company's buyback of its shares: The Company did not buy back its own shares.

II. Corporate bond handling status: The Company has not issued corporate bonds.

III. Status of new share issuance due to preferred shares, overseas depositary receipts, employee stock options, new shares with restricted employee rights, M&A or share transfer from other companies: The Company does not have the circumstances above.

IV. Execution status of fund utilization plan:

- (I) Content of the plan (execution status of previously issued or private-placement securities the execution of which is not yet completed): Not applicable.
- (II) Execution status (as of the quarter before the publication date of the annual report, or which is completed within the last three years but the benefits of the plan have not yet appeared): Not applicable.

Chapter FIVE. Business operation overview

I. Description of business operation

(I) Scope of business operation

MIRLE is one of the leading firms specializing in the manufacturing of intelligent automation equipment system in Taiwan. With the experience and the R&D technologies accumulated in the automation field as well as the profound understanding of market demands as being acquired over the past years, we have successfully developed a wide range of automation systems and process application equipment until now. As such, we are able to provide a full range of services for the integration of automation systems in order to cater the demands of customers in following sectors such as the intelligent automation system for photoelectric panels, semiconductors, new-rising storage/retrieval (circulation service industry) and intelligent factories as well as the Online-to-Offline (O2O) integration platform for smart manufacturing (industrial PC, War Room Solution System), information products and relevant services.

1. Main business content

We are specializing in the design, develop, produce, manufacture and sales of following products:

- (1) Intelligent automation system for semiconductors.
- (2) Intelligent automation system for photoelectric panels
- (3) Intelligent automation system for new-rising storage/retrieval /smart factories
- (4) Information product and services.
- (5) Niche-oriented industries (such as biotechnology, medical, telecommunication, food and transportation, etc.), Big Data collection and analysis, Online-To-Offline integration platform for smart manufacturing (industrial PC and War Room Solution) automatic storage/retrieval and logistics system.

2. Revenue proportion

Main product	Sales amount in 2022	% in annual sales
Intelligent logistics/factory automation system	8,809,101	81.80%
Information product system and industrial controller	1,959,915	18.20%
Total	10,769,016	100.0%

Unit: NTD thousands

3. Technologies or products were successfully developed by MIRLE over past years:

- (1) Overhead Hoist Transport Vehicle (OHT) used by the Semiconductor Wafer Clean Room 、MRAGV 、EFEM
- (2) FPD panel process equipment and automation system:
 - a. Front-end In-Line and Stocker systems.
 - b. OCA/OCR/LOCA Vacuum Laminating Machine.
 - c. Consolidated production line for the manufacturing system of high molecular material slit coating.
 - d. Cell and Module Automation System.
- (3) G3 ~ G10.5 Storage System for Clean Room (G3 ~ G10.5 CLEAN ROOM STOCKER).
- (4) Overhead Hoist Transport Vehicle System (OHTS) and Auto Guide Vehicle System (AGVS) used by the Clean Room of the FPD module process.
- (5) Automation systems like G3 ~ G10.5 LD/ULD(Array/CF/LCD), CF In-Line and CHG.
- (6) War Room Solution and Smart Manufacturing Platform for the intelligent factory
 - a. Automated Material Handling System (AMHS) control software.
 - b. Production Line Manufacturing Execution System (MES).
 - c. Production Line Material Control System (MCS) software.
 - d. Warehousing Management System (WMSI) software.
 - e. Warehousing Execution System (WES) software.
 - f. Warehousing Material Control System (WCS) software.
 - g. Situation Room system solution
- (7) Optical Glass Molding P.
- (8) Vehicle curved glass panel laminating process equipment.
- (9) New-rising Logistics Storage/Retrieval System:
 - a. Shuttle Based Storage and Retrieval System (SBS/RS).
- (10) Controller system:
 - a. Plastic Injection Moulding Controller.
 - b. Building Automation (BA) energy-conservation system for Central A/C Unit Controller, Among Others.
 - c. Electronic Material Roll Intelligent Storage and Retrieval System.
 - d. Automated Storage/Retrieval System (AS/RS)
 - e. General working environment Material Handling System.
 - f. Clean Room Material Handling System.

(11) Big data analysis

- a. In order to track the information at any time, the Mobile APP platform was developed.
- b. In order to automatically check the defect, the AI Data analysis system was imported.

(II) Overview of the industry

1. Current status and development of the industry:

MIRLE is a system integration equipment supplier specializing in the custom-made “intelligent automation factory” for each customer and providing customers with a total solution featuring automation that covers analysis of operating procedures and operational demand, planning and deployment of equipment and systems, simulated analysis of the logistics flow and the information flow, and integration of IoT and the Big Data AI O2O integration. The automation system developed by MIRLE is not only endorsed by the market as a fully-fledged, consolidated and well-performed brand but also a leading firm playing the dominating role in the realm of automation industry.

Since 2022, governments around the world have gradually lifted and downgraded anti-pandemic measures and resumed normal economic activities. Despite the impacts of the Russia-Ukraine war, high inflation, and climate change, among others, major economies are activating an interest rate cycle to fight inflation. Manufacturing activities have obviously slowed down. The economy in China rebounded, however, upon relaxation of anti-pandemic measures, which will further drive growth in the industry chain. Under an imbalanced supply chain and shortage in workforce, the demand for special applications such as the data center, artificial intelligence, high-performance computing and automobile utilization continues to climb. As a heavyweight in total plant automation solutions, Mirle is competitive on the market.

Semiconductor Industry:

Thanks to the extended expansion in emerging applications such as 5G, high-performance computing, and automobile electronics, in 2022, the market size for semi-conductor equipment rose year-on-year by 6% to reach USD108.54 billion and new heights again; the market size for wafer plant equipment, in particular, rose year-on-year by 8% to reach USD94.8 billion. The International Semiconductor Industry Association (SEMI) estimates that construction of 28 new semiconductor plants will begin in 2023; the total amount of investments in semiconductors between 2021 and 2023 exceeds USD500 billion.

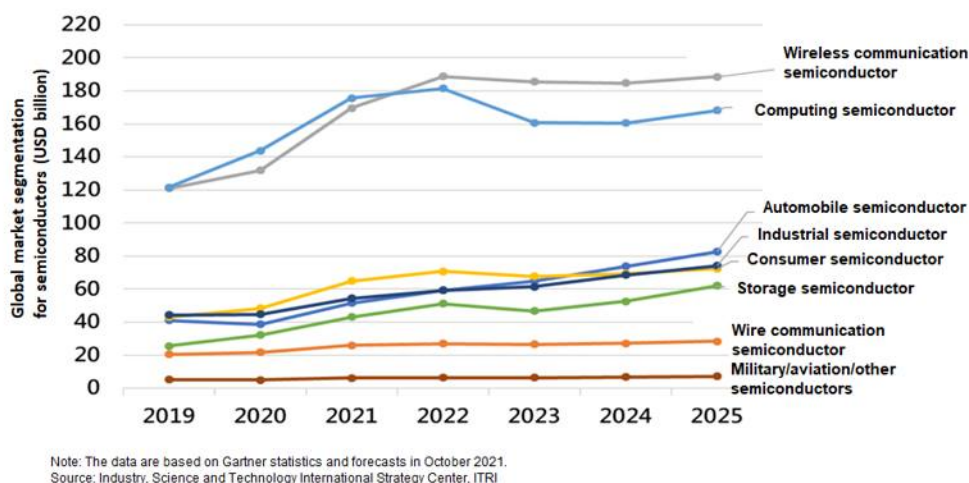


Although the semiconductor industry will see reduced capital expenditure in 2023 due to persistent inventory destocking of consumer electronic products and growth will not be resumed until 2024. As inventory correction ends, it is still promising for obvious recovery on the market for semiconductor equipment and the market size will reach USD107.16 billion, with an annual growth of 18%. A growth of 17% and up to USD92.4 billion, in particular will appear in wafer plant equipment. The market for encapsulation equipment will significantly climb by 24% to reach USD6.57 billion. The market for test equipment, on the other hand, will see an annual growth of 16% to arrive at USD8.19 billion.

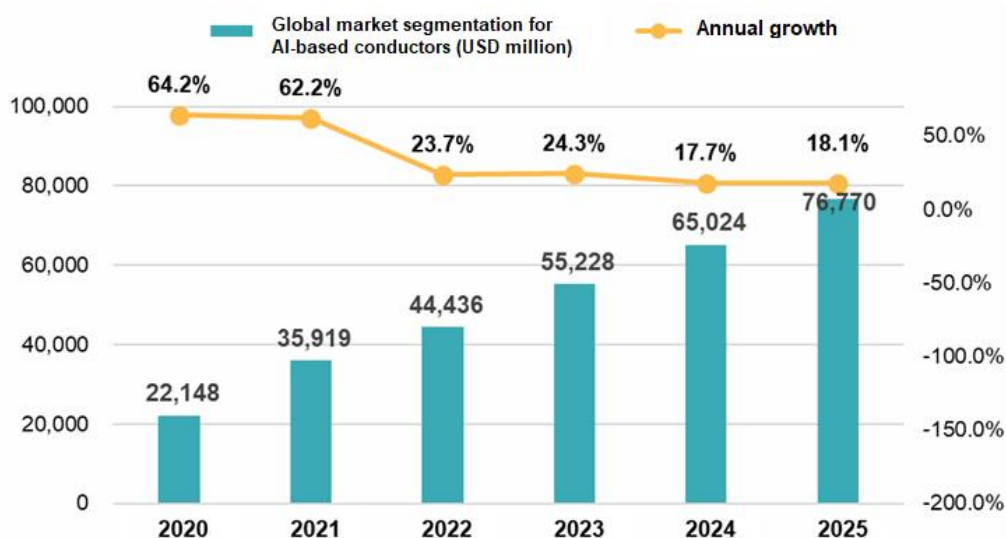
High-end semiconductor product technologies are constantly innovating to contribute to a constantly expanding market size of advanced processes. In addition, the semiconductor industry is not only a high technology and high value-added one but also a key industry to the economic developments of a country. Its importance to countries around the world and many other industries is growing each day. Under the support policies of governments around the world for the semiconductor industry, the long-term demand for semiconductor automation equipment will climb.

SEMI-estimated global market size of semiconductor equipment					
Market size of semiconductor equipment	2020	2021	2022	2023	2024
Encapsulation equipment	38.5	71.7	61.1	52.9	65.7
Test equipment	60.1	78.3	76.3	70.7	81.9
Wafer plant equipment	612.0	875.0	948.0	788.4	924.0
Total	710.6	1025.0	1085.4	912.0	1071.6
Source: SEMI		Unit: USD 100 million		Prepared by: Chih-Hao Tu	

Growth momentum of applied semiconductors around the world for 2021~2025:
Overall semiconductor CAGR (2021~2025) = 3.7% (USD 683.6 billion)



The CAGR of the global market for AI-based semiconductors between 2020 and 2025 is 28.2%. AI-driven global market size of semiconductors in 2021 was worth up to USD 35.9 billion and the global market size of AI-based semiconductors in 2022 is estimated to be worth USD 44.4 billion.



Note: The data are based on the forecasts released by Gartner in December 2021.

As the demand for electric and self-driving vehicles slowly climbs and the expectation that electric vehicles will be even more popularized in the future, the promotion of automobile semiconductors is associated with relatively higher annual growth momentum. It is expected that by 2025, the global market size of automobile semiconductors will reach USD 82.5 billion, with a CAGR up to 16.3%.

“Advanced Semiconductor Process Center” promoted by the government in order to elevate the self-supply rate: Despite Taiwan has the well-configured semiconductor industry clusters and specialization in the entire world, key production equipment and

materials are mostly imported from other countries. To elevate the self-supply rate for the semiconductor supply chain, active moves have been initiated by the government in promoting Taiwan to the “Advanced Semiconductor Process Center”. It is hoped that more of major international equipment and material manufacturers will be attracted in putting investment in Taiwan and that a solid base will be shaped for the R&D and technical ability of local operators. By then, the autonomic and the localized supply chain will be realized in order to fortify the international competitiveness for local industries. Taiwan’s semiconductor manufacturing technology is leading the world and its world-famous benchmark corporations such as TSMC and the ASE Group are providing sound grounds for local equipment, which becomes one of the major niches for Mirle in the development of semiconductor automated logistics equipment.

Photoelectric Panel Industry:

The mainstream specifications of the vehicle instrument audio/video system must be divided into the following product types and they are vehicle instrument, navigation and vehicle multi-media system for audio/video playing. In the meantime, the vehicle device related panel is also changing to 3D panel gradually. In curved panel lamination technology, the outline profile relating to the hand-held and vehicle device is also changed along with the progressing of information technology. As such, newer panel lamination technology is also developed. As the global economy returns, vaccination against COVID-19 is popularized, and the demand for new cars climbs with the enforcement of laws and regulations that are stricter on gas emissions on the European market, the overall market will grow in better directions.

Regarding the status of optical glass molding machine market, YOLE (a market investigation institute) pointed out in its 2019 lens module report that the compound annual growth rate (CGR) of vehicle lens module is to become 7.8% by 2024. The quantity of lenses used in automobile assisted driving and image pixels have greatly improved. When comparing the quantity required for smart cell phone and vehicle lens module, we can see that the quantity of lens module required for each individual car will be more than tripled over that of the cell phone by 2024. For this reason, a rosy trend is expected by the market upholding that the vehicle lens module is ideal for use as the CCM lens and that it is the market worthy of putting the investment.

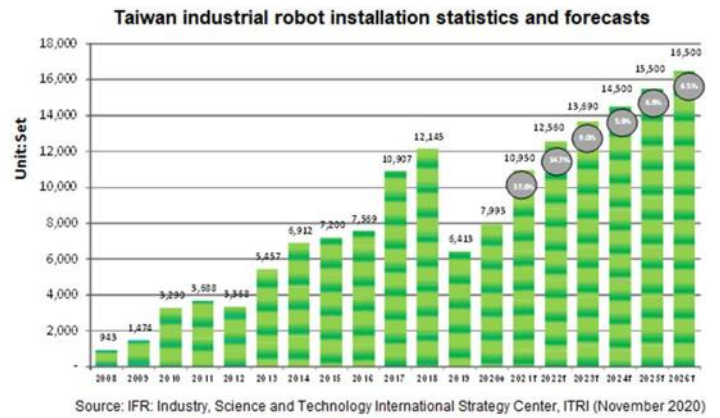
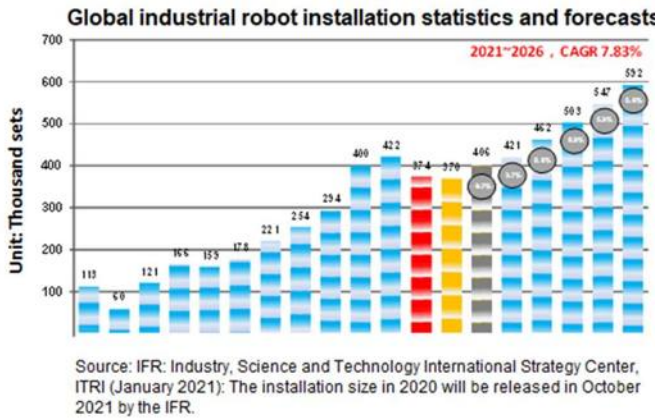
New-rising storage / smart factories:

Driven by the AI and the sophisticated application of modern technologies, a new horizon has been shaped for the supply chain. Aided by Big Data analysis, it would be easier for the consuming product manufacturers to determine where to make the production, how many products should be produced, what warehouse should be stored and how to ship to the customers at the fastest way. In addition, it also helps the communication and coordination between human and machine while allowing the robot to carry out the operation and handling tasks during the manufacturing process so as to achieve faster production and bring down the cost in most efficient manner. Until now, the new type of O2O sales solution has been developed by the logistics industry and the comprehensive deployment is now underway. Facing the change of the operation type as seen in commercial environment in recent years, the consuming habits have now gradually shifted to the online platform channel from the physical store. In result, the warehouse planning and implementation are becoming more challenging in Taiwan where the land size is small and narrow. The manpower shortage problems resulting from the low-birth rate issue, the rapid development of logistics service industry and the more sophisticated modern technologies such as AI and block chain as being seen in recent years have forced the respective industry to expand the storage/retrieval functions. Facing the operating demand and the technological innovation, the ASRS (Automatic Storage/Retrieval System) in modern days is progressing towards multi-function kind of extension and integration.

New-generation manufacturing scenarios (5G+VR smart debugging, 5G+AR human-robot collaboration, 5G+IIOT digital twin), 5G+AI resilient manufacturing) realize predictable and adaptive production (resident manufacturing smart plant), low-delay precision industrial control, remote mutual collaboration with the robot (human-robot collaboration), and integration of various types of data from product design to post-production sale (seamless compatibility between software and hardware facilities) through visualization.

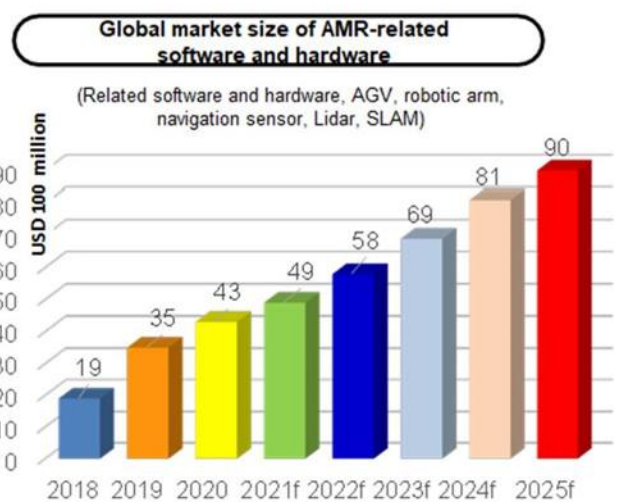
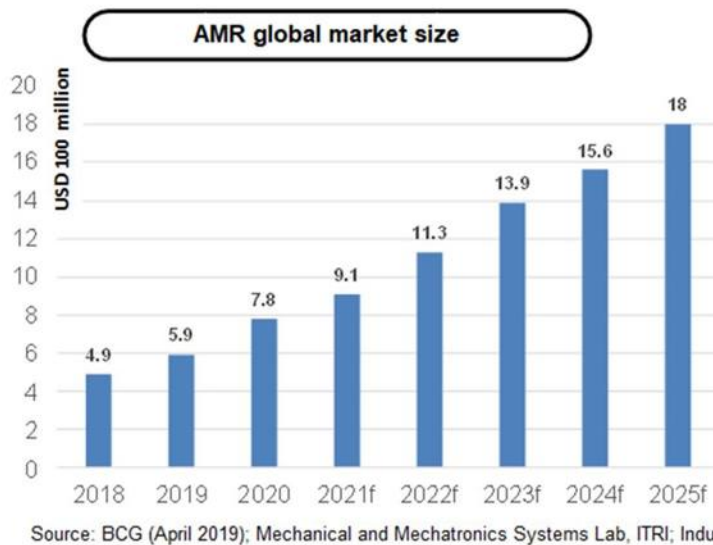
Industrial robot manufacturers develop robotic arms to work with AGV and upgrade conventional AGV to AMR; the efficacy can climb by at least 40%. It is becoming the mainstream in smart automation of factories. The market application trends of robots and AMR show the future developmental trends of smart plants.

In the coming 5 years, investments in the semiconductor sector, construction of infrastructures for electric vehicles and, and green electricity construction, among others, will all inspire the demand for purchasing machinery and equipment (CNC, robots, electronic equipment, automation technologies...). The CAGR of industrial robots in Taiwan is 8.6% between 2021 and 2026.



The global market size of AMR is expected to reach USD 1.8 billion by 2025 and the CAGR between 2018 and 2025 is expected to be about 20.4%.

The global market size of AMR-related software and hardware is expected to reach USD 9 billion by 2025 and the CAGR between 2018 and 2025 is expected to be about 24.8%.



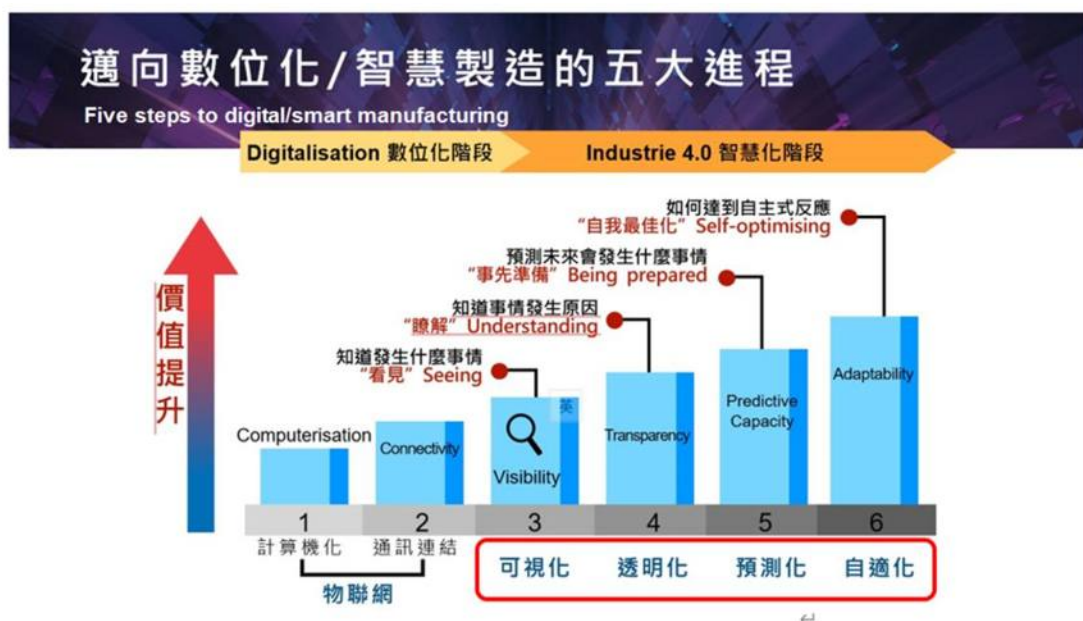
Information product and service:

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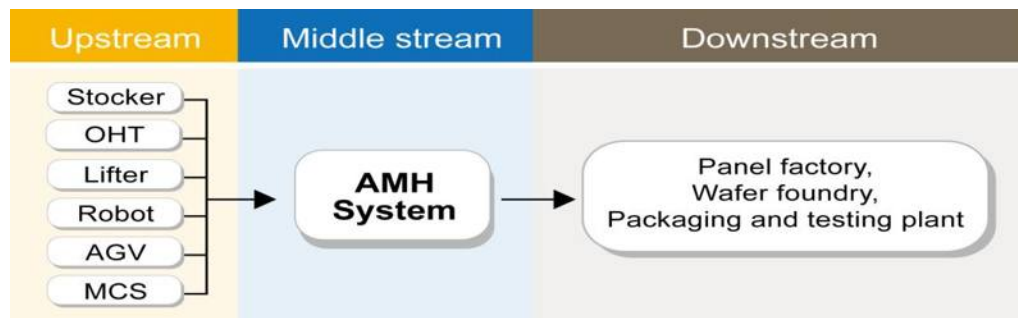
War Room Solution System :

On the way to industrial production featuring digitalization and smart manufacturing, once the production model is defined through DT simulation, related factory systems (oil, gas, water, and electricity), logistics system, production equipment, quality management, throughput information, and related equipment, use status of key parts and components, and related in-process information such as abnormal alarms relevant to the actual production process are shown on the display in the situation center in real time and in a visualized way through the industrial IoT so that related staff may keep track of production information in real time and further provide cautionary messages about the abnormality. The transparent information goes through the situation center to facilitate a real-time understanding of the underlying cause of the incident. Meanwhile, the traceability of such messages facilitates the forecasting of what will happen next (predictability) and precise preparedness to address the issue so as to shorten the time needed for troubleshooting. The integrated information of the data serves as supporting parameters for operation and production to ensure consistency in digital simulated and actual production situations and accordingly allows spontaneous response and feedback, that is, an even higher level of adaptation. The resultant self-optimizing adjustment of production scheduling and current machine situation realizes the ultimate goal of realizing online-to-offline (O2O) integration.



2、Correlativity between upstream, middle stream and downstream of the industry:

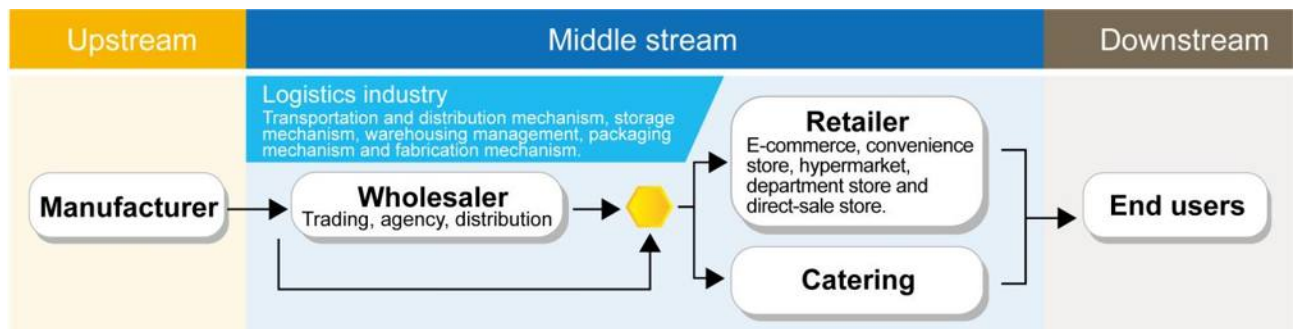
(1) Photoelectric panel and semiconductor industries - Clean Room Automatic Logistics System:



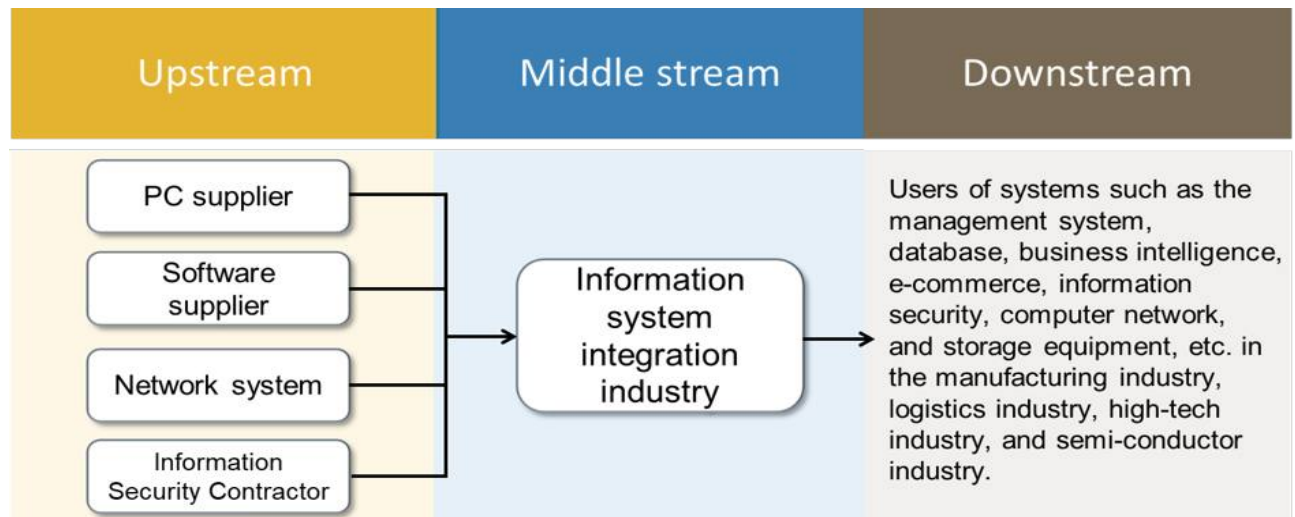
(2) New-rising logistics intelligent automatic system

The scope of circulation service industry has to be defined as below: The business flow and the logistics activities conducted for connecting the merchandise and the service in order to transfer them to final users. The industry conducting the information flow and the cash flow related activities is called as the circulation service related business.

MIRLE GROUP has to provide the optimal intelligent logistic solutions and product system according to the specific characteristics of the business type established by the respective industry.



(3) Information product and service



3. Development trend of the product:

(1) Semiconductor Intelligent Automation System:

By now, the industry has advanced to the post-Moore's Law era. Facing such trend, the focus of development has also been elevated from the front-end processing to the back-end package automation factory where the Stocker, OHT, AGV, EFEM, Tower Stocker and Lifter are employed in the automation system. Through the total plant integration, it not only allows the customer to achieve maximal efficiency in the limited production line space but can help the customer upgrade its facility to an unmanned factory while providing more intensified custom-made design services.

Mirle is devoted to the development and system integrated application of automation equipment and is capable of providing semiconductor encapsulation plants with sound total plant automation system service. With professional outstanding talent, excellent R&D technologies, and sound after-sales service as well as abundant practical experience in the customization of automation equipment, Mirle helps with the establishment planning and integrated utilization of automation systems of semiconductor encapsulation plants. In terms of automation systems, Stocker, OHT, AGV, EFEM, Tower Stocker, and Lifter are utilized. Focused primarily on total plant automation systems, unmanned plants are developed with limited production line space so that maximum efficacy may be achieved for customers.

a. Clean Room Stocker System

The space in the production line of the back-end package semiconductor plant is normally limited. To use the available leftover space around the equipment more flexibly and to improve the efficiency of the cartridge stocking space, the Clean Room Tower Stock solution is now developed by MIRLE with its years of experiences in automated handling operation for the Clean Room. In this way, the existing space occupied by the Stocker can be shrunk to the size similar to an elevator that it allows the Stocker to perform the ascending/descending and retrieving/placing actions more easily. As the ascending and descending speed is designed at 120m per minute, it can be used for the cross-level conveying operation. With the equipment height restricted within 24m, the storage room can also be used as the holding area as compared to the elevator in ordinary Clean Room. In the meantime, it still meets the high cleanliness requirements due to additional air current control design.

Facing the automation upgrading challenge encountered by the back-end package industry, MIRLE is able to provide higher level of custom-made design services with its experiences in the industrial automation for conventional factories, panel and semiconductor. With the aid of the 3D logistics simulation, it helps the customer achieve the maximum efficiency in the limited factory space. In this way, it will become the best partner to help the customer implement the automation system.

b. OHT (Overhead Hoist Transport Vehicle)

The OHT (Overhead Hoist Transport Vehicle) developed by MIRLE is an overhead handling system that occupies the dimensional space of the plant house effectively. Without occupying the operator walkway, it can be implemented in the plant house up to 2.7m high so as to maximize the service rate of the space in the Clean Room. The OHT can be used to retrieve and store the cargo on the Stocker load port to avoid the interference of obstacles such as machine/operators along the traveling route. As one of the major automation plants, MIRLE will be ready at the well-grounded and well-prepared position in order to create a blue ocean market for the back-end automation handling equipment in the semiconductor industry.

c. EFEM

The EFEM (Equipment Front End Module) serves as the Loader/Unloader in the semiconductor plant. Depending on the size of the wafer, it can be used as the automation module required for the front-end loading/unloading operations. The EFEM developed by MIRLE can fully satisfy the demand and the restrictions designed for the customer's process machine in helping the customer develop the automation system that will be suitable for all equipment required by the semiconductor process.

In the selection of front-end robot, the logistics method for the EFEM and the host machine, the communication between SECS/GEM and host system as well as the BC (Block Control) integration, rich experienced engineers hired by MIRLE can help the customer reduce the risks when importing the EFEM and the subsequent online time.

(2) Intelligent automation system for photoelectric panel industry:

(1) Panel related transport system

Stocker automatic transport system, OHS system, OHCV sky transporter, 3D flow dynamics conveyor, ODF/MVA/PI Line glass panel transmission equipment

integrated system, CF total plant glass panel transmission equipment integrated system, and Dual Crane automatic warehousing system. Develop various transmission equipment featuring straight travel, rotation, temporary storage, lifting, flipping, and LD/ULD applying the logistic transport technology of CF glass panels and reflective of the light, thin, and dual-sided process characteristics of a touch panel, integrate robotics, and provide material transport systems required by customers for respective processes.

d. **Clean Room Stocker System**

MIRLE is specialized in developing the automatic storage and retrieval system that will be used by the Clean Room required for processing different sizes of glass panels. We provide stabilized, clean and low-cost stocker solutions for the panel industry according to the size of G3~G10.5 glass panels as well as the storage and handling of wire/normal CST.

The Clean Stocker is one of key elements to AMHS (Automatic Material Handling System), which is required for handling the storage and management of glass substrate material and the in-process product or the finished product in the panel factory. Corresponding to the IOT and Digital Twin developing trend, MIRLE has to cooperate with the customers to collect the usage frequency/life cycle related data for key components of the Stocker. Abiding by the precautionary conception, MIRLE will help the customer conduct the analysis with the BD in order to minimize the downtime resulting from the accident to avoid reducing the productivity.

Since 2003, MIRLE began the research and development of the Stocker System in order to progress further through the development of newer generation of panel handling equipment. By developing newer version of Stocker model each year starting from 2014, MIRLE has succeeded in launching G6 Stocker, followed by G7.5 and G8.5 and then the G10.5 Stocker that has been successfully developed lately. The G10.5 Stocker can be used to carry a cartridge containing 2 tons of glass product. It is the scientific innovation developed to realize the higher speed, heavier load and higher level of technologies. With the performance accumulated over the past years and the innovative design, we have set a historical record in justifying MIRLE as the first company that has acquired the 10.5 version of transmission equipment order by the position of individual automation equipment system supplier through the total plant and systematic solutions and the amount of such contract is even running up to over NT\$10 billion. It is not only an endorsement to affirm

MIRLE's ability in technical research, engineering management, supply chain management, financial management and employee management but is also a cornerstone to fortify the leading position of MIRLE in automated logistics system for the panel industry.

e. **Panel related manufacturing process equipment**

Optical glass molding machine, hydrogel coater, vehicle glass panel laminating machine, micro-LED/Mini-LED advanced process equipment. Future displays are mainly applied to flexible curvature displays of smart home equipment, vehicles, and digital bulletin boards, etc. Therefore, with the lamination technology that has been successfully developed over the years, the focus is placed on the development of flexible display lamination equipment. The entry threshold is defined by high standards. Customer demand is fulfilled through system integration. Patents are applied for to stack up competition barriers.

■ **Vehicle Glass Panel Laminating Machine**

Vehicle device refers to the information system equipped inside the car, especially the front seat central control system. Comparing to previous cars used as the transportation tool, its recreational touch has been greatly elevated since the electric cars are developed and launched by Tesla in recent years. For this purpose, the vehicle system is also designed with the functions required for the vehicle video/audio amusement and message transmission. It allows the driver to interact more with passengers inside the car. Further, it also transforms the conventional vehicle acoustic device to the intelligent networking car and unmanned driving level. Whether the elevation of technological deployment for cars or the research of intelligent networking cars and unmanned driving, the automobile manufacturers are pursuing the only sole purpose: Encouraging consumers to build up the electronic product purchasing habitude through the car driving and using experiences.

Over the past years, continuous research and testing efforts have also been invested by MIRLE's R&D Team so as to deal with different types of vehicle panel lamination methods more efficiently such as special shape for large-sized panels as well as the U-shape, S-shape and C-shape panels, etc. By combining the developed lamination method with the pairing multi-vacuum lamination technology exclusively developed by MIRLE, it will not harm the wires

deployed in the curved panel. In the meantime, the developed lamination method is also incorporated in the automatic feeding and discharging process in order to intensify the automatic wire stringing function so as to establish the unmanned production system required by Tier-1 manufacturers. It provides much better large-sized 3D curved lamination solution for helping the customers use the new type of vehicle panels more easily.

■ Hydrogel Coater

The high precision coating and laminating system is developed by the MIRLE's R&D Team. Such system comprises precision coating, high-precision moving platform (with optional air floating function), automatic image aligning system, high-precision vacuum lamination and control system. Such coating machine can be used in special size substrate and different types of dressing mixture. It can be used for integrating the process machines required for upstream/downstream cleaning, UV, baking and bubble-removing, etc. Further, it can also be connected with customer's CIM System to realize the intelligence and automation functions for the consolidated production line.

The Slit Coater technology has been used for 50 years, and it was initially applied in the coating of soft-sheet materials. The Slit Coater technology can be applied in a variety of product types, including consumer-related chemical industry such as conventional tapes, labels, electronic masking films, RO films, anti-counterfeit labels and signboard light box, etc. In the meantime, the coating technology is also frequently used in the electronic, photoelectric and energy storage technological industries such as flat panel display, PCB, semiconductor, IC package and lithium battery, etc. In this regard, the highest fineness of coating skill is required by the flat panel display and the IC package, plus higher added value. In the meantime, such coating technology not only yields massive number of product but also reduces the use of materials or achieves the material recycling. With the growing consciousness for energy conservation and environmental protection in nowadays, it would be the right timing for modern manufacturing processes to change their coating method. MIRLE's Slit Coater is mostly applied in the coating line for high-molecular materials as well as the production system for special IC. It is the fully automated production system comprising a dozen of processes such as wet-type rinsing, surface modifying, baking, coating and drying, etc., to name just a few.

■ Optical Glass Molding Press

The aspheric glass molding equipment manufactured by MIRLE not only demonstrates higher accuracy in hardware design but can be used with the software to achieve more stabilized temperature and pressure control, complete with multi-layer error protection mechanisms in the meantime. When working with the software and the hardware, it is able to control the oxygen content in the high-temperature environment at the minimal level in order to achieve higher productivity and lower cost while maintaining the desired high quality and high yield-rate. By now, a number of machine models developed by MIRLE are selected by the leading photoelectric firms in Taiwan with repeated orders placed in the meantime. Until now, It is highly endorsed by our customers with remarkable sales performance achieved in the meantime. In addition to the upgrading of the molding equipment, the Lens Mold Transfer Machine (for mold/lens automatic retrieving and placing) is also allowed for integrating with the molding machine to carry out the production. In this way, the corresponding mold can be enlarged to $\Phi 80$ in size. In the meantime, it can also be used to produce a variety of lens products so as to minimize the nitrogen consumption while achieving more effective accuracy in temperature control and the optimal product quality. In this way, it helps the customer enhance their productivity and reduce the operating manpower so as to elevate the production efficacy. To manufacture complex optical lenses, Mirle developed the world's first 8-station continuous vacuum lens-forming machine that works as the best solution to the mass production of lenses of complex appearance or forming process with materials that release gases.

(3) Intelligent Automation System for new-rising logistics industry:

Abiding by the “new-rise logistics” concept, well-organized solutions have been developed by MIRLE, ranging from preliminary simulation operation before erecting the plant, the optimized warehousing management in the plant to the logistics system after the releasing, etc. Based on the respective operation process, the optimal and field conditions as well as the diversified product structure will be analyzed in order to present an intelligent storage/retrieval logistics system. On this basis, an intelligent storage/retrieval logistics system will be developed in order to provide the storage/retrieval space with higher floor efficacy, higher efficient warehouse entry/release management and future expandability performance.

f. Shuttle Cart

To cope with the demand in the logistics center, MIRLE launched the Cartridge

Shuttle Cart which is the only kind in the entire Taiwan. Such Shuttle Cart is also equipped with the Shuttle Cart traffic management system to realize the total intelligent storage and retrieval operation. It can be widely used in retailing industry, logistics industry and electronic industry, etc.

Described below are key characteristics:

Flexibility: The number of shuttle carts can be flexibly adjusted according to the required entry and release efficacy. With the alley and layer shifting features designed for the Shuttle Cart, the entire storage/retrieval system can be serviced simply with an individual cart.

Mobility: It allows the servicing and maintenance of the cart alternately. Further, the entry/release operation will not be affected because the Shuttle Cart is designed with mutual supporting function.

Adaptability: The Shuttle Cart can be deployed at any leftover space, whether presented in concave or convex type, so that the space will be fully utilized to maximize the floor efficiency.

Intelligent Automation System for new-rising logistics industry:

■ General environment	Pallet-type Shuttle Cart
■ General environment	Cartridge-type 4-way Shuttle Cart
■ Refrigerating environment	Pallet-type Automated Storage/Retrieval System
■ Refrigerating environment	Pallet-type 2-way Shuttle Cart
■ Retail Industry	Intelligent Logistics System Solution

(4) Cross-sector Core Automation Equipment System

g. AGV for Cleaning Room:

MIRLE has launched a variety of Automatic Guided Vehicle (AGV) models such as submarine type, self-unloading type, fork type, traction type, lifting type and custom-made model for Cleaning Room.

By now, the models developed by MIRLE is included the 8" or 12" wafers for semiconductor industry (front-end FOUP or back-end CST) and the AGV system for LED process industry. The system comprises the cart body (FORK Type or CV type) or MR (Mobile Robot), AGV battery application, BMS (Battery Management

System), charging technology (including quick-charging mode), SLAM navigation, laser navigation, and the use of Smart Cart Control System for replacing the NDC architecture. The aforesaid are the core technologies designed for the fully automated material storage and retrieval system that are completely controlled by MIRLE.

The AGV System and the Information Control System developed and integrated by MIRLE can provide a well-based one-stop package that will be implemented in the customer's smart plant. As such, it not only solves the problems encountered by the customer when implementing the smart factory more effectively but also satisfies customer's demands in order to achieve the smart manufacturing target.

h. MR AGV

The MR AGV is the mainstream dominating the market in navigation positioning, battery module and EHS sectors. The battery module is the UL1642 certified item, with the charger and the battery handling device being certified by IEC 61851 and UN38.3 respectively. As for the EHS, it is also certified by an impartial third party agency according to the Semi requirements. In this way, the products provided by MIRLE are highly trusted items. The MR AGV developed by MIRLE is designed with self-driven and flexible operating features. The visual software and hardware will be integrated through the SLAM navigation system. In the meantime, we also developed the user-friendly UI and invested the efforts in developing the product that meets the flexible half-delivery demand required for the semiconductor fabrication.

Currently, most of the manufacturing factories in Taiwan are operated by following FORD's assembly line production or TOYOTA's lean production management (TPS) mechanisms since the Industrial 2.0~3.0 era. Stronger urgency in introducing is more apparent when the production lifeline flow sector is involved. For this reason, the focusing on the optimization of production line, the management of handling equipment and the logistics will be considered as 3 major realms that should be firstly implemented in the factory for coordinating with the 5G application. It is more urgent for the handling equipment. Concerning this, the AGV used in the conventional automated factory is regarded as one of the sector in the handling equipment aspect because it is used for the logistic moving between production lines. After being installed with the light-weighted universal robots, it will help achieve the optimization of production.

In this respect, the development trend for the control application with industrial

robots is included as follows: The integration of a variety of sensing devices (e.g. visual), the edge combining (the robot body) and the cloud control as well as the machine learning and self-updating function together with the reinforcing of safety when working with the robot, the collaboration between robots, and the self-moving, etc.

i. Lifter

The vertical handling system developed by MIRLE is featuring on higher handling capability, energy conserving design, safety design and easier installation method. It is mainly used in the environment requiring higher class of cleanliness such as semiconductor industry, panel industry and electronic industry, etc. It is also an essential system for the commercial warehouse established for dealing with massive amount of incoming and outgoing cargos as well as frequently moving cargos. The maximum dimensions of the newer-generation panel has to be up to G10.5, which is the largest application dimensions for the newer-generation panel manufacturing plant, as being proven in Japan, China and Taiwan.

j. War Room Solution

The War Room Solution developed by MIRLE is provided with following characteristics:

- The Smart War Room Solution will produce the visual production process as well as integrate the information relating to the productivity of each machine, the production schedule and the production progress. Through the data analysis, it helps the factory control over the bottleneck point by which the work distribution will be adjusted for other equipment in order to fill up the gap along the production line in due time. As such, optimal production will be realized for the entire factory.
- Through the AI health diagnosis of the War Room Solution, it allows the system to analyze the operation orders, behavior performance and status feedback of the equipment in order to upgrade previous call-service and cyclic maintenance to predicable maintenance. In this way, it will maximize the equipment availability in order to stabilize the productivity.
- Another function is helping the manufacturer control over the production pace more accurately. Further, it can be used to link up the order ERP originally issued by IT end and OT end with the productivity message (MES) and the Facility System. Further, it can also break the data

islanding phenomenon in order to control over the messages exchanged among the entire plant in real-time and simultaneous manner.

■ **O2O Integration Platform for smart manufacturing:**

Manufacturing Execution System (MES) and Automated Material Handling System (AMHS) control software as well as Warehousing Management System software

By now, MIRLE is equipped with the implementation technology required for integrating the Operation and Procedure Control (OT), Information Technology (IT), IoT and The Artificial Intelligence of Things (AIoT) and combining the O2O related Digital Twin (DT). Based on actual need, the result will be displayed on the situation board of the War Room so that the real-time and accurate information will be available for the operator and the decision-maker to determine the decisions.

k. **Industrial PC and Industrial Controller (MIPC and IJC)**

Responding to the post-plague era, the percentage of the factory automation is increasing each year. This is especially true by using the automated material handling system to replace the manual handling method. To achieve higher flexibility in using the production line, the introduction of AGV will become an inevitable market trend in the future. In replacing the conventional PLC, the Industrial PC (MIPC) is designed with the computation ability and the interface flexibility in executing the introduction of AI function, the collection of Big Data and the linking of War Room Solution. Compared to ordinary industrial PC, the MIPC developed by MIRLE uses the autonomy-based technology for implementing on the real-time operation system (RTOS) and is built with movement control function. In the meantime, it is also equipped with the EtherCAT main station developed by MIRLE for achieving 125 μ s of multiple axis control. With the built-in data and image recording function, the MIPC can shorten the time required for error analysis and shutdown maintenance through the recording, replaying and analysis so as to elevate the site capacity utilization effectively. The MIPC developed by MIRLE is built with 5G high-speed communication function. When using with the higher bandwidth and lower latency designed for the 5G, it will be able to collect massive amount of data via 5G. By connecting the 5G with the War Room, it will be allowed to manage and collect the production data while optimizing the capacity utilization in order to elevate the productivity. In the meantime, MIRLE's MIPC is also built with

the external image connecting function. It can achieve the visual identification through the external-connecting image function, including the image distance measuring, visual navigation and cargo detection, etc. Through the built-in AI intelligence function, it can also effectively reduce the number of external module so as to meet the system simplification requirements.

(5) Information product and service:

The information product and system service provided by MIRLE has to include the system integration services for Warehousing Management System (WMS), Automated Material Handling System (AMHS) and automatic identification system (RFID) as well PC host, database, data storage device, information security and network.

l. Big Data analysis

In the critical core for the Big Data realm, MIRLE provides the service as follows:

- Application system development
- Information pipeline development
- Management integration reinforcement
- Information security integration reinforcement
- Architecture planning development

m. AI

■ Image

In the AI image realm, we provide following products and services:

- a. AI visual inspection platform: Allowing the customer to quickly implement the visual inspection model.
- b. Human facial recognition platform: Helping customer's staff in performing the management.
- c. Defect inspection for manufacturing industry: Providing custom-made service for developing the production line inspection model.

■ Data

In the Data AI analysis and application, we provide the following products and services:

- a. Intelligent Predictive Maintenance (IPM): The model established by

customers is used to predict the remaining life span of key machine parts and components and to accordingly ensure normal operation of the production line; it is a solution to downtime without pre-warnings.

- b. Equipment Health Management (EHM): The smart platform provided to customers realizes monitoring/pre-warning/diagnosis/repairs in cases of abnormalities in the operational status of the equipment.
- c. Automatic Virtual Metrology (AVM): Customers are provided with the AVM system for predicting the quality of products when actual measurement of products is impossible in order to accomplish the primary goal of zero quality defects of products.
- d. Data Feature Extraction and Analysis: Customers are assisted in performing offline data analysis. Data cleaning/extraction/feature conversion, among other tools, are provided and analytical results suitable for classification and prediction algorithm are selected.

- Information security

In recent years, many information security events have emerged where losses Yes frequently heard for the enterprise suffering from the information security threatening. Due to this reason, the information security has become an issue profoundly concerned and emphasized by the market. Related government authorities are proactively preparing information security-related regulations, too. For the information security realm, MIRLE will help the enterprise introduce all types of information security systems in order to protect the enterprise from information security threatening while avoiding the loss. It include the following solutions:

- Zero trust privilege access management solution
- End Detection and Response (EDR) and Managed Detection and Response (MDR) solutions
- Identity and access management as well as data access control solutions
- IP Resource Management System
- Premise weakness scanning service
- Information transmission, storage, and encryption
- Red-blue teaming offensive and defensive drills
- Corporate employee information security awareness educational training

- Software loophole testing

- E-invoice

Over the past years, MIRLE has been engaging in the sales of the circulation industry hardware related equipment. In 2013, MIRLE implemented the e-invoice value-added service center. Its purpose is to cooperate with the downstream POS system operators and the cloud e-commerce operators in providing all types of information services for the customer's e-invoice so as to help the enterprise transform to e-invoice operation. By now, such service system has been widely accepted by a variety of occupations such as catering, hypermarket, garment industry, road-side eatery and automobile parts transaction, etc. In aspect of the circulation industry, we provide the professional advisory consultation service. In the meantime, we also provide the software and hardware sales solutions for all types of stores operated by the customer hoping to help the customer expand their stores more quickly so as to create higher revenue. Listed below are the service items offered by the E-invoice Value-Added Center:

- Introducing the consultation service for e-invoice.
- Introducing the service for the enterprise e-invoice supply chain.
- Provide the MobilePOS mobile cash register solution
- Provide the subscription service for Cloud Membership System.
- Provide technical advisory service for account reporting.

4. Product competition status:

- (1) With the efforts and the techniques accumulated over the past decades, MIRLE is now a leading firm in several industrial realms such as the production line automation system, automated storage/retrieval system, high-level Clean Room transportation System and intelligent logistics system. In terms of the panel industry requiring highly automated system, MIRLE is now one of the major suppliers in the automated logistics system for the global panel plants through the perspective investment in establishing the in-house R&D production line and the testing production line as well as in the organization of air current, logistic, structure and material analysis team. With the work performance accumulated over the past years and the innovative design, we have set a historical record in recent years where the order of the 10.5-generation transmission equipment is secured exclusively by an individual automation equipment system supplier, which is the first of its kind in Taiwan, and the single contract amount is running up over NT\$10 billion. It is an

endorsement affirming MIRLE's ability in technical R&D, engineering management, supply chain management, financial management and personnel management. As such, it has fortified MIRLE's leading position in the automated logistics system for the panel industry.

- (2) Regarding the Automated Logistics System, the AGV, the Shuttle Cart, the Clean Room Automated Logistics System, the industrial PC, the controller and the Glass Molding Press being implemented for a variety of industries by MIRLE, they are superior to other local firms in terms of quality, performance and integrity. With continuous investment in the R&D as well as the highly honored patents and work performance, it has fortified the leading position of MIRLE in the automation industry in that the global competitiveness will be elevated to a higher level.

(III) Summary of technological and R&D status

1. The R&D budget invested in current year and previous years until the annual report printing date:

R&D budget for 2022: 499,116 NT\$K.

2. Successfully developed technologies or product in previous years:

- (1) Overhead Hoist Transport Vehicle (OHT) used by the Semiconductor Wafer Clean Room
- (2) FPD panel process equipment and automation system:
 - a. Front-end In-Line and Stocker systems.
 - b. OCA/OCR/LOCA Vacuum Laminating Machine.
 - c. Consolidated production line for the manufacturing system of high molecular material slit coating.
 - d. Cell and Module Automation System.
 - e. Sputter Retrieval/Storage System.
- (3) G3 ~ G10.5 Storage System for Clean Room (G3 ~ G10.5 CLEAN ROOM STOCKER).
- (4) Overhead Hoist Transport Vehicle System (OHTS) and Auto Guide Vehicle System (AGVS) used by the Clean Room of the FPD module process.
- (5) Overhead Hoist Transport Vehicle (OHT) and Auto Guide Vehicle System (AGVS) used by the Clean Room of the FPD module process.
- (6) Automation systems like G3 ~ G10.5 LD/ULD(Array/CF/LCD), CF In-Line and CHG.
- (7) War Room Solution and Smart Manufacturing Platform for the intelligent factory
 - a. Manufacturing Execution System (MES).

- b. Automated Material Handling System (AMHS) control software.
 - c. Material Control System (MCS) software.
 - d. Warehousing Management System (WMSI) software.
 - e. Warehousing Execution System (WES) software.
- (8) Optical Glass Molding Press.
- (9) Vehicle curved glass panel laminating process equipment.
- (10) New-rising Logistics Storage/Retrieval System:
- a. Shuttle Based Storage and Retrieval System (SBS/RS).
- (11) Controller System:
- a. Plastic Injection Moulding Controller and Energy-conservation Servo System.
 - b. Building Automation (BA) energy-conservation system for Central A/C Unit Controller, among others.
 - c. Electronic Material Roll Intelligent Storage and Retrieval System.
 - d. Automated Storage/Retrieval System (AS/RS)
 - e. General working environment Material Handling System.
 - f. Clean Room Material Handling System.
- (11) Data cloud service and analysis
- a. Mobile APP development
 - b. Data analysis platform and system for AI defect inspection

(IV) Long-term/Short-term Business Development Plan

Short-term:

1. In the short-term plan, we will keep closer watch of the market demands for the photoelectric panel industry, the semiconductor industry and the intelligence automated logistics system. In addition to fortifying the local market in Taiwan, more resources will also be invested in seeking deeper market opportunities by coordinating with the customer's business development programs in China, Japan, Europe, and America.
2. Based on the progressing trend of the global intelligent equipment, positive strategies will be drafted to create more flexible application programs and equipment. Through the effective use of the intensive industrial knowledge and the design ability in total plant automation system, the application level and the market share will be expanded for the respective industrial sector. Further, it is also planned to establish a collaborative alliance program by combining the upstream and downstream suppliers so that a consolidated production line program will be available in order to realize the joint growing and performance expanding goal.

Long-term:

Set up the following four approaches for the future development: (1) Intelligent automation system for the semiconductor industry. (2) Intelligent automation system for the photoelectric panel industry. (3) Automation system for the new-rising logistics/intelligent factor. (4) Automation system for the niche-type industries with market strategic advantages. By readjusting the distribution of the company resources, more R&D projects will be invested for creating a powerful core technology. To this extent, a consolidated application level will be established for our products in order to build a global MIRLE.

II. Overview of market and marketing

(I) Market analysis:

1. Distribution areas of main products

Distribution Area \ Year		2021		2022	
		AMOUNT	%	AMOUNT	%
Local Market		4,858,024	49.26	5,500,363	51.08
Export	China	4,625,118	46.90	5,131,593	47.65
	Others	378,261	3.84	137,060	1.27
Total		9,861,403	100.00	10,769,016	100.00

Source: "2020~2021 Overall Financial Report" being certified by CPA

Unit: NTD thousands

2. Description of market expansion program and market share

- (1) The semiconductor industry is not only the core of AI/IOT/HPC products but also the foundation for most electronic, electric, computer and communication industries. Due to this reason, it will deeply affect the economic and social development and even the national security. Therefore, it can be regarded as the national class of strategic product in guiding the fundamental and piloting industries. As MIRLE has provided the Stocker, OHT, AGV, EFEM, and MR AGV related system equipment for our semiconductor customers by now, we will become a key partner to the semiconductor factory for increasing their productivity and reducing the downtime.
- (2) Automated logistics system and equipment for the Clean Room of photoelectric panel factory: Corresponding to the COVID-19, demands are vigorously soaring that the panel industry is facing the over-demand dilemma. Such situation has forced some panel factories to develop the plan for carrying out the production line expanding and the equipment updating ahead of the schedule. With the panel

demand keeps growing, we expect that more investment will be visualized for the panel industry than the previous. In result, we will be benefitted in expanding more market opportunities.

- (3) Soaring demand for intelligent logistics and intelligent factory system: Being affected by the COVID-19 in 2020, significant increase of demand has been experienced for the automated logistic serviced in Taiwan and China where more than doubled planning cases over previous years are being seen in the Taiwan market. Such trend is even more obvious for the demand requested by the retailing industry (e-commerce logistics, and convenience store logistics) and the logistics transportation industry (third party logistics), etc. (the equipment mainly used are Shuttle Cart and AGV). Forced by the trading dispute between America and China, the backflow investment cases in Taiwan as initiated by the industries are still increasing. Therefore, we expect that high growth will be envisaged for the investment and the demand of the intelligent logistics and the intelligent factories.

3. Future market supply-demand status and growing potential

The automation products manufactured and sold by MIRLE have been widely applied in the photoelectric panel industry, circulation service industry, semiconductor industry, bio-medical industry, electronic industry and food industry, etc. For this reason, it is closely related to the economic climate and the private investment messages. With the approaching of 2021, significant increase of equipment investment plans will be expected because that China's demand for the panel and IC equipment are still increasing and that the Industrial 4.0 has also been actively promoted by major countries in this world. With the equipment investment plan increasing in massive scale, the investment in relevant machineries and equipment will keep soaring in the meantime. Spurred by the rejuvenated economic activities in Taiwan, the market demand for the automated equipment service will be positively stimulated. Therefore, future growth of the associated industries can be expected.

4. Competitive niche

By now, MIRLE is the leading branding in automated equipment service industry. Analyzed below are the competitive niches specific to MIRLE:

- (1) Technology:

Through continuous research and introducing of new technologies over the past years, MIRLE has been granted with a number of patents for the automation equipment related products. In the future, we will develop new product and relevant key parts continuously in order to achieve a wider technologies and level for the

application of intelligent automation system.

(2) Professionals:

Abiding by the operating conception of “Mutual Benefit. Co-existence. Mutual Prosperity. Sharing”, MIRLE has established a competitive and diversified salary system in order to recruit high-caliber professional experts. Implement the career development system composed by the selection, training, using and retaining process. Prepare the competence training and development courses for the respective aspect in order to stimulate the potential ability and the innovative idea of employees. In this way, they may expand the breadth and depth of their competence in the leadership, technical, business operation and management in order to become the A+ professionals in the group and enjoy the excellently performed growth. Encourage employees to cooperate with the company in creating higher operation performance in order to achieve the system integration in full-scale, intelligent and automated way. Create reasonable profit for the company with superior competitive ability so as to create a win-win situation for labors and the employer. Talent cultivation: Establish higher-vision level of systematic standard and build up the objective-oriented thinking and dialogue ability through systematic consultation and guidance mechanism. The purpose is to stimulate the responsible attitude of employees in order to improve the collaborative execution ability of the management team. Provided below are annual key training and guidance plan:

Type	Project Name / Program Name
Consultation Instructor	● Corporate Integrated Operation Decision-making and Comprehensive Resources Management: Vice President Chen-Fu Chien of National Tsing Hua University is hired to help with corporate operation decision-making and digital transformation applying his “Blue Ocean Strategy” taking advantage of his outstanding performance and R&D momentum in the smart manufacturing field.
	● Introduction of Online Real-time Total Test Technology for Improved Product and System Yield Rates: Technological collaboration with Professor Fang-Tien Cheng of National Cheng Kung University: AVM and IPM are combined with AI, the

big data platform, and cyber physical agent (CPA) to realize automation of a smart factory.

- Introduction of Information Security:

ISO 27001(2013) certified for the Information Security Management System (ISMS).

A third-party consulting company is authorized to maximize the scope of introduction of information security - design center R&D design procedure management and qualification service project and provide up to 24 hours of information security general courses and educational training on the profession and practice of information security.

- Introduction of TIPS-Class A certification (Taiwan Intellectual Property Management Regulations Class A Certification):

A third-party consulting company is authorized to help reinforce the quality of patent deployment, optimize trademark management, define the corporate secret management system, realize sound deployment of intellectual property strategies, expand the trademark and patent application landscape on the global market and internal intellectual property education and talent training.

- Introduction of ESG:

A third-party consulting company is authorized to help with the management and development in terms of environmental care (Environment), social and cultural considerations (Society), and corporate governance (Governance) in order to achieve the goal of sustainable corporate operation.

- Introduction of Environment + Occupational Safety and Health Configuration:

A third-party consulting company is authorized to build a system that helps with the management of environmental safety and health, realizes

	environmental protection, prevention against harm, and reduced cost of accidents, and achieves international environment + occupational safety and health management levels for enhanced awareness among the staff about environmental protection and occupational safety and health so that risks may be effectively managed, employee welfare may be boosted, and goodwill may be maintained, and sustainable operation may be fulfilled.
Newcomer training	Newcomer onboarding and training, machine operation training, and newcomer safety and health education.
Marketing course	Marketing and brand shaping, B2B marketing method and approaches, exhibition planning and brand presentation.
Management and leadership	OKR objectives and key result, manufacturing strategic blueprint by Gartner viewpoints, user experience and demand survey, coaching-type dialogue, support and listening, effective question, objective-oriented thinking.
Machinery course	Fatigue destruction and product lifespan, structural simulation analysis, metallic material and heat treatment related knowledge, damage analysis practices and hand-on (SEM/EDS) operation
Welding course	Welding technique and engineering management, welding design drawing consultation and instructions.
Information course	Big Data analysis and visualized chart, BIM engineering drafting, C# high-level language, 8D, Hadoop application, C++and data structure, PMPR certification, Python, AI depth learning series, AI data analysis and visualization, UiPath-RPAv1 certification

Work safety/human
resource/purchase/legal/QA
courses

Patent analysis, credit rating and contract,
engineering purchase and supplier management,
occupational safety, purchase contract and
negotiation, flexible use of Taguchi DOE method
(Robust Design), FMEA.

(3) Production line:

MIRLE is specializing in the manufacturing of intelligent automation system for the photoelectric panel industry, the intelligent automation system for the semiconductor industry, the automation system for the new-rising logistics/intelligent factories, and the automation system for the industry armed with market strategic niche. Being able to catch up with the development trend of the global smart manufacturing, our production line is equipped with long-term development niche.

5. Advantageous factors, disadvantageous factors and countermeasures for the development vision

Advantageous factors	Disadvantageous factors	Countermeasures
1. Mature smart automation environment and rapid expansion of market scale. 2. Promote higher level of innovative research, develop key parts through private R&D process, and elevate the self-production rate. 3. Surfacing of automated smart effect; automation equipment is now an essential strategy widely adopted by the manufacturers for elevating their competitiveness. 4. In response to the smart automation equipment trend, single-unit automation has progressed to total plant and total line automation.	1. The expansion of the operating scale is restricted due to the climbing of salary and the shortage of industrial professionals. 2. Due to higher revolutionary frequency of technology, the risks for putting investment in R&D technology are increasing. 3. All country are gradually valuing the cultivation of automated system operated company in order to secure higher market share through government's subsidy policy and lower price competition.	1. Decentralized geopolitical strategy; investments are no longer limited to Mainland China and are gradually shifting to Southeast Asia, Europe and America, Mexico 2. Improve the working environment, provide reasonable remunerations that can attract professionals as well as expand the employee's learning and growth space so that each person can demonstrate his expertise in order to contribute more for the company. 3. Increase the R&D investment and establish closer linkage with the R&D resources owned by the customers and the suppliers in order to provide comprehensive and real-time system integration services.

(II) Main purpose of key products and production process

1. Main purpose of key products

Product Name	Main Purpose
Clean Room Stocker System	With the Clean Room Automatic Stocker System, MIRLE is able to integrate the equipment and the information for the Logistics System and control over the material information instantly so as to enhance the operation performance. By integrating the existing information system, it allows the customer to save the space required for AMHS, reduce the AMHS implementation cost, improve the handling reliability and shorten the product manufacturing time. With the experiences in designing the Clean Room Stocker System for the panel industry and the ability in the total plant logistics planning that have been accumulated over the past 10 more years, MIRLE is now able to develop the mini-sized, light-weighted and high-speed automatic stocker system for the semiconductor industry in order to provide an optimal solution for the logistics system required by the semiconductor industry. The automatic Stocker System designed for the semiconductor industry is suitable for stocking 12" FOUP Carrier. Further, it is also allowed for highly flexible design modification in order to meet the special carrier stocking demand required by each individual customer such as the specially sized FOUP, FOSB and Tray, etc.
OHT: Overhead Hoist Transport	In the semiconductor field, the OHT is selected by ITRS (International Technology Roadmap for Semiconductors) for using as the key transport tool for the new-generation 18" wafer factory. Because it does not require Stocker for serving as the transition station, the implementation of OHT encompassing the entire plant can realize the EQ-to-EQ direct handling that the Carrier transport time and the product Cycle Time will be significantly shortened. It is the artery of the entire plant, and the higher stability and the intelligent logic control is played the key roles. MIRLE is equipped with professional consultants specialized in the semiconductor and panel industries. They not only help manufacture more perfect products for MIRLE but can also achieve higher production efficiency for customers

MR AGV	AGV is crucial to the planning of a smart automation plant blueprint. It helps effectively enhance the overall plant efficiency and features flexible space, equipment expandability, and outstanding uptime. Logistics upon transmission through the equipment is simulated reflective of variables such as the travel flow, transport volume, and structure throughout the plant in order to precisely calculate the quantity required by customers and the AGV uptime for maximum efficacy. Mirle accomplishments are visible in different industrial sectors such as high-tech semiconductors, display panels, electronics, and even traditional manufacturing. Reflective of the needs of customers in different fields, Mirle provides a variety of AGV models, including latent, self-unloading, forklift, traction, lifting, and clean-room only models. AGV is able to combine the production equipment of different features and link a variety of production procedures in order to have more different smart automation applications that better perfect and enhance the efficiency in total plant planning. Meanwhile, the most appropriate total plant automation workshops are provided reflective of site conditions to significantly reduce the demand for labor and it effectively lowers the operational cost.
Lifter	The vertical direction implemented by MIRLE is equipped with cargo dedicated automated handling device where the handling route is planned. Such device comprises the vertical handling section (vertical Lifter host) equipped with cargo lifting/lowering device and the horizontal handling section equipped with the automatic device required for moving the cargo to and out of the cargo loading device. In this way, it is presenting an impeccable 3D logistic layout and it is a prerequisite component for the cargo conveyance. With the experience in the Clean Room cargo handling operation over the past years, MIRLE is familiar with the deployment of each industry and the workmanship in the logistic field. Through such kind of profound plant erection experience, MIRLE is able to provide well-based solutions for customers.

EFEM	The EFEM planned by MIRLE can be designed flexibly according to the machine required for the respective production process. In the plant house demanding higher class of Clean Room environment, the EFEM developed by MIRLE can be operated corresponding to the requirements of ISO Class 1- Class 1000. It means that when facing the machine requiring different cleanliness class, MIRLE is able to provide a clean environment during the product moving process. In the meantime, the EFEM developed by MIRLE is also equipped with the ability for carrying out the Semi SECS/GEM 300 communication. When used in the automated factory, such interface can be used to start and stop the equipment processing, collect the measured data, change the volume and select the desired product recipe. SECS / GEM standard execute the aforesaid operation methods by definition method.
Vehicle Laminating Machine	Demand is climbing along with the launch of larger-sized vehicle panels. In previous, only a couple of panels were required and now there are examples requiring 5 pieces to 7 pieces of panels for the entire car. Further, the size of the panel has also increased to over 20” and even run up to 50” from the 7” in early days. As such, the quantity and size of the panel has suggested that huge demand is posed by the vehicle market. By estimate, there will be at least 2-digit compound growth rate in each year. By now, MIRLE is a leading brand in vehicle lamination technology as can be supported by the proven performance of automobile plants and major panel factories.

Hydrogel Coater	The slit coating technology is designed with measurable coating volume and higher thickness uniformity. Nowadays, most industries based in Taiwan are still at the single-layer material coating level. If a manufacturer expects to achieve bouncing type of elevation for the product specifications and characteristics when the material characteristics are evolved to certain stage, it has to be solved through the multi-layer structure presented by specific design. Taking the product structure for example, the issue on how to maintain the cohesion, insulation, coarseness, optical characteristics, thermal conductivity, electric conductivity, low dielectric characteristics and high dielectric characteristics will be the key direction that can help the global major plants to put investment in the R&D positively. The slit coating technology developed by MIRLE allows a smooth coating for the entire face or for multiple coating runners or for the cps presented in varied elevations in order to satisfy the stricter demand required by the customer.
General environment Pallet-type 4-way Shuttle Cart	It applies in the automated storage/retrieval system of densely organized warehouse deployed in general environment of service-oriented industries and the manufacturing industry such as distribution center, medical, chemical, textile, computer, electronic and machinery manufacturing industries. In addition to saving massive amount of storage floor, it also saves manpower in order to intensify the management efficiency and correctness by linking the intelligent software with the PC and by executing the control. In the meantime, it can also be flexibly added with 4-way shuttle cart to provide maximum handling capability. Further, the stocking space can also be flexibly increased according to the spatial environment in order to provide optimal floor effect.
Refrigerating environment Pallet-type Automated Storage/Retrieval System	
Refrigerating environment Pallet-type 2-way Shuttle Cart	It applies in the automated storage/retrieval system of the “-25℃ refrigerating environment” required for the service-oriented industries and the manufacturing industry.

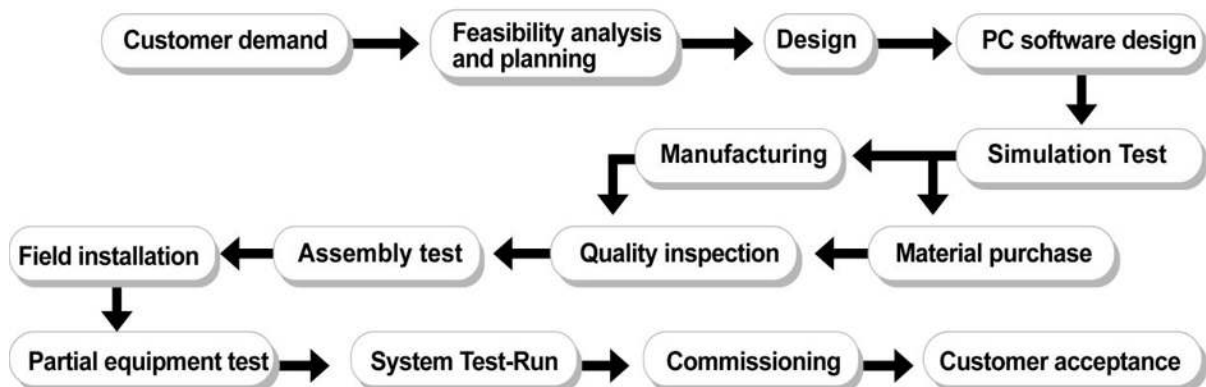
Industrial PC and Industrial Controller (MIPC)

The MIPC developed by MIRLE can be applied in the AMHS System such as the logistics handling system, AGV and OHT, etc.

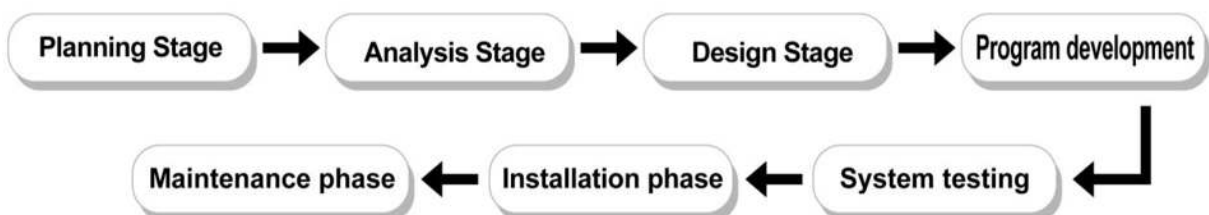
When applying MIRLE's MIPC in the AGV, it can be connected with the external navigation system for carrying out flexible adjustment according to the conditions of the handling site. As such, it is superior to the conventional PLC in terms of the transport route and the optimal efficacy in labor assignment. When used with the AGVC (AGV Controller) developed by MIRLE, it also provides much higher integration performance for the control system. When using with the OHT, the MIPC developed by MIRLE is used the built-in motion control device for coordinating with the 125 μ s of multi-axis control function to achieve high-speed moving and accurate positioning in order to shorten the cargo storage/retrieval time while enhancing the equipment service rate. The MIPC developed by MIRLE can operate the 4-way Shuttle Cart for combining the image identification to achieve multi-car evading and intelligent cargo sensing and judging functions.

2. Manufacturing process of main products:

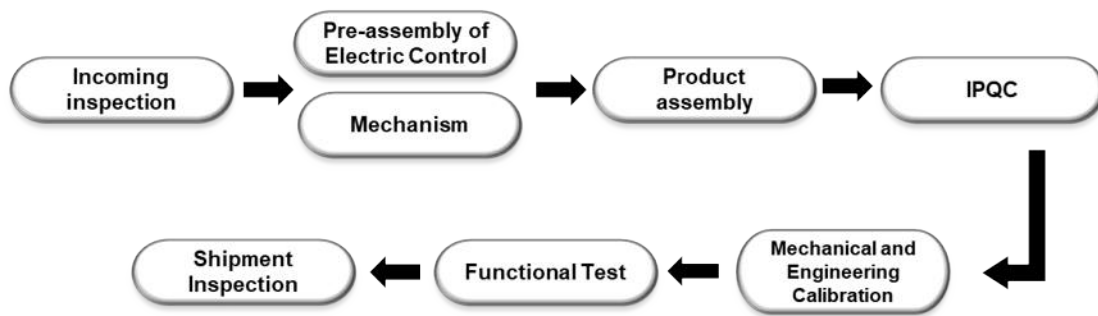
(1) Manufacturing process of Intelligent Automated Logistics System:



(2) Information product system manufacturing process:



(3) Industrial PC and Industrial Controller manufacturing process:



(III) Primary material supply status

1. The primary parts required for the Automated Storage/Retrieval System is the access host. Except that partial materials required for manufacturing the host will be imported from Japan and that the Reducer motor will be imported from Germany, over 80% of parts will be supplied locally.
2. The primary parts required for the logistics system are AGV, Shuttle Cart and OHT. Except that partial materials will be imported from Japan, over 90% of parts required for manufacturing the host will be supplied locally.
3. Semiconductor intelligent automation system and lamination-related equipment (such as Stocker, EFEM, Sorter, Storage, Glass Molding Press, and consolidated production line manufacturing system for high-molecular material slit coating): Except that partial materials required for manufacturing the host will be imported from Japan, over 90% of parts will be supplied locally.
4. The computer hardware of IT systems is mainly supplied by dealers of various brands, such as HP commercial computers, corporate hosts, corporate servers, and SAN/NAS data storage equipment, etc. Sources of supply to ensure information security mainly include leading brands on the information security market, such as CyberArk privileged account, CyCraft, Palo Alto, etc. In addition, domestic information security manufacturer solutions are combined, such as Chelpis, DoQubiz, Digiforen Technology Co., Ltd., Shield eXtreme, Infoboom Technology). Managment software of automation systems, on the other hand, are primarily self-developed.
5. The primary raw material of a controller is MIPC; it is meant for semiconductors, smart automatic tailored industrial computers. Primary elements such as the CPU and MEMORY are imported from international heavyweights such as NXP and Micron.

(IV) The names of customers accounting for more than 10% of the total purchases (sales) in any of the last two years and their purchases (sales) amount and proportion:

1. List of sales customers accounting for more than 10% of total sales in any of last two years:

Unit: NTD thousands

2021				2022			
Name	Amount	% of net annual revenue	Relationship with the issuer	Name	Amount	% of net annual revenue	Relationship with the issuer
Customer FJ	2,017,469	20.46	No	Customer FJ	2,254,797	20.94	No
Customer P	859,573	8.72	No	Customer B	1,404,888	13.05	No
Others	6,984,361	70.82	No	Others	7,109,331	66.01	No
Net sales	9,861,403	100.00		Net sales	10,769,016	100.00	

*Reason for increase or decrease:

Customer P's purchase decreased from that in 2021 mainly due to the decrease in demand for information equipment.

2. List of purchasing manufacturers accounting for more than 10% of the total purchases in any of the last two years:

Unit: NTD thousands

2021				2022			
name	Amount	% of net annual purchase	Relationship with the issuer	name	Amount	% of net annual purchase	Relationship with the issuer
Others	6,154,609	86.36	No	Others	-	-	No
Net purchase	6,154,609	100.00	-	Net purchase	6,154,609	100.00	-

*Reason for increase or decrease:

Due to the sharp raise in revenue in 2022, the purchase amount significantly increased compared with that in the last year.

(V) Production volume and value in the last two years

Unit: NTD thousands

Production volume and value Main products (or departments)	Year	2021			2022		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Logistics system		note	note	5,401,662	note	note	6,827,099
Information product system and industry controller		note	note	2,423,397	note	note	2,047,459
Total		note	note	7,825,059	note	note	8,874,558

Note: It is designed in accordance with customer requirements. Each system requires different accessories, so the quantity cannot be calculated accordingly.

(VI) Sales volume value in the last two years

Unit: NT\$ thousand

Production volume and value Main products (or departments)	Year	2021				2022			
		Domestic sales		Export		Domestic sales		Export	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Logistics system		note	3,506,607	note	3,625,084	note	4,066,556	note	4,764,240
Information product system and industry controller		note	1,351,417	note	1,378,295	note	1,433,807	note	504,413
Total		note	4,858,024	note	5,003,379	note	5,500,363	note	5,268,653

Note: It is designed in accordance with customer requirements. Each system requires different accessories, so the quantity cannot be calculated accordingly.

III. Information of employees in the past two years and as of the end of the first quarter of 2022:

Year		2021	2022	As of March 31, 2023
Number of workers	Technical staff	810	900	875
	Managerial staff	346	345	342
	Total	1,156	1,245	1,217
Average age		37.5	34.63	38.40
Average years of service		7.4	6.33	7.78
Ratio of education level distribution	PhD	0.26%	0.32%	0.33%
	Master's degree	22.15%	22.97%	22.76%
	Junior college	72.92%	72.45%	72.47%
	High school	4.41%	4.02%	4.19%
	Below high school	0.26%	0.24%	0.25%

IV. Environmental Protection Expenditure Information

- (I) In the last year and as of the publication date of the annual report, losses (including compensation) due to environmental pollution and violations of environmental protection laws and regulations as a result of environmental protection audits: None.
- (II) Future countermeasures and possible expenditures: The business operated by the Company has no risk of environmental pollution and it is expected that there will be no major environmental protection expenditures in the next three years.

V. Labor Relations

- (I) Employee welfare measures, further study, training and their implementation status:
 1. Welfare measures handled by the Company:
 - (1) Labor Insurance: Labor Insurance is applied for the employee from the day of reporting to duty.
 - (2) National Health Insurance: National Health Insurance is applied for the employee from the day of reporting to duty.
 - (3) Regular health check-ups: Regular physical check-ups are arranged for all employees and group insurance is applied for them (including life insurance, accident insurance, medical insurance and spouse and children medical insurance).
 - (4) Pension allocation/withholding:
 - a. With the adoption of the old system, the Company, in accordance with Article 2 of the Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds, allocates a retirement fund within the range of 2% to 15% of the total actual salary of employees every month.
 - b. For those who choose the new system in accordance with the Labor Pension Act, and new employees who joined after July 1, 2005, 6% of the individual's monthly salary will be withheld according to the "Salary Withholding Class Table" and will be saved in the individual labor pension account at the Labor Insurance Bureau.
 - (5) Training courses:
 - a. Compliance with relevant regulations, including sexual harassment prevention, anti-discrimination, job management, protection of humane treatment and

- healthy and safe working environment.
 - b. Education and propaganda on daily behaviors and ethical standards to provide a healthy and positive workplace culture.
 - c. Various functional trainings to enhance the professional and innovative capabilities of employees.
 - d. Occupational safety training series.
- (6) Shareholdings trust: In order to inspire employees' loyalty and sense of participation, an employee shareholdings committee is established, and the Company allocates incentives to share business results, so as to ensure the stability of employees' future lives.
- 2. Welfare measures by the Employee Welfare Committee:

For the main source of welfare funds, the Employee Welfare Committee is established in accordance with the Employee Welfare Fund Act to handle various employee welfare matters and welfare funds are allocated in accordance with the regulations from the amount of venture capital, monthly operating income, employee salaries and sale of waste materials.

 - (1) For occasions of weddings, funerals, celebrations, etc. a variable amount of gift or bereavement money may be applied for in accordance with the regulations.
 - (2) Gifts for the New Year and birthdays.
 - (3) Domestic and foreign travel: domestic and foreign travel is organized from time to time.
 - (4) Movies, various club activities and healthy life lectures.
 - (5) An employee gym and fitness equipment are set up for employees to use, and various fitness courses are offered.
- 3. Implementation of the retirement system:

The Company has a retirement plan for full-time employees of ROC nationality who are formally hired through the employment process. According to the regulations:

 - (1) For those who adopt the old system:
 - a. Two base numbers are granted for each work year according to their work seniority. However, for those with a seniority of more than 15 years, one base number is granted for each year and the maximum total is forty-five base numbers. Those with a service period of less than half a year will be counted as having a service period of half a year and those who have completed half a year of service will be counted as one year.
 - b. According to the second paragraph of Article 6, if a worker who is forced to retire has a loss of mind or is physically disabled due to a work-related injury or illness, an increase of 20% will be added in accordance with the provisions of the preceding paragraph.
 - c. The pension base number refers to the average salary in the six months before the approved retirement.
 - (2) For those adopt the new labor retirement system:
 - a. For those who choose the Labor Pension Act since July 1, 2005, the original seniority will be retained and when they retire, the pension will be granted for the retained seniority according to the pension granting standards.
 - b. 6% of the monthly individual salary will be withheld and deposited in the individual labor pension account at the Labor Insurance Bureau.
- 4. Status of agreement between labor and management:

Providing employees with unobstructed communication channels and building a workplace environment with harmonious labor-management relations:

 - (1) Labor-management meetings are held every quarter to listen to the suggestions of laborers and promote harmonious labor-management relations.
 - (2) A suggestion box is set up and the "Personnel Review Committee Rules" are

formulated.

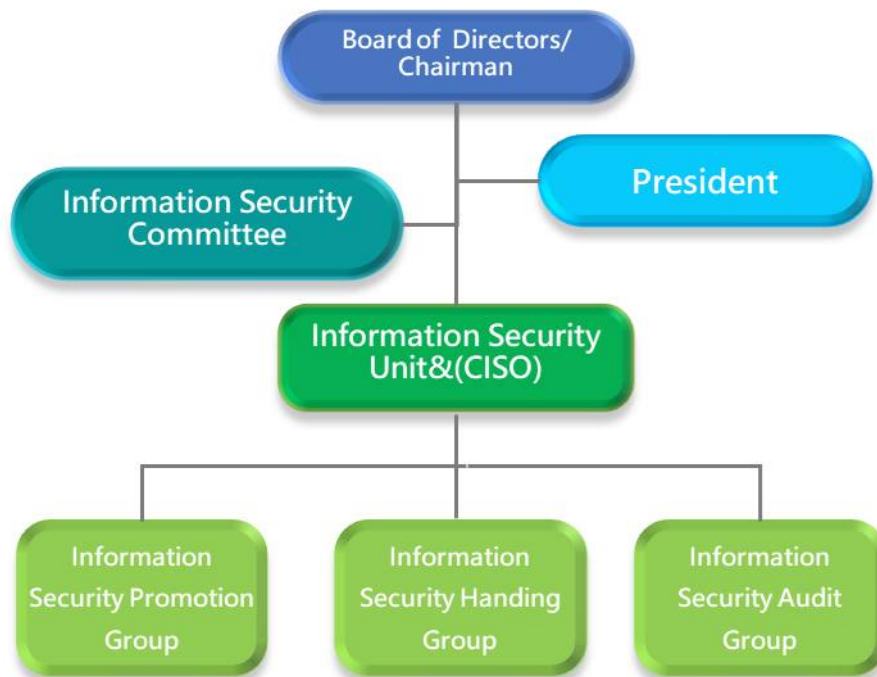
- (3) The code of ethics for employees and sexual harassment prevention and related measures are formulated to prohibit sexual harassment incidents.
 - (4) The Company has had harmonious labor-management relations so far and no labor-management disputes have occurred.
- (II) Losses suffered due to labor disputes in the last three years and up to the publication date of the annual report; disclose the current and the estimated loss amount in the future and countermeasures:
- 1. So far, the Company has not suffered losses due to labor disputes.
 - 2. The Company has always followed the provisions of various labor laws and regulations, and is committed to the improvement of employee welfare. Under its humanized and rational management, employees' opinions are fully valued for improvement.
 - 3. Under the harmonious labor-management relations, the Company does not expect any loss of money due to labor-management disputes in the future.

VI. Information And Communication Security Risk Management

- (I) Information and communication security risk management framework, information and communication security policy, substantial management plans, and resources devoted to managing information and communication security:
- 1. Risk Management Framework:
 - (1) For improved information security management, the Company called for the Information Security Management Committee meeting on November 18, 2020 and established related information security organizations and periodically reports the status of information security governance to the Board of Directors.
 - (2) Implementation Status in 2020: The independent unit in charge of information security, "Information Security Protection Department" was established in September 2020 to take charge of information security governance, planning, supervision, and implementation of the Mirle Group. The President convened and formed the "Information Security Management Committee" in November 2020 to take charge of information security governance policies for respective businesses within the Group and to supervise information security management within the Group. The Information Security Policy and Information Security Organic Charter was approved in December 2020. The Information Security Promotion Group, the Information Security Handling Group, and the Information Security Audit Group were formed to help respective business units within the Group carry out information security-related tasks, to audit how information security incidents are handled and how respective information security tasks are performed, to depict omnipresent information security defense capabilities from the perspective of group risk control, and to continue to boost awareness of information security among the colleagues.

Assistant Vice President Charles Kao was assigned in August 2022 to be the Chief Information Security Officer and to take charge of promoting information security policies, managing, coordinating, and supervising information security affairs operations, and reporting results.

Information Security Management Committee Organizational Structure



2. Information and Communication Security Policy:

(1) Ensure the confidentiality of related business information of the Company and prevent the Company's classified information and personal data from leakage and getting lost.

(2) Ensure the integrity and usefulness of related business information of the Company in order to carry out the Company's processes and respective tasks correctly.

To ensure that the information security management system runs effectively, the Company formed the Information Security Committee that centrally plans and promotes the information security management system. The action items are as follows:

- a. Define policies and goals.
- b. Combine standard requirements in the Company's management measures.
- c. Provide resources needed for the ISMS.
- d. Communicate the importance of effective environmental management and fulfillment of ISMS requirements.
- e. Ensure fulfillment of expected results with the ISMS.
- f. Instruct and support staff to realize effectiveness of ISMS.
- g. Promote continuous improvements.

3. Substantial management solutions:

The Company's information security policy is focused on information security governance, compliance, and technological utilization for the assessment and planning. It is described as follows:

Item	Highlight	Description
Information Security Governance	- Enforce PDCA cyclic quality management - Maintain information security management systems - Continuously improve risk management	Establish an information security management system and build security awareness. Regularly verify and adjust the security system, to deepen information protection.
Compliance	- Periodically review and adequately revise information security-related regulations - Build compliance cyclic mechanism	Build corporate information security compliance cyclic mechanism and periodically review and revise internal operating procedures in order to meet international laws and regulations and the laws and regulations in respective overseas areas.
Technology utilization	- Risk evaluation & assets protection - Information security boundary review & countermeasure - Automation threat & defense mechanism deployment	Identify and differentiate risks; adjust and reinforce existing defense framework; apply data analysis and identification technologies; improve visibility and readability of threats; and find out risks and prepare countermeasures early.

4. Devote resources to the management of information and communication security and enforce them:
 - (1) Commission the new information machine rooms in the main office of Hsinchu and enhance physical safety engineering, including the reinforcement of the interiors and exteriors of the room, addition of surveillance systems, motion detection systems, and fire prevention systems, among others.
 - (2) The Group maximized information security certification in 2022, with addition of the design procedure certification of the design center and it was approved in the third-party audit in December of the same year.
 - (3) The Company was certified by ISO 27001-2013 (ISMS - Information Safety Management System) (Including TAF certification) in February 2023.
- (II) Losses as a result of major information and communication security events, their possible impacts, and countermeasures over the most recent year:

On June 6, 2020, the Company's non-core information and communication system was hacked. As soon as it occurred, related response measures were activated and stakeholders and the investigation authority were informed. Impacts brought about by this event were addressed within the tolerable time limits and it did not affect the corporate operation at all.

As of the date when the Annual Report was printed, no hacker attacks had occurred. Reinforcement of network infrastructures and defense equipment will continue in order to identify and control risks and protect corporate operations against operational impacts.

VII. Important Contracts

Contract nature	Parties involved	Contract start and end date	Main content	Restriction clause
Land lease	Hsinchu Science Park Administration	April 1, 2009 ~ December 31, 2028	Lease of the factory base from Hsinchu Science Park Administration	No subletting
Land lease	South Science Park Administration	July 10, 2008 ~ July 9, 2028	Lease of the factory base from South Science Park Administration	No subletting
Land lease	Central Science Park Administration	May 1, 2011 ~ April 30, 2031	Lease of the factory base from Central Science Park Administration	No subletting
Land lease	Hsinchu Science Park Administration	July 15, 2019 ~ December 31, 2038	Lease of Tongluo factory base from Hsinchu Science Park Administration	No subletting

Chapter Six. Financial Overview

I. Condensed Balance Sheet and Comprehensive Income Statement of the Past Five Years

(I) ~ 1 Condensed Balance Sheet (Consolidated) - The International Financial Reporting Standard (IFRS) is adopted

Unit: NTD thousands

Year Item		Consolidated Financial Data of the Past Five Years				
		2018	2019	2020	2021	2022
Current assets		9,698,493	8,505,627	8,057,341	8,493,659	9,343,587
Property, plant and equipment		2,297,761	2,278,356	2,449,453	2,627,425	2,941,081
Intangible assets		45,336	51,376	51,661	54,962	65,743
Other assets		377,038	627,639	650,074	605,039	762,060
Total assets		12,418,628	11,462,998	11,208,529	11,781,085	13,122,471
Current liabilities	Before distribution	7,860,502	6,802,428	5,476,352	5,840,872	7,345,290
	After distribution	8,505,755	7,291,256	5,867,414	6,271,041	Note 2
Non-current liabilities		443,625	590,437	1,623,015	1,726,467	1,422,966
Total liabilities	Before distribution	8,304,127	7,392,865	7,099,367	7,567,339	8,768,256
	After distribution	8,949,380	7,881,693	7,490,429	7,997,508	Note 2
Equity attributable to shareholders of the parent		4,114,300	4,069,951	4,099,210	4,200,387	4,323,612
Capital stock		1,955,312	1,955,312	1,955,312	1,955,312	1,955,312
Capital surplus		262,505	258,245	253,729	254,964	270,290
Retained earnings	Before distribution	2,004,793	2,029,741	2,042,218	2,157,970	2,225,387
	After distribution	1,359,540	1,540,913	1,651,156	1,727,801	Note 2
Other equities		(108,310)	(173,347)	(152,049)	(167,859)	(127,377)
Treasury stock		-	-	-	-	-
Uncontrolled equity		201	182	9,952	13,359	20,603
Total equity	Before distribution	4,114,501	4,070,133	4,109,162	4,213,746	4,344,215
	After distribution	3,469,248	3,581,305	3,718,100	3,783,577	Note 2

Note 1: The data of respective years listed above have all been audited (reviewed and approved) and certified by the CPAs.

Note 2: The distribution of amount is yet to be decided based on the board of directors or during the shareholders' meeting.

Note 3: As of the date when the Annual Report was printed, financial data of companies that are listed or whose stocks are already being traded at the business locations of securities dealers, if they have been audited, certified, reviewed, or approved by the CPAs, shall be disclosed as well.

(I) ~ 2 Condensed Balance Sheet (Individual) - The International Financial Reporting Standard (IFRS) is adopted

Unit: NTD thousands

Item \ Year		Individual Financial Data of the Past Five Years				
		2018	2019	2020	2021	2022
Current assets		7,692,398	6,236,108	6,035,393	6,496,915	7,392,930
Property, plant and equipment		1,536,081	1,548,691	1,742,367	1,930,797	2,261,804
Intangible assets		32,264	39,054	35,564	40,348	53,056
Other assets		1,909,714	2,254,555	2,401,732	2,391,193	2,436,052
Total assets		11,170,457	10,078,408	10,215,056	10,859,253	12,143,842
Current liabilities	Before distribution	6,615,877	5,421,715	4,492,939	4,933,044	6,397,572
	After distribution	7,261,130	5,910,543	4,884,001	5,363,213	(Note 2)
Non-current liabilities		440,280	586,742	1,622,907	1,725,822	1,422,658
Total liabilities	Before distribution	7,056,157	6,008,457	6,115,846	6,658,866	7,820,230
	After distribution	7,701,410	6,497,285	6,506,908	7,089,035	(Note 2)
Equity attributable to shareholders of the parent			-	-	-	-
Capital stock		1,955,312	1,955,312	1,955,312	1,955,312	1,955,312
Capital surplus		262,505	258,245	253,729	254,964	270,290
Retained earnings	Before distribution	2,004,793	2,029,741	2,042,218	2,157,970	2,225,387
	After distribution	1,359,540	1,540,913	1,651,156	1,727,801	(Note 2)
Other equities		(108,310)	(173,347)	(152,049)	(167,859)	(127,377)
Treasury stock		-	-	-	-	-
Uncontrolled equity		-	-	-	-	-
Total equity	Before distribution	4,114,300	4,069,951	4,099,210	4,200,387	4,323,612
	After distribution	3,469,047	3,581,123	3,708,148	3,770,218	(Note 2)

Note 1: The data of respective years listed above have all been audited and certified by the CPAs.

Note 2: The distribution of amount is yet to be decided based on the board of directors or during the shareholders' meeting.

(II)~1 Condensed Comprehensive Income Statement (Consolidated) - The International Financial Reporting Standard (IFRS) is adopted

Unit: NTD thousands

Item \ Year	Consolidated Financial Data of the Past Five Years				
	2018	2019	2020	2021	2022
Net revenue	14,406,440	12,507,333	8,908,665	9,861,403	10,769,016
Gross profit	2,659,935	2,325,614	1,883,306	2,045,031	1,876,928
Income(Loss) from operations	1,146,252	879,357	668,970	691,398	356,942
Non-operating income and expenditure	10,389	(31,667)	(91,197)	(74,798)	237,358
Income before income tax	1,156,641	847,690	577,773	616,600	594,300
Income from continuing operations	953,813	681,668	513,384	531,402	522,073
Losses from discontinued operations	-	-	-	-	-
Net income	953,813	681,668	513,384	531,402	522,073
Other comprehensive income (loss) for the year (after-tax)	(64,470)	(76,523)	10,127	(36,989)	23,349
Total comprehensive income (loss) for the year	889,343	605,145	523,511	494,413	545,422
Net income attributable to shareholders of the parent	953,805	681,670	513,367	527,896	514,724
Net income attributable to non-controlling interest	8	(2)	17	3,506	7,349
Total comprehensive income (loss) attributable to shareholders of the parent	889,343	605,164	523,5496	491,004	538,068
Total comprehensive income (loss) attributable to non-controlling interest	0	(19)	15	3,409	7,354
Earnings per share	4.88	3.49	2.63	2.70	2.63

Note 1: The data of respective years listed above have all been audited (reviewed and approved) and certified by the CPAs.

(II)~2 Condensed Comprehensive Income Statement (Individual) - The International Financial Reporting Standard (IFRS) is adopted

Unit: NTD thousands

Item \ Year	Individual Financial Data of the Past Five Years				
	2018	2019	2020	2021	2022
Net revenue	11,986,072	10,033,116	7,484,989	8,363,386	9,075,402
Gross profit	2,343,772	2,053,646	1,684,351	1,876,661	1,662,783
Income(Loss) from operations	1,039,138	850,366	625,084	676,330	350,016
Non-operating income and expenditure	104,036	(11,649)	(53,429)	(66,519)	228,449
Income before income tax	1,143,174	838,717	571,655	609,811	578,465
Income from continuing operations	953,805	681,670	513,367	527,896	514,724
Losses from discontinued operations	-	-	-	-	-
Net income	953,805	681,670	513,367	527,896	514,724
Other comprehensive income (loss) for the year (after-tax)	(64,462)	(76,506)	10,129	(36,892)	23,344
Total comprehensive income (loss) for the year	889,343	605,164	523,496	491,004	538,068
Net income attributable to shareholders of the parent	-	-	-	-	-
Net income attributable to non-controlling interest	-	-	-	-	-
Total comprehensive income (loss) attributable to shareholders of the parent	-	-	-	-	-
Total comprehensive income (loss) attributable to non-controlling interest	-	-	-	-	-
Earnings per share	4.88	3.49	2.63	2.70	2.63

Note 1: The data of years listed above have all been audited and certified by the CPAs.

(III) Names of CPAs of the Past Five Years and Their Audit Feedback

Year	Accounting Firm	Certified Public Accountant (CPA)	Audit Feedback	Reason for replacement of the CPA
2018	Deloitte Taiwan	Tsai Mei-Chen, Chen Ming-Hui	Unqualified opinion	No
2019	Deloitte Taiwan	Tsai Mei-Chen, Chen Ming-Hui	Unqualified opinion	No
2020	Deloitte Taiwan	Tsai Mei-Chen, Chen Ming-Hui	Unqualified opinion	No
2021	Deloitte Taiwan	Tsai Mei-Chen, Chen Ming-Hui	Unqualified opinion	No
2022	Deloitte Taiwan	Tsai Mei-Chen, Huang Yu-Feng	Unqualified opinion	Regular internal reassignment of duties

II. Financial Analysis of the Past Five Years

(I) Financial Analysis (Consolidated) - The Financial Reporting Standard (IFRS) is adopted

Analysis Item \ Year		Consolidated Financial Analysis of the Past Five Years				
		2018	2019	2020	2021	2022
Financial structure	Liability-to-asset ratio (%)	66.87	64.49	63.34	64.23	66.87
	Long term funds to property, plant and equipment ratio (%)	198.37	204.56	234.02	226.08	196.09
Solvency	Current ratio (%)	123.38	125.04	147.13	145.42	127.21
	Quick ratio (%)	45.21	50.17	67.63	65.14	32.75
	Times interest earned ratio	82.36	53.54	43.31	53.89	27.80
Operating ability	Receivable turnover ratio (frequency)	14.68	10.44	8.64	13.95	22.56
	Average collection days (day)	25	35	42	26	16
	Inventory turnover ratio (frequency)	4.95	4.68	3.79	5.29	5.75
	Payable turnover ratio (frequency)	2.85	2.40	2.30	2.64	2.63
	Average sales days (day)	74	78	96	69	64
	Property, plant and equipment turnover ratio (frequency)	6.62	5.47	3.77	3.88	3.87
	Total asset turnover ratio (times)	1.22	1.05	0.79	0.86	0.87
Profitability	Return on assets (%)	8.20	5.82	4.63	4.70	4.34
	Return on equity (%)	24.99	16.66	12.55	12.77	12.20
	Income before tax to paid-in capital ratio (%)	59.15	43.35	29.55	31.53	30.39
	Profit margin ratio (%)	6.62	5.45	5.76	5.39	4.85
	Earnings per share (NT\$)	4.88	3.49	2.63	2.70	2.63
Cash flow	Cash flow ratio (%)	31.48	6.37	19.75	17.14	(19.94)
	Cash flow adequacy ratio (%)	117.45	93.09	115.56	141.52	86.60
	Cash Re-investment ratio (%)	44.97	(4.45)	10.05	9.77	(30.73)
Leverage	Operating leverage	2.59	3.09	3.47	3.76	6.53
	Financial leverage	1.01	1.02	1.02	1.02	1.07

Note 1: The data of years listed above have all been audited (reviewed and approved) and certified by the CPAs.

Note 2: Information on the reason for the changes in respective financial ratios over the past two years (with a change rate of 20% and above)

Analysis Item	2021	2022	Difference	Description
Quick Ratio	65.14	32.75	-49.72%	Mainly caused by a decrease in the Cash and cash equivalents and an increase in the current liability
Times interest earned ratio	53.89	27.80	-48.41%	Mainly caused by a decrease in the income tax and net profit before interest and an increase in the interest expenditure of the current term.
Receivable turnover ratio (frequency)	13.95	22.56	61.72%	Mainly caused by an increase in the net sales.
Average collection days (day)	26	16	-38.46%	Mainly caused by an increase in the receivable turnover ratio (frequency)
Cash Flow Ratio	17.14	(19.94)	-216.34%	Mainly caused by a decrease in the net cash flow from business activities.
Cash flow adequacy ratio (%)	141.53	86.60	-38.81%	Mainly caused by a decrease in the net cash flow from business activities.
Cash Re-investment Ratio	9.77	(30.73)	-414.53%	Mainly caused by a decrease in the net cash flow from business activities.
Operating leverage	3.76	6.53	73.67%	Mainly caused by a decrease in the operating interest

(II) Financial Analysis (individuals) - The Financial Reporting Standard (IFRS) is adopted

Analysis Item		Year	Individual Financial Analysis of the Past Five Years				
			2018	2019	2020	2021	2022
Financial structure	Liability-to-asset ratio (%)		63.17	59.62	59.87	61.32	64.40
	Long term funds to property, plant and equipment ratio (%)		296.51	300.69	328.41	306.93	254.06
Solvency	Current ratio (%)		116.27	300.69	134.33	131.70	115.56
	Quick ratio (%)		36.92	115.02	47.10	49.88	18.13
	Times interest earned ratio		85.53	32.17	42.86	53.36	27.10
Operating ability	Receivable turnover ratio (frequency)		30.41	79.77	26.66	33.51	45.58
	Average collection days (day)		12	14	14	11	8
	Inventory turnover ratio (frequency)		4.95	4.79	3.92	5.31	5.81
	Payable turnover ratio (frequency)		3.07	2.65	2.96	3.10	2.86
	Average sales days (day)		74	76	93	69	63
	Property, plant and equipment turnover ratio (frequency)		8.14	6.50	4.55	4.55	4.33
	Total asset turnover ratio (times)		1.12	0.94	0.74	0.79	0.79
Profitability	Return on assets (%)		9.00	6.50	5.17	5.10	4.63
	Return on equity (%)		24.99	16.66	12.57	12.72	12.08
	Income before tax to paid-in capital ratio (%)		58.47	42.89	29.24	31.19	29.58
	Profit margin ratio (%)		7.96	6.79	6.86	6.31	5.67
	Earnings per share (NT\$)		4.88	3.49	2.63	2.70	2.63
Cash flow	Cash flow ratio (%)		37.10	1.99	20.22	18.78	(24.39)
	Cash flow adequacy ratio (%)		133.53	97.84	116.40	152.60	74.37
	Cash Re-investment ratio (%)		44.46	(11.37)	7.15	8.71	(33.00)
Leverage	Operating leverage		2.48	2.78	3.23	3.35	5.68
	Financial leverage		1.01	1.01	1.02	1.02	1.07

Note 1: The data of respective years listed above have all been audited and signed off as approval by the CPAs.

Note 2: Information on the reason for the changes in respective financial ratios over the past two years (with a change rate of 20% and above)

Analysis Item	2021	2022	Difference	Description
Quick Ratio	49.88	18.13	-63.65%	Mainly caused by a decrease in the Cash and cash equivalents and an increase in the current liability
Times interest earned ratio	53.36	27.10	-49.21%	Mainly caused by a decrease in the income tax and net profit before interest and an increase in the interest expenditure of the current term.
Receivable turnover ratio (frequency)	33.51	45.58	36.02%	Mainly caused by an increase in the net sales.
Average collection days (day)	11	8	-27.27%	Mainly caused by an increase in the receivable turnover ratio (frequency)
Cash Flow Ratio	18.78	(24.39)	-229.87%	Mainly caused by a decrease in the net cash flow from business activities.
Cash flow adequacy ratio (%)	152.60	74.37	-51.26%	Mainly caused by a decrease in the net cash flow from business activities.
Cash Re-investment Ratio	8.71	(33.00)	-478.87%	Mainly caused by a decrease in the net cash flow from business activities.
Operating leverage	3.35	5.68	69.55%	Mainly caused by a decrease in the operating interest

Note 3. The calculation formula is shown below:

1. Financial structure

(1) Liability-to-asset ratio = total liabilities/ total assets

(2) Long term funds to property, plant and equipment ratio = (Total equities + Non-current liabilities)/Net value of property, plant and equipment

2. Solvency

(1) Current ratio = Current assets/ Current liabilities.

(2) Quick ratio = (Current assets — Inventory — Prepaid expenses)/Current liabilities.

(3) Times interest earned ratio = Income tax and net profit before interest/Interest expenditure of the current term

3. Management ability

(1) Receivable (including accounts receivable and receivable notes from operations) turnover ratio = Net sales value/ mean balance of receivables of each term (including accounts receivable and receivable notes from operations).

(2) Average collection days = 365/Receivable turnover ratio

(3) Inventory turnover ratio = Sales cost/mean inventory

(4) Payable (including accounts payable and payable notes from operations) turnover ratio = Net sales value/ mean balance of payables of each term (including accounts payable and payable notes from operations).

(5) Average sales days = 365/Inventory turnover ratio

(6) Property, plant and equipment ratio = Net sales value/Mean net value of property, plant and equipment

(7) Total asset turnover ratio = Net sales value/Mean total assets

4. Profitability

(1) Return on assets = [after-tax income + interest × (1-tax rate)]/gross assets on average

(2) Return on equity = after-tax income/mean total equity

(3) Profit margin ratio = After-tax income/Net sales

(4) Earnings per share = (Income that belongs to the clients of the parent company — Preferred

stock dividend)/Weighted average number of shares (Note 1)

5. Cash flow

(1) Cash flow ratio = Net cash flow from business activities/Current liabilities

(2) Net cash flow adequacy ratio = Net cash flow from business activities over the past five years/(capital expenditure + increase in inventory + cash dividend) over the past five years.

(3) Cash reinvestment ratio = (net cash flow from business activities - cash dividends)/(net value of real estate, manufacturing facilities, and equipment + long-term investment + other non-current assets + working capital) (Note 2)

6. Leverage:

(1) Operating leverage = (Net operating income — Change in operating costs and expenses)/Operating profit (Note 3).

(2) Financial leverage = Operating profit/(Operating profit - interest).

III. Supervisor's Review Report of the Financial Statement from the Most Recent Year

Audit Committee's Audit Report

The Board of Directors prepared and submitted the 2022 Business Report, Financial Statements, and Earnings Distribution Proposal. Financial statements, in particular, have been completely audited by CPA Mei-Chen Tsai and CPA Yu-Feng Huang of Deloitte Taiwan, with the Audit Report containing unqualified opinions issued.

The above-mentioned Business Report, Financial Statements, and Earnings Distribution Proposal have been reviewed by the Audit Committee and no discrepancy has been found. Therefore, according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, they are submitted for review and approval.

To:

The 2023 General Shareholders' Meeting

Mirle Automation Corporation
Convener of Audit Committee:



March 14, 2023

IV. Consolidation Financial Statement from the Most Recent Year:

Please refer to Appendix 1 on Pages 141 through 209.

V. Individuals Financial Statements from the Most Recent Year:

Please refer to Appendix 2 on Pages 210 through 289.

VI. Impacts of Latest Financial Difficulties Encountered by the Company and Its Affiliated Enterprises on Company's Financial Standing in the Most Recent Year and Up to the Date the Report Was Printed:

No financial difficulties occurred to the Company and its affiliated enterprises in the most recent year and up to the date the Report was printed.

Chapter Seven. Review and Analysis of Financial Position and Business Performance, and Risk Management Issues

I. Financial Standing:

Financial Standing Comparative Analysis Table

Unit: NTD thousands

Item \ Year	2021	2021	Difference	
			Amount	%
Current assets	8,493,659	9,343,587	849,928	10
Property, plant and equipment	2,627,425	2,941,081	313,656	12
Other intangible assets	54,962	65,743	10,781	20
Other assets	605,039	762,060	157,021	26
Total assets	11,781,085	13,112,471	1,331,386	11
Current liabilities	5,840,872	7,345,290	1,504,418	26
Non-current liabilities	1,726,467	1,422,966	(303,501)	(18)
Total liabilities	7,567,339	8,768,256	1,200,917	16
Capital stock	1,955,312	1,955,312	0	0
Capital surplus	254,964	270,290	15,326	6
Retained earnings	2,157,970	2,225,387	67,417	3
Other equities	(167,859)	(127,377)	40,482	24
Uncontrolled equity	13,359	20,603	7,244	54
Total equities	4,213,746	4,344,215	130,469	3
Information on the difference in the financial standing and the management outcome of up to 20%:				
1. The increase in other intangible assets was mainly the result of the increase in technical authorization.				
2. The increase in other assets was mainly the result of the increase in financial assets measured at amortized cost - non-current.				
3. The increase in current liabilities was mainly the result of the increase in short-term borrowings.				
4. The increase in other equities was mainly the result of the increase in the exchange difference from the conversion of financial statements of overseas operating entities.				

II. Financial Performance

Management Outcome Comparative Analysis Table

Unit: NTD thousands

Item \ Year	2021	2022	Increased (Decreased) value	Change ratio (%)
Net revenue	9,861,403	10,769,016	907,613	9
Cost of revenue	7,816,372	8,892,088	1,075,716	14
Gross profit	2,045,031	1,876,928	(168,103)	(8)
Operating expense	1,353,096	1,516,533	163,437	12
Other operating income and expenses	(537)	(3,453)	(2,916)	(543)
Income from operations	691,398	356,942	(334,456)	(48)
Non-operating income and expenditure	(74,798)	237,358	312,156	417
Income before income tax	616,600	594,300	(22,300)	(4)
Income tax expense	85,198	72,227	(12,971)	(15)
Net income	531,402	522,073	(9,329)	(2)
Total other comprehensive income (loss)	(36,989)	23,349	60,338	163
Total comprehensive income (loss) for the year	494,413	545,422	51,009	10

Note 1: Information on the change ratio of increase/decrease up to 20% over the past two years:

Item	Change ratio (%)	Description
Other operating income and expenses	(543)	Mainly caused by an increase in profits from disposing of property, plant and equipment
Income from operations	(48)	Mainly due to the decrease in gross margin and the increase in operating income
Non-operating income and expenditure	417	Mainly due to the increase in net foreign currency exchange
Total other comprehensive income (loss)	163	Mainly caused by an increase in the exchange difference from the conversion of financial statements of overseas operating entities

Note 2: Possible impacts on the future financial performance of the Company:

With the establishment and the completion of the various automation system projects, the company still leans toward caution and optimism with regards to the future financial situation.

Note 3: Sales and criteria expected for the coming year: Not applicable. (No financial forecasts for the coming year are prepared by the Company.)

III. Cash Flow Analysis

Unit: NTD thousands

Balance of cash at start of term①	Net cash flows from operating activities throughout the year②	Annual cash outflow③	Remaining (Shortage in) cash①+②-③	Remedies in case of cash shortage	
				Investment plan	Wealth management plan
3,152,743	(1,464,315)	(289,317)	1,977,745	-	-
1. Analysis of change in cash flows of the year: (1) Operating activities: Mainly completion of system projects; slight improvements in collection of receivables in cash. (2) Investing activities: Mainly purchase of fixed assets (3) Financing activities: Mainly distribution of cash dividends and bonuses 2. Remedies for shortage in cash and liquidity analysis: No 3. Analysis of cash flow in the coming year:					
Balance of cash at start of term①	Net cash flows from operating activities throughout the year②	Annual cash outflow③	Remaining (Shortage in) cash①+②-③	Remedies in case of cash shortage	
				Investment plan	Wealth management plan
1,977,745	417,746	454,649	1,940,842	-	-

IV. Impacts of Major Capital Expenditure on Financial Operations in the Most Recent Year

- (I) Utilization of major capital expenditure and source of funding: No.
 (II) Production/distribution volume and value and gross profits that are expected to likely increase: No.
 (III) Other benefits: No.

V. The Reinvestment Policy in the Most Recent Year and Main Reasons for Profits or Losses and the Improvement Plan and the Investment Plan for the Coming Year:

- (I) Re-investment Policy:

The Company considers investments mainly based on the comprehensive benefits of strategic alliance and developmental trends on the market and careful evaluation of the future profitability of the investment plan.

- (II) Main reasons for profits or losses and the improvement plan:

Mirle Automation (Shanghai) Co., Ltd. and Mirle Automation (Kunshan) Co., Ltd. have taken root on the Mainland China's automation market. As the demand on the market for automated equipment and systems rises, investments in product research and development will continue in the future in order to maintain the Company's existing advantages and to create operational benefits.

Main Drive Corporation is devoted to the development of robotic key parts and components and mass production has begun. The yield rate and production momentum will continue to be increased reflective of customer demand to fulfill profitable goals.

(III) Investment plan for the coming year: The Company will carefully evaluate respective investment solutions and possibilities in favor of the Company's developments in the future in order to create a win-win situation for the shareholders and the Company and to realize localization of Mirle around the world.

VI. Risk Management and Assessment

(I) Impacts of changes in interest rate, exchange rate, and inflation in the most recent year on the Company's income and countermeasures in the future:

1. Impacts of changes in interest rate in the most recent year on the Company's profits and losses and countermeasures in the future:

2022	Unit: NTD thousands
Net interest income/expenditure (1)	2,301
Net revenue (2)	10,769,016
Net value before tax (3)	594,300
(1)/(2)* 100	0.0214
(1)/(3)* 100	0.3872

The Company had 1,701,711 thousand dollars of liabilities with interest and 1,273,329 thousand dollars of deposits with interest as of the end of 2022. Therefore, for an increase of 1% in interest rate, the Company's interest expense will be increased by 4,284 thousand dollars a year.

To avoid impacts of changes in the interest rate, the Company takes countermeasures depending on the circumstances. Examples include having someone in charge to evaluate the fluctuations in interest rate periodically, working closely with banks to seek preferred interest rates, and adequately applying other financing approaches depending on the operational status and the required funds.

2. Impacts of changes in exchange rate in the most recent year on the Company's profits and losses and countermeasures in the future:

2022	Unit: NTD thousands
Net foreign exchange income (1)	253,722
Net revenue (2)	10,769,016
Net value before tax (3)	594,300
(1)/(2)* 100	2.3560
(1)/(3)* 100	42.6926

The Company bore net losses worth 253,722 thousand dollars in foreign currency exchange throughout 2022, which accounted for 2.36% and 42.69%, respectively, of the net annual revenue and the net profits before tax.

The Company is keeping track of exchange rate fluctuations on the international market on a daily basis and continues to take related countermeasures. Examples include that the Finance Department keeps in close contact with the foreign

exchange departments of financial institutions that the Company does business with, collects related information on changes in exchange rate at all times, and sufficiently keeps track of the trends and the changes in exchange rate internationally in order to respond to the negative impacts brought about by fluctuating exchange rates proactively and such information may serve as reference in forward transactions and settlements.

3. Impacts of inflation in the most recent year on the Company's income and countermeasures in the future:

The Company will pay close attention to inflation and adequately adjust the selling prices of products and the stock of supplies in order to reduce the impacts of inflation on the Company.

- (II) Policies on engaging in high-risk and high-leverage investments, lending of funds to others, endorsement and guarantee, and transactions of derivatives in the most recent year, main profit or loss factors, and countermeasures in the future:

1. The Company does not engage in high-risk and high-leverage investments and has established internal management guidelines and operating procedures based on sound finance and operations in compliance with applicable laws and regulations and requirements of the Securities and Futures Bureau, including the Operating Procedure for Lending to Others, the Operating Procedure for Endorsement and Guarantee, and the Procedure for the Acquisition or Disposal of Assets.
2. As of the date when the Annual Report was printed, lending to others and endorsement and guarantee are limited only to subsidiaries that are indirectly 100% held by the Company and when related laws and regulations and applicable requirements are fulfilled.
3. Transactions of derivative financial instruments that the Company is engaged in are meant for hedging not transactional purposes and are based on principles of conservativeness and robustness. In the future, adequate adjustments will be made in honor of such principles and reflective of the trends in exchange rate and interest rate and the operational status and will be in compliance with the requirements of applicable laws and regulations and the internal operating procedure(s).

- (III) Future research and development plans and R&D expenses expected to be devoted:

1. Scheduled 2023 R&D expense; NTD421,901 thousand.
2. Future research and development plans: In the fields that respective business divisions of the Company specialize in, related staff will be devoted to various R&D plans regarding existing and new products each year in order to create more business opportunities for the Company. The Company expects to develop more advanced and specialized decision-making models and application software applying AI and machine learning technologies based on existing software and hardware equipment in the coming three years. It will begin with educational training for the staff so that AI and machine learning are consolidated as part of the Industry 3.5 objectives while they are being enforced.

- (IV) Impacts of important domestic and international policies and regulatory changes in the most recent year on the Company's financial performance and the countermeasures: No.

- (V) Effects of technological changes (including information and communication security risk)

and industrial changes on the financial standing of the Company and countermeasures: Besides continued devotion to respective R&D plans, the Company's information and communication system follows the Company's policy, that is, prioritizing security over convenience. Over the past few years, air gap and encrypted/decrypted access of some important servers have been completed to lower information security risks and seek continuous improvements.

- (VI) Impacts of changes in the corporate image on the management of corporate risks and the countermeasures:

Since it was established, the Company has been adhering to its management beliefs, that is, integrity and robustness, while laying the groundwork to support corporate management accumulatively and step by step. Thanks to the efforts of the management and the staff over the 34 years, the revenue has seen rapid growths along with good will on the market. The brand is well endorsed and recognized by customers and suppliers alike. The corporate image has been optimal over the past few years. Change in corporate image is not a crisis.

- (VII) Expected benefits and possible risks of mergers and acquisitions and the countermeasures: There are no merger or acquisition plans at the moment.
- (VIII) Expected benefits and possible risks of the expansion of plants and the countermeasures: There are no expansion of plants plans at the moment.
- (IX) Risks associated with focused purchases or sales and the countermeasures: The Company does not have particularly focused purchases and sales.
- (X) Impacts and risks of transfer or exchange of stock options in large quantities by directors, supervisors, or heavyweight shareholders holding more than 10% of all shares on the Company and the countermeasures: Transfer or exchange of stock options in large quantities by directors, supervisors, or heavyweight shareholders holding more than 10% of all shares on the Company has occurred.
- (XI) Impacts and risks of change in management on the Company and the countermeasures:
1. The most favorable resources of the Company are automation staff. Therefore, both the impacts and risks of change in management are minimal.
 2. Countermeasures: To stabilize the holding ratio of heavyweight shareholders and management and win the endorsement and recognition of institutional investors with the management performance.
- (XII) Litigation or non-litigation incidents:
1. Major lawsuits and non-lawsuits or administrative disputes with a finalized verdict or ongoing proceedings that involve the Company, the Company's directors, supervisors, general managers, actual person in charge, and shareholders holding more than 10% of all shares, and the associated companies over the past two years and up to the date the Annual Report was printed with a confirmed verdict or ongoing ones whose results may have significant impacts on the shareholders' equity or prices of securities: No.
- (XIII) Other important risks: No.

VII. Other Important Matters:None

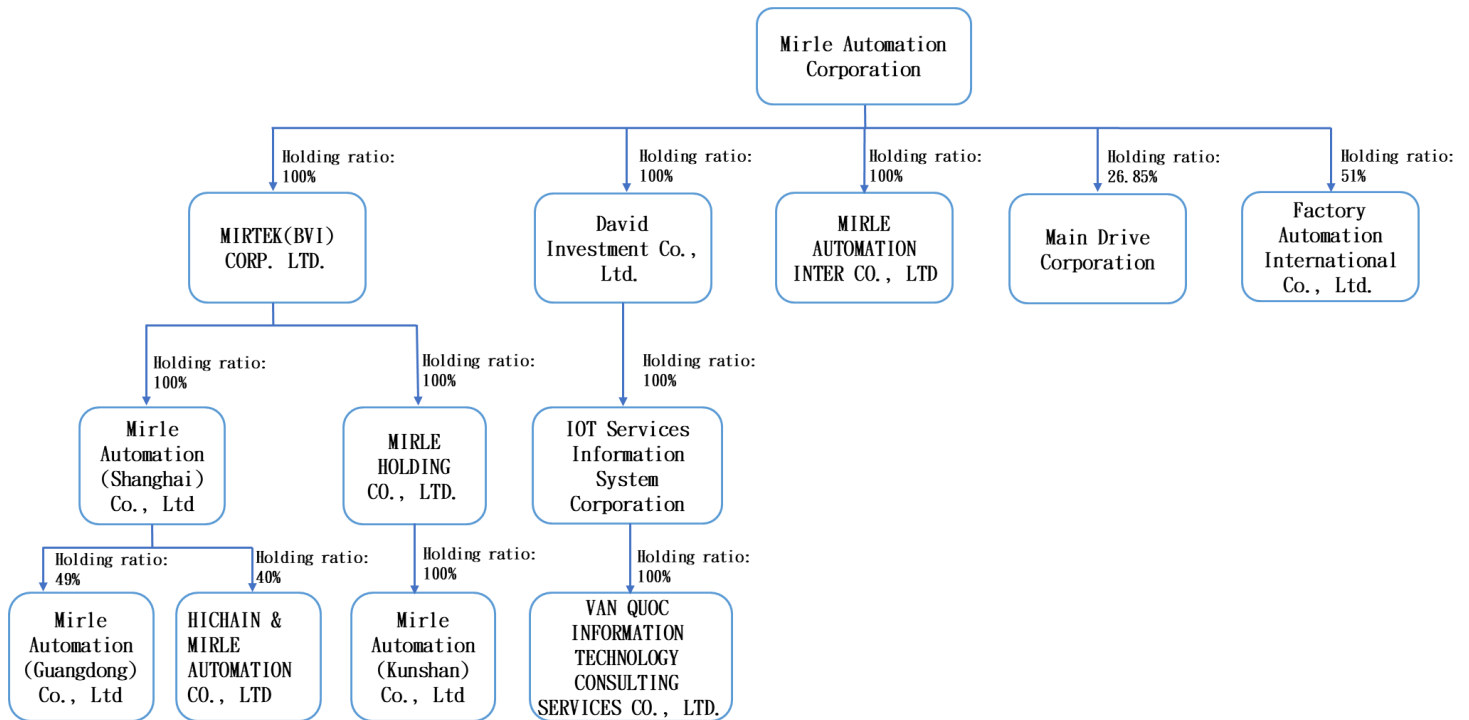
Chapter Eight. Special Disclosure

I. Related Information of Affiliated Enterprises:

(I) Business Report of Affiliated Enterprises

1. Overview of Affiliated Enterprises

(1) Organizational Chart of Affiliated Enterprises:



Note: Formosa Medical Devices Inc., which Mirle held 21% of, was abolished on May 27, 2020.

(2) Profile of respective affiliated enterprises:

Unit: thousands

Name of enterprise	Establishment date	Address	Paid-in capital size	Main scope of operation or production
MIRLE AUTOMATION INTER CO., LTD.	July 10, 2013	4345 Bhira Building, 12FL.,Room 1204,Sukhumvit Rd., Bangnatai Subdistric, Bangna District, Bangkok 10260	THB103,000	Machinery installation, automated warehousing and logistics equipment, automated control equipment engineering.
MIRTEK (BVI) CORP. LTD.	March 18, 1997	P.O. Box 662 , Road Town , Tortola , British Virgin Islands.	USD29,641	Investment
MIRLE HOLDING CO., LTD	May 19, 2015	NO.24,Lesperance Complex,Providence Industrial Estate, Mahe, Seychelles	USD17,000	Investment
VAN QUOC INFORMATION TECHNOLOGY CONSULTING SERVICES CO., LTD.	February 21, 2014	19th Floor, No. 182, Le Dahang Road, 15th Fong, District 11, Ho Chi Minh City, Vietnam	USD500	Machinery and equipment installation, computer and office machinery and equipment wholesale and retail
Mirle Automation (Shanghai) Co., Ltd.	July 31, 1997	838 Yinglun Road, Waigaoqiao Free Trade Zone, Pudong New Area, Shanghai	USD13,232	Development, production, and distribution of various packaging machines, labeling machines, and other food machinery, parts of thermoforming machines, automated storage and management equipment, logistics, delivery, and other automated product systems and services, computer and network system integration and service.
Mirle Automation (Kunshan) Co., Ltd.	November 24, 2015	No. 198, Dengta Road, Yushan Township, Kunshan, Province of Jiangsu	USD17,000	Research, development, and production of welding robots and their welding devices and equipment, automated storage and management equipment, logistics, delivery, and other automated product systems, industrial controller products and systems, provider of industrial robotic systems, visual detection systems, computer and network system integrated applications
David Investment Co., Ltd.	February 1, 2011	26F, No. 97, Section 2, Dunhua South Road, Da'an District, Taipei	NTD76,100	Investment
IOT Services Information System Corporation	March 9, 2011	5F, No. 285, Section 4, Jhongsiao East Road, Da'an, Taipei	NTD76,100	Machinery and equipment manufacturing and installation, computer and office machinery and

				equipment wholesale and retail
Name of enterprise	Establishment date	Address	Paid-in capital size	Main scope of operation or production
Main Drive Corporation	October 22, 2018	2F, No. 11, Yanfa First Road, Baoshan Township, Hsinchu County, Hsinchu Science Park	NTD500,000	R&D, design, production, and distribution of precision decelerators that are key parts and components of robots, CNC machine tools, semi-conductor equipment, medical aids, automated machinery, and non-manned transporting vehicles, etc.
Factory Automation International Co., Ltd.	November 24, 1997	2F, No. 3, Yanfa First Road, Baoshan Township, Hsinchu County, Hsinchu Science Par	NTD25,000	Design of software packages to be used in computers, trading of computers and peripheral equipment
Mirle Automation (Guangdong) Co., Ltd.	July 29, 2021	Room 101, Building 4, No.7, Xinzhu Road, Songshanhu Zone,	RMB10,000	Selling and manufacturing of industrial automatic control system devices; technical services, development, consulting, communication, transfer and promotion; electronic components and electromechanical component equipment manufacturing and selling; hardware research development, manufacturing and wholesale; electronic product sales; distribution switcher control equipment manufacturing, power transmission and distribution and control equipment manufacturing; motor and its control system research and development; servo control mechanism manufacturing and sales; electromechanical coupling system research and development; electrical equipment manufacturing; intelligent control system integration.
HICHAIN & MIRLE AUTOMATION CO., LTD.	August 26, 2022	Building 101, No. 1, Huaxing optical and electronic industrial park, Dongheng community, Fenghuang Street, Guangming District, Shenzhen City	RMB10,000	Engaged in technical services, technical development, technical consultation; general machinery installation; intelligent control system integration, software development, material handling equipment sales,

				internet equipment sales, computer hardware and
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(3) Industries covered in the scope of operation of affiliated enterprises as a whole:
Refer to Point (2).

(4) Profile of directors, supervisors, and general managers of individual associated enterprises:

Name of enterprise	Title	Name or Representative	Shareholding	
			Quantity (thousand shares)	Ratio
MIRLE AUTOMATION INTER CO., LTD.	Director	Mirle Automation Corporation Representatives: Lin Shi-Dong, Lin Fang-Yi, Hsien Ming-Sung, Hsien Ti-Hsien	10,300	100%
MIRTEK (BVI) CORP. LTD.	Director	Mirle Automation Corporation Representative: Sun Houng	29,641	100%
MIRLE HOLDING CO., LTD.	Director	Mirle Automation Corporation Representative: Sun Houng	17,000	100%
VAN QUOC INFORMATION TECHNOLOGY CONSULTING SERVICES CO., LTD.	Director	Mirle Automation Corporation Representative: Chang Chia-Wen	-	100%
Mirle Automation (Shanghai) Co., Ltd.	Chairman	Mirle Automation Corporation Representative: Sun Houng	-	100%
	Director	Mirle Automation Corporation Representative: Lin Shi-Dong	-	100%
	Director	Mirle Automation Corporation Representative: Hsien Ming-Sung	-	100%
	Supervisor	Mirle Automation Corporation Representative: Lin Fang-Yi	-	100%
Mirle Automation (Kunshan) Co., Ltd.	Chairman	Mirle Automation Corporation Representative: Sun Houng	-	100%
	Director	Mirle Automation Corporation Representative: Lin Shi-Dong	-	100%
	Director	Mirle Automation Corporation Representative: Chang Teng-Shan	-	100%
	Supervisor	Mirle Automation Corporation Representative: Lin Fang-Yi	-	100%
David Investment Co., Ltd.	Chairman	Mirle Automation Corporation Representative: Sun Houng	Mirle provided a capital worth 76,000 thousand dollars	100%
IOT Services Information System Corporation	Chairman	Mirle Automation Corporation Representative: Yu-Tsai Tsai	David holds 7,610 thousand shares	100%
	Director	Mirle Automation Corporation Representative: Lin Shi-Dong		
	Director	Mirle Automation Corporation Representative: DENG, JIAN-SONG		
	Supervisor	Mirle Automation Corporation Representative: Yang Mei-Ling		
Main Drive Corporation	Chairman	Mirle Automation Corporation Representative: Sun Houng	11,713	23.43%
Factory Automation International Co., Ltd.	Chairman	Mirle Automation Corporation Representative: Chen Chien-Sheng	Mirle holds 1,275 thousand shares	51%
	Director	Mirle Automation Corporation Representative: Lin Shi-Dong		
	Director	Mirle Automation Corporation Representative: Hao-Sheng Li		

	Director	CHIU,CHENG-CHIANG		
	Supervisor	Lin Fang-Yi		
Mirle Automation Technology (Guangdong) Co., Ltd.	Director	Mirle Automation (Shanghai) Co., Ltd. Representative: Wang Zong	-	49%
	Supervisor	Mirle Automation (Shanghai) Co., Ltd. Representative: Lin Fang-Yi	-	

Name of enterprise	Title	Name or Representative	Shareholding	
			Quantity (thousand shares)	Ratio
Mirle Automation Technology (Guangdong) Co., Ltd.	Chairman	Dongguan Mengli Intelligent Technology Co., Ltd: Chen yin	-	51%
	Director	Dongguan Mengli Intelligent Technology Co., Ltd: Li Zhi-Guo	-	51%
	Director	Mirle Automation (Shanghai) Co., Ltd. Representative: Hsien Ming-Sung	-	49%
	Supervisor	Mirle Automation (Shanghai) Co., Ltd. Representative: LIAO,MEI-HSIA	-	49%
HICHAIN & MIRLE AUTOMATION CO., LTD.	Chairman	Hichain Logistics Co., Ltd. Representative: liang,zhi-Rui	-	60%
	Director	Hichain Logistics Co., Ltd. Representative: zhang,Jian-An	-	60%
	Director	Mirle Automation (Shanghai) Co., Ltd. Representative: Chih-Chiang Chu	-	40%
	Supervisor	Mirle Automation (Shanghai) Co., Ltd. Representative: Lin Fang-Yi	-	40%

2. Overview of individual affiliated enterprises' operation

Unit: NTD thousands

Name of enterprise	Capital size	Total assets	Total liabilities	Net worth	Operating income	Business Interest	Income of current term (after-tax)	Earnings per share (\$) (after-tax)
MIRTEK (BVI) CORP. LTD.	951,348	1,779,253	0	1,779,253	16,078	16,032	16,035	0.54
MIRLE HOLDING CO., LTD.	544,745	447,247	0	447,247	(31,341)	(31,341)	(31,341)	(1.84)
Mirle Automation (Kunshan) Co., Ltd.	544,745	756,089	308,842	447,247	509,349	(34,552)	(31,341)	Not applicable
Mirle Automation (Shanghai) Co., Ltd.	398,530	2,017,825	685,747	1,332,078	1,646,646	26,622	47,419	Not applicable
MIRLE AUTOMATION INTER CO., LTD.	100,580	93,723	31,067	62,656	62,961	(7,303)	(6,039)	(0.59)
David Investment Co., Ltd.	76,100	84,814	0	84,814	7,346	7,346	7,346	Not applicable
IOT Services Information System Corporation	76,100	164,646	79,836	84,810	194,253	5,415	7,346	0.97
VAN QUOC INFORMATION TECHNOLOGY CONSULTING SERVICES CO., LTD.	15,520	44,789	14,943	29,846	31,963	3,343	2,775	Not applicable
Main Drive Corporation	500,000	303,641	99,746	203,895	28,493	(131,589)	(131,250)	(2.63)
Factory Automation International Co., Ltd.	25,000	99,194	57,147	42,047	63,793	13,337	14,988	6.00
Mirle Automation Technology (Guangdong) Co., Ltd.	43,799	48,459	3,780	44,679	71,930	585	526	Not applicable
HICHAIN & MIRLE AUTOMATION CO., LTD.	44,126	44,118	3	44,115	-	21	21	Not applicable

Rate:	USD: NTD = 1: 29.805 (annual mean)	30.71 (December 31, 2022)
	USD: RMB = 1: 6.7208 (annual mean)	6.9646(December 31, 2022)
	VND: NTD = 1: 0.00126 (annual mean)	0.00129 (December 31, 2022)
	THB: NTD = 1: 0.8555 (annual mean)	0.8941 (December 31, 2022)

- (II) Consolidated financial statements of affiliated enterprises: Companies that should be included in the compiled Consolidated Financial Statement of Affiliated Enterprises for 2022 (from January 1, 2022 to December 31, 2022) in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are identical to those that should be compiled in the Consolidated Statement of Parent Company and Subsidiaries as per International Financial Reporting Standard 10 and all the information that should be disclosed in the Consolidated Financial Statement of Affiliated Enterprises has been disclosed in the Consolidated Statement of Parent Company and Subsidiaries. Therefore, the Consolidated Financial Statement of Affiliated Enterprises is not prepared separately. (For the Consolidated Financial Statement, refer to Pages 141 through 209)
- (III) Affiliation Enterprises Report: No.

II. Management of private placement securities in the most recent year and up to the date the Annual Report was printed: No.

III. Holding or disposal of the Company's shares by its subsidiaries in the most recent year and up to the date the Annual Report was printed: No.

IV. Other matters requiring supplementary information: No.

V. Five Matters with important impacts on shareholders' equity or prices of securities in the most recent year and up to the date the Annual Report was printed: No.

Appendix 1: Consolidation Financial Statement of the Most Recent Year

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Mirle Automation Corporation

Opinion

We have audited the accompanying consolidated financial statements of Mirle Automation 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 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 described as follows:

Recognition of income

Construction contract revenue is the Group's major source of revenue (accounting for about 82% of total revenue). According to the International Financial Reporting Standards, the recognition of income is subject to contracts approved by all parties, and they have promised to fulfill their respective obligations.

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

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

1. We understood the internal controls of the contracts and orders, and tested the operating effectiveness of the controls.
2. We confirmed that the recognized construction contract revenue was based on actual contracts or orders.

Other Matter

We have also audited the parent company only financial statements of Mirle Automation 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 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 Mei-Chen Tsai and Yu-Feng Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 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.

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

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

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 30)	\$ 1,977,745	15	\$ 3,152,743	27
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 30)	25,080	-	100,078	1
Contract assets - current (Notes 4, 5, and 24)	5,095,810	39	2,950,299	25
Notes receivable (Notes 4, 10, 24 and 30)	50,713	-	62,585	1
Accounts receivable (Notes 4, 10, 24 and 30)	346,207	3	487,299	4
Receivables from related parties (Notes 4, 24, 30 and 31)	5,956	-	2,083	-
Other receivables (Notes 4, 10 and 30)	77,098	1	124,097	1
Other receivables from related parties (Notes 4, 30 and 31)	1,109	-	380	-
Inventories (Notes 4, 5 and 11)	1,645,076	12	1,449,655	12
Other current assets (Notes 4, 18 and 31)	<u>118,793</u>	<u>1</u>	<u>164,440</u>	<u>1</u>
Total current assets	<u>9,343,587</u>	<u>71</u>	<u>8,493,659</u>	<u>72</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 30)	55,422	-	48,697	1
Financial assets at amortized cost - non-current (Notes 4, 9 and 30)	132,283	1	-	-
Investments accounted for using the equity method (Notes 4 and 13)	87,393	1	44,991	-
Property, plant and equipment (Notes 4, 14 and 36)	2,941,081	23	2,627,425	22
Right-of-use assets (Notes 4, 15 and 36)	307,548	2	334,043	3
Other intangible assets (Notes 4, 17, 31 and 32)	65,743	1	54,962	1
Goodwill (Notes 4 and 16)	43,134	-	42,389	-
Deferred income tax assets (Notes 4 and 26)	16,023	-	7,779	-
Prepayments for equipment	2,335	-	25,046	-
Refundable deposits (Note 30)	<u>117,922</u>	<u>1</u>	<u>102,094</u>	<u>1</u>
Total non-current assets	<u>3,768,884</u>	<u>29</u>	<u>3,287,426</u>	<u>28</u>
TOTAL	<u>\$ 13,112,471</u>	<u>100</u>	<u>\$ 11,781,085</u>	<u>100</u>

LIABILITIES AND EQUITY	2022		2021	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term bank loans (Notes 19 and 30)	\$ 1,413,000	11	\$ 300,000	3
Contract liabilities - current (Notes 4, 5, 24, and 31)	1,078,112	8	1,338,964	11
Notes payable (Note 30)	93,216	1	107,786	1
Accounts payable (Note 30)	3,475,784	26	3,083,183	26
Accounts payable to related parties (Notes 30 and 31)	1,488	-	13,133	-
Current tax liabilities (Notes 4 and 26)	130,355	1	162,977	1
Provisions - current (Notes 4 and 21)	11,301	-	11,626	-
Lease liabilities - current (Notes 4, 15 and 30)	26,232	-	25,931	-
Current portion of long-term bank loans (Notes 19 and 30)	464,723	4	42,724	-
Accrued expenses and other current liabilities (Notes 20, 30 and 31)	<u>651,079</u>	<u>5</u>	<u>754,548</u>	<u>7</u>
Total current liabilities	<u>7,345,290</u>	<u>56</u>	<u>5,840,872</u>	<u>49</u>
NON-CURRENT LIABILITIES				
Long-term bank loans (Notes 19 and 30)	936,988	7	1,188,643	10
Deferred income tax liabilities (Notes 4 and 26)	11,140	-	-	-
Lease liabilities - non-current (Notes 4, 15 and 30)	209,845	2	234,484	2
Net defined benefit liabilities - non-current (Notes 4 and 22)	260,524	2	302,945	3
Guarantee deposits received (Note 30)	291	-	318	-
Other non-current liabilities (Notes 20 and 30)	<u>4,178</u>	<u>-</u>	<u>77</u>	<u>-</u>
Total non-current liabilities	<u>1,422,966</u>	<u>11</u>	<u>1,726,467</u>	<u>15</u>
Total liabilities	<u>8,768,256</u>	<u>67</u>	<u>7,567,339</u>	<u>64</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE CORPORATION (Notes 4 and 23)				
Share capital				
Ordinary shares	1,955,312	15	1,955,312	17
Capital surplus	270,290	2	254,964	2
Retained earnings				
Legal reserve	953,456	7	902,775	8
Special reserve	167,859	1	152,050	1
Unappropriated earnings	1,104,072	9	1,103,145	9
Other equity				
Exchange differences on the translation of the financial statements of foreign operations	(128,817)	(1)	(160,814)	(1)
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	<u>1,440</u>	<u>-</u>	<u>(7,045)</u>	<u>-</u>
Total equity attributable to shareholders of the Corporation	4,323,612	33	4,200,387	36
NON-CONTROLLING INTERESTS (Notes 4, 23 and 29)	<u>20,603</u>	<u>-</u>	<u>13,359</u>	<u>-</u>
Total equity	<u>4,344,215</u>	<u>33</u>	<u>4,213,746</u>	<u>36</u>
TOTAL	<u>\$ 13,112,471</u>	<u>100</u>	<u>\$ 11,781,085</u>	<u>100</u>

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

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

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

	2022		2021	
	Amount	%	Amount	%
NET SALES (Notes 4, 24, 31 and 36)	\$ 10,769,016	100	\$ 9,861,403	100
OPERATING COSTS (Notes 4, 11, 25 and 31)	<u>8,892,088</u>	<u>82</u>	<u>7,816,372</u>	<u>79</u>
GROSS PROFIT	<u>1,876,928</u>	<u>18</u>	<u>2,045,031</u>	<u>21</u>
OPERATING EXPENSES (Notes 25 and 31)				
Selling and marketing expense	483,653	4	454,971	5
General and administrative expense	536,240	5	510,421	5
Research and development expense	499,116	5	396,118	4
Expected credit gain (Note 10)	<u>(2,476)</u>	<u>-</u>	<u>(8,414)</u>	<u>-</u>
Total operating expenses	<u>1,516,533</u>	<u>14</u>	<u>1,353,096</u>	<u>14</u>
OTHER OPERATING INCOME AND EXPENSES (Note 25)	<u>(3,453)</u>	<u>-</u>	<u>(537)</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>356,942</u>	<u>4</u>	<u>691,398</u>	<u>7</u>
NONOPERATING INCOME AND EXPENSES				
Interest income (Note 25)	24,479	-	20,979	-
Other income (Notes 17, 25, 28 and 31)	28,060	-	30,834	-
Other gains and losses (Notes 25 and 31)	(15,219)	-	(6,233)	-
Finance costs (Note 25)	(22,178)	-	(11,658)	-
Share of loss of associates (Note 13)	(31,506)	-	(29,116)	-
Foreign exchange gain (loss), net (Note 34)	<u>253,722</u>	<u>2</u>	<u>(79,604)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>237,358</u>	<u>2</u>	<u>(74,798)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	594,300	6	616,600	6
INCOME TAX EXPENSE (Notes 4 and 26)	<u>72,227</u>	<u>1</u>	<u>85,198</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>522,073</u>	<u>5</u>	<u>531,402</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 22, 23 and 30)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(17,138)	-	(21,082)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	8,485	-	600	-

(Continued)

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

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

	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations	\$ 32,002	-	\$ (16,507)	-
Other comprehensive income (loss) for the year	23,349	-	(36,989)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 545,422</u>	<u>5</u>	<u>\$ 494,413</u>	<u>5</u>
NET PROFIT ATTRIBUTABLE TO				
Shareholders of the Corporation	\$ 514,724	5	\$ 527,896	5
Non-controlling interests	<u>7,349</u>	<u>-</u>	<u>3,506</u>	<u>-</u>
	<u>\$ 522,073</u>	<u>5</u>	<u>\$ 531,402</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Shareholders of the Corporation	\$ 538,068	5	\$ 491,004	5
Non-controlling interests	<u>7,354</u>	<u>-</u>	<u>3,409</u>	<u>-</u>
	<u>\$ 545,422</u>	<u>5</u>	<u>\$ 494,413</u>	<u>5</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 2.63</u>		<u>\$ 2.70</u>	
Diluted	<u>\$ 2.63</u>		<u>\$ 2.70</u>	

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

(Concluded)

MIRLE AUTOMATION CORPORATION 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 Shareholders of the Corporation														Non-controlling Interests	Total Equity
											Other Equity					
											Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total			
	Share Capital		Equity Component of Convertible Bonds Issued by the Corporation	Investments Accounted for Using the Equity Method	Treasury Shares Transactions	Total	Retained Earnings									
	Shares (In Thousands)	Amount					Legal Reserve	Special Reserve	Unappropriated Earnings	Total						
BALANCE, JANUARY 1, 2021	195,531	\$ 1,955,312	\$ 234,579	\$ -	\$ 19,150	\$ 253,729	\$ 852,644	\$ 173,348	\$ 1,016,226	\$ 2,042,218	\$ (144,404)	\$ (7,645)	\$ 4,099,210	\$ 9,952	\$ 4,109,162	
Appropriation of 2020 earnings																
Legal reserve	-	-	-	-	-	-	50,131	-	(50,131)	-	-	-	-	-	-	
Special reserve	-	-	-	-	-	-	-	(21,298)	21,298	-	-	-	-	-	-	
Cash dividends distributed by the Corporation - 20%	-	-	-	-	-	-	-	-	(391,062)	(391,062)	-	-	(391,062)	-	(391,062)	
Other changes in capital surplus																
Changes in percentage of ownership interests in subsidiaries	-	-	-	2	-	2	-	-	-	-	-	-	2	-	2	
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	1,233	-	1,233	-	-	-	-	-	-	1,233	-	1,233	
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	-	-	527,896	527,896	-	-	527,896	3,506	531,402	
Other comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	-	-	-	-	(21,082)	(21,082)	(16,410)	600	(36,892)	(97)	(36,989)	
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	-	506,814	506,814	(16,410)	600	491,004	3,409	494,413	
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(2)	(2)	
BALANCE, DECEMBER 31, 2021	195,531	1,955,312	234,579	1,235	19,150	254,964	902,775	152,050	1,103,145	2,157,970	(160,814)	(7,045)	4,200,387	13,359	4,213,746	
Appropriation of 2021 earnings																
Legal reserve	-	-	-	-	-	-	50,681	-	(50,681)	-	-	-	-	-	-	
Special reserve	-	-	-	-	-	-	-	15,809	(15,809)	-	-	-	-	-	-	
Cash dividends distributed by the Corporation - 22%	-	-	-	-	-	-	-	-	(430,169)	(430,169)	-	-	(430,169)	-	(430,169)	
Other changes in capital surplus																
Changes in percentage of ownership interests in subsidiaries	-	-	-	10	-	10	-	-	-	-	-	-	10	(10)	-	
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	15,316	-	15,316	-	-	-	-	-	-	15,316	-	15,316	
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	-	-	514,724	514,724	-	-	514,724	7,349	522,073	
Other comprehensive (loss) income for the year ended December 31, 2022	-	-	-	-	-	-	-	-	(17,138)	(17,138)	31,997	8,485	23,344	5	23,349	
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	-	-	-	497,586	497,586	31,997	8,485	538,068	7,354	545,422	
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(100)	(100)	
BALANCE, DECEMBER 31, 2022	195,531	\$ 1,955,312	\$ 234,579	\$ 16,561	\$ 19,150	\$ 270,290	\$ 953,456	\$ 167,859	\$ 1,104,072	\$ 2,225,387	\$ (128,817)	\$ 1,440	\$ 4,323,612	\$ 20,603	\$ 4,344,215	

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

MIRLE AUTOMATION CORPORATION 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		
Profit before income tax	\$ 594,300	\$ 616,600
Adjustments for:		
Depreciation expenses	164,865	150,904
Amortization expenses	33,274	28,764
Expected credit gain	(2,476)	(8,414)
Net gain on fair value changes of financial assets at fair value through profit or loss	(186)	(384)
Finance costs	22,178	11,658
Interest income	(24,479)	(20,979)
Share of loss of associates	31,506	29,116
Loss on disposal of property, plant and equipment	3,353	537
Reclassify property, plant and equipment as expenses	49	-
Loss on disposal of other intangible assets	100	-
Inventory write-downs (reversed)	8,258	(7,122)
Net (gain) loss on foreign currency exchange	(168,081)	6,354
Changes in operating assets and liabilities		
Contract assets	(2,145,511)	(335,275)
Notes receivable	11,975	171,807
Accounts receivable	258,212	163,799
Receivable from related parties	(3,873)	(90)
Other receivables	47,484	(65,096)
Other receivables from related parties	(729)	(380)
Inventories	(203,314)	60,973
Other current assets	45,647	10,659
Contract liabilities	(260,852)	(337,707)
Notes payable	(14,570)	44,339
Accounts payable	385,977	444,369
Accounts payable to related parties	(11,645)	7,855
Provisions	(325)	7,270
Accrued expenses and other current liabilities	(73,940)	129,322
Net defined benefit liabilities	(59,559)	(24,527)
Cash (used in) generated from operations	(1,362,362)	1,084,352
Income tax paid	(101,953)	(83,044)
Net cash (used in) generated from operating activities	(1,464,315)	1,001,308
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash returns from capital reduction of investments in financial assets at fair value through other comprehensive income	1,760	1,001
Acquisition of financial assets at amortized cost	(134,464)	-
Acquisition of financial assets at fair value through profit or loss	(125,000)	(420,000)
Disposal of financial assets at fair value through profit or loss	200,184	320,306
Acquisition of long-term investments accounted for using the equity method	(58,560)	(35,371)

(Continued)

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

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

	2022	2021
Acquisition of property, plant and equipment	\$ (480,589)	\$ (272,473)
Disposal of property, plant and equipment	5,251	175
Increase in refundable deposits	(15,828)	-
Decrease in refundable deposits	-	25,843
Acquisition of intangible assets	(37,927)	(32,158)
Increase in prepayments for equipment	-	(1,899)
Decrease in prepayments for equipment	22,711	-
Interest received	23,819	22,029
Acquisition of additional interests in subsidiary	<u>(100)</u>	<u>-</u>
Net cash used in investing activities	<u>(598,743)</u>	<u>(392,547)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term bank loans	3,113,000	320,000
Decrease in short-term bank loans	(2,000,000)	(320,000)
Proceeds from long-term bank loans	228,960	172,400
Repayments of long-term bank loans	(58,616)	(5,000)
Decrease in guarantee deposits received	(27)	-
Repayment of the principal portion of lease liabilities	(26,271)	(24,859)
Dividends paid	(430,169)	(391,062)
Interest paid	<u>(21,187)</u>	<u>(11,623)</u>
Net cash generated from (used in) financing activities	<u>805,690</u>	<u>(260,144)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>82,370</u>	<u>(37,657)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,174,998)	310,960
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,152,743</u>	<u>2,841,783</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,977,745</u>	<u>\$ 3,152,743</u>

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

(Concluded)

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Corporation and the entities controlled by the Corporation (collectively, the “Group”) accounting policies.

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

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

- Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.
- Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.
- Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

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

- b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

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

Current assets include:

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

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the 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 non-current.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the shareholders 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 shareholders of the Corporation.

See Note 12, Table 5 and Table 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

f. Foreign currencies

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

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

For the purpose of presenting consolidated financial statements, the financial statements of the Group's foreign operations (including subsidiaries and associates in other countries) that are prepared using functional currencies which are different from the currency of the Group 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 shareholders of the Corporation and non-controlling interests as appropriate).

g. Inventories

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

h. 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, investments (including goodwill) in associates are 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.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Corporation subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the 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 - changes in capital surplus from investments in associates 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.

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

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

i. Property, plant and equipment

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

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

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

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

j. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Intangible assets

1) Intangible assets acquired separately

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

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

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

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

3) Derecognition of intangible assets

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

l. Impairment of property, plant and equipment, right-of-use assets, intangible assets other than goodwill and assets related to contract costs

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, excluding goodwill, 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 on a reasonable and consistent basis of allocation.

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

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

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

m. 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 fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 30: Financial Instruments.

ii. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;

- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii. Investments in equity instruments at FVTOCI

On initial recognition, the 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 (including accounts receivable), as well as 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 the following situations as indications that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

The 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 classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

n. Provisions

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

Warranties

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

o. Revenue recognition

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

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

1) Revenue from the sale of goods

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

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

2) Revenue from the rendering of services

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

3) Construction contract revenue

Customers control properties while the construction is in progress; thus, the Group recognizes revenue over time. The Group measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligations. Contract assets are recognized during the construction and are reclassified to accounts receivable at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the 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 obligations.

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

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

2) The 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 by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the 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. Lease liabilities are presented on a separate line in the consolidated balance sheets.

q. Borrowing costs

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

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

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

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Termination benefits

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

t. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the 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 recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

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

reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Current and deferred taxes are recognized in profit or loss.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key Sources of Estimation Uncertainty

a. Write-down of inventories

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

b. Construction contracts

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

The estimated total contract costs and contractual items are assessed and determined by management, based on the nature of the work, expected sub-contracting charges, construction periods, processes, methods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profit and loss from the construction contracts. See Note 24 for the details.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 9,810	\$ 9,611
Demand deposits	1,273,329	1,649,905
Checking accounts	120	1,080
Cash equivalents		
Time deposits with original maturities of 3 months or less	172,951	800,550
Time deposits with original maturities of more than 3 months but less than 1 year	<u>521,535</u>	<u>691,597</u>
	<u>\$ 1,977,745</u>	<u>\$ 3,152,743</u>

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

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

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	<u>\$ 25,080</u>	<u>\$ 100,078</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

The Corporation invested in TIEF FUND, L.P. and PHOENIX II INNOVATION VENTURE CAPITAL CO., LTD. for medium to long-term strategic purposes, and expects to make profit through long-term investments. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit

or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
<u>Non-current</u>		
Time deposits with original maturities of more than 1 year	<u>\$ 132,283</u>	<u>\$ -</u>

The interest rate for time deposits with original maturities of more than 1 year was approximately 2.60% per annum as of December 31, 2022.

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2022	2021
<u>Notes receivable</u>		
Operating	\$ 50,809	\$ 62,784
Less: Allowance for impairment loss	<u>(96)</u>	<u>(199)</u>
	<u>\$ 50,713</u>	<u>\$ 62,585</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 357,652	\$ 504,222
Less: Allowance for impairment loss	<u>(11,445)</u>	<u>(16,923)</u>
	<u>\$ 346,207</u>	<u>\$ 487,299</u>
<u>Other receivables</u>		
Business tax	\$ 58,493	\$ 100,186
Others	<u>21,719</u>	<u>26,850</u>
	80,212	127,036
Less: Allowance for impairment loss	<u>(3,114)</u>	<u>(2,939)</u>
	<u>\$ 77,098</u>	<u>\$ 124,097</u>

a. Notes receivable and accounts receivable

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

In order to minimize credit risk, the management of the 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 debt. 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 using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the 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 an accounts receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For accounts receivable that have been written off, the 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 notes receivable and accounts receivable based on the Group's provision matrix:

December 31, 2022

	Up to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$ 82,201	\$ 204,100	\$ 48,894	\$ 73,266	\$ 408,461
Loss allowance (Lifetime ECLs)	<u>(744)</u>	<u>(1,581)</u>	<u>(486)</u>	<u>(8,730)</u>	<u>(11,541)</u>
Amortized cost	<u>\$ 81,457</u>	<u>\$ 202,519</u>	<u>\$ 48,408</u>	<u>\$ 64,536</u>	<u>\$ 396,920</u>

December 31, 2021

	Up to 30 Days	31 to 90 Days	91 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$ 140,496	\$ 164,138	\$ 158,049	\$ 104,323	\$ 567,006
Loss allowance (Lifetime ECLs)	<u>(1,060)</u>	<u>(1,748)</u>	<u>(1,323)</u>	<u>(12,991)</u>	<u>(17,122)</u>
Amortized cost	<u>\$ 139,436</u>	<u>\$ 162,390</u>	<u>\$ 156,726</u>	<u>\$ 91,332</u>	<u>\$ 549,884</u>

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

	For the Years Ended December 31	
	2022	2021
Balance at January 1	\$ 17,122	\$ 29,735
Less: Amounts written off	(3,029)	(4,165)
Less: Net remeasurement of loss allowance	(2,651)	(8,414)
Foreign exchange gains and losses	<u>99</u>	<u>(34)</u>
Balance at December 31	<u>\$ 11,541</u>	<u>\$ 17,122</u>

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

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

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

11. INVENTORIES

	December 31	
	2022	2021
Finished goods	\$ 14,878	\$ 24,406
Work in progress	1,056,760	929,233
Raw materials	523,596	442,055
Inventory in transit	<u>49,842</u>	<u>53,961</u>
	<u>\$ 1,645,076</u>	<u>\$ 1,449,655</u>

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

	For the Year Ended December 31	
	2022	2021
Cost of inventories sold	<u>\$ 8,892,088</u>	<u>\$ 7,816,372</u>
Inventory write-downs (reversed)	<u>\$ 8,258</u>	<u>\$ (7,122)</u>
Sale of scraps	<u>\$ (2,176)</u>	<u>\$ (8,686)</u>

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)	
			December 31	
			2022	2021
The Corporation	MIRTEK (BVI) CORP. LTD.	Investment	100	100
	MIRLE AUTOMATION INTER CORP. LTD.	Machinery installation construction, automatic warehousing and logistics equipment and cybernation equipment construction	100	100
	DAVID INVESTMENT CO., LTD.	Investment	100	99
MIRTEK (BVI) CORP. LTD.	FACTORY AUTOMATION INTERNATIONAL CO., LTD.	Design of computer application package software and sale of computer peripheral equipment	51	51
	MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD.	Developing, producing and selling of various packing machines, labeling machines, other food machinery, components of thermoforming models and automatic storage management equipment, logistics, other automated product systems and services and computer and network system integration and services	100	100

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)	
			December 31	
			2022	2021
MIRTEK (BVI) CORP. LTD.	MIRLE HOLDING CO., LTD.	Investment	100	100
MIRLE HOLDING CO., LTD.	MIRLE AUTOMATION (KUNSHAN) CO., LTD.	Researching, developing and producing of welding robots and their welding equipment, automatic storage and management equipment, logistics and other automated product systems, industrial controller products and systems and providing industrial robot system, visual inspection system and computer and network system integrated application services	100	100
DAVID INVESTMENT CO., LTD.	IOT SERVICES INFORMATION SYSTEM CORPORATION	Machinery and equipment manufacturing and installation construction, wholesale and retail sale of computing and business machinery equipment	100	100
IOT SERVICES INFORMATION SYSTEM CORPORATION	VAN QUOC INFORMATION TECHNOLOGY CONSULTING SERVICES CO., LTD.	Machinery and equipment installation construction, wholesale and retail sale of computing and business machinery equipment	100	100

(Concluded)

On May 10, 2021, DAVID INVESTMENT CO., LTD. acquired 1% of the shares released by other shareholders of IOT SERVICES INFORMATION SYSTEM CORPORATION for NT\$100 thousand, and the shareholding ratio increased from 99% to 100%.

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

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

The consolidated financial statements of the subsidiaries for the years ended December 31, 2022 and 2021 were based on the audited financial statements of the subsidiaries for the same years.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
<u>Investments in associates</u>		
Associates that are not individually material		
MAIN DRIVE CORPORATION	\$ 47,772	\$ 34,310
MIRLE AUTOMATION TECHNOLOGY (GUANGDONG) CO., LTD.	21,983	10,681
HICHAIN & MIRLE AUTOMATION CO., LTD.	<u>17,638</u>	<u>-</u>
	<u>\$ 87,393</u>	<u>\$ 44,991</u>

- a. Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2022	2021
The Group's share of:		
Net loss for the year	<u>\$ (31,506)</u>	<u>\$ (29,116)</u>

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

The Corporation reinvested Mirle Automation Technology (Guangdong) Co., Ltd. with its own funds through Mirle Automation Technology (Shanghai) Co., Ltd. for RMB2,450 thousand in cash after approval was obtained from the board of directors on August 11, 2021. As of December 31, 2021, the shareholding ratio was 49%.

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

MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD. subscribed for the cash capital increase of MIRLE AUTOMATION TECHNOLOGY (GUANGDONG) CO., LTD. on August 26, 2022 with RMB2,450 thousand. After the capital increase, the shareholding ratio was 49%.

On March 17, 2022, the board of directors decided to set up a company with HICHAIN LOGISTICS (JIANGSU) CO., LTD., and on August 26, 2022, HICHAIN LOGISTICS (JIANGSU) CO., LTD. was transferred to HICHAIN & MIRLE AUTOMATION CO., LTD. through MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD. The investment amount is RMB4,000 thousand in cash, and the shareholding ratio is 40%.

- b. Except for MIRLE AUTOMATION TECHNOLOGY (GUANGDONG) CO., LTD., the share of profit or loss and other comprehensive income (loss) of the investments in associates accounted for using the equity method for the years ended December 31, 2022 and 2021 were based on the associate's audited financial statements for the same years. Management considers that even if these financial statements are to be reviewed, they would not have a significant impact on the Group.

14. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2022	2021
Assets used by the Group	\$ 2,824,391	\$ 2,626,656
Assets leased under operating leases	<u>116,690</u>	<u>769</u>
	<u>\$ 2,941,081</u>	<u>\$ 2,627,425</u>

	Assets Used by the Group							Assets Leased under Operating Leases		Total
	Freehold Land	Buildings and Ancillary Equipment	Machinery Equipment	Transportation Equipment	Office Equipment	Leasehold Improvement	Work in Progress	Buildings and Ancillary Equipment	Machinery Equipment	
<u>Cost</u>										-
Balance at January 1, 2022	\$ 179,901	\$ 2,336,298	\$ 326,598	\$ 49,943	\$ 94,423	\$ 2,057	\$ 505,921	\$ 534	\$ 1,142	\$ 3,496,817
Additions	-	1,608	46,567	4,545	31,824	1,476	362,049	-	-	448,069
Disposals	-	(620)	(49,709)	(6,269)	(9,506)	-	-	-	-	(66,131)
Transfers to assets leased under operating leases	-	(117,531)	-	-	-	-	-	117,531	-	-
Transfers from assets leased under operating leases	-	-	1,142	-	-	-	-	-	(1,142)	-
Reclassified	-	855,059	1,576	-	222	-	(857,598)	-	-	(741)
Effects of foreign currency exchange differences	-	11,544	1,163	467	679	75	-	7	-	13,935
Balance at December 31, 2022	<u>\$ 179,901</u>	<u>\$ 3,086,358</u>	<u>\$ 327,337</u>	<u>\$ 48,659</u>	<u>\$ 117,642</u>	<u>\$ 3,608</u>	<u>\$ 10,372</u>	<u>\$ 118,072</u>	<u>\$ -</u>	<u>\$ 3,891,949</u>
<u>Accumulated depreciation</u>										
Balance at January 1, 2022	\$ -	\$ 593,596	\$ 177,557	\$ 33,838	\$ 58,253	\$ 813	\$ -	\$ 38	\$ 869	\$ 864,964
Depreciation expenses	-	73,237	41,215	4,914	13,272	1,073	-	1,254	273	135,238
Disposals	-	(611)	(41,277)	(6,055)	(9,313)	-	-	-	-	(57,256)
Transfers to assets leased under operating leases	-	(89)	-	-	-	-	-	89	-	-
Transfers from assets leased under operating leases	-	-	1,142	-	-	-	-	-	(1,142)	-
Reclassified	-	-	(410)	-	410	-	-	-	-	-
Effects of foreign currency exchange differences	-	2,141	685	382	488	68	-	1	-	3,765
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 668,274</u>	<u>\$ 178,912</u>	<u>\$ 33,079</u>	<u>\$ 63,110</u>	<u>\$ 1,954</u>	<u>\$ -</u>	<u>\$ 1,382</u>	<u>\$ -</u>	<u>\$ 946,711</u>
<u>Accumulated impairment</u>										
Balance at January 1, 2022	\$ -	\$ -	\$ 4,428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,428
Disposals	-	-	(271)	-	-	-	-	-	-	(271)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,157</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,157</u>
Carrying amount at December 31, 2022	<u>\$ 179,901</u>	<u>\$ 2,418,084</u>	<u>\$ 144,268</u>	<u>\$ 15,580</u>	<u>\$ 54,532</u>	<u>\$ 1,654</u>	<u>\$ 10,372</u>	<u>\$ 116,690</u>	<u>\$ -</u>	<u>\$ 2,941,081</u>
<u>Cost</u>										
Balance at January 1, 2021	\$ 179,901	\$ 2,315,874	\$ 305,432	\$ 48,849	\$ 90,879	\$ 1,068	\$ 299,139	\$ 536	\$ -	\$ 3,241,678
Additions	-	2,694	32,580	5,038	12,690	1,060	247,994	-	-	302,326
Disposals	-	(3,516)	(26,881)	(3,822)	(8,793)	-	-	-	-	(43,012)
Transfers to assets leased under operating leases	-	-	(1,142)	-	-	-	-	-	1,142	-
Reclassified	-	24,411	16,801	-	-	-	(41,212)	-	-	-
Effects of foreign currency exchange differences	-	(3,165)	(192)	(392)	(353)	(71)	-	(2)	-	(4,175)
Balance at December 31, 2021	<u>\$ 179,901</u>	<u>\$ 2,336,298</u>	<u>\$ 326,598</u>	<u>\$ 49,943</u>	<u>\$ 94,423</u>	<u>\$ 2,057</u>	<u>\$ 505,921</u>	<u>\$ 534</u>	<u>\$ 1,142</u>	<u>\$ 3,496,817</u>
<u>Accumulated depreciation</u>										
Balance at January 1, 2021	\$ -	\$ 532,869	\$ 166,453	\$ 32,636	\$ 54,976	\$ 610	\$ -	\$ 23	\$ -	\$ 787,567
Depreciation expenses	-	64,351	38,466	5,181	12,194	249	-	12	228	120,681
Disposals	-	(3,103)	(26,659)	(3,633)	(8,675)	-	-	-	-	(42,070)
Transfers to assets leased under operating leases	-	-	(641)	-	-	-	-	-	641	-
Effects of foreign currency exchange differences	-	(521)	(62)	(346)	(242)	(46)	-	3	-	(1,214)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 593,596</u>	<u>\$ 177,557</u>	<u>\$ 33,838</u>	<u>\$ 58,253</u>	<u>\$ 813</u>	<u>\$ -</u>	<u>\$ 38</u>	<u>\$ 869</u>	<u>\$ 864,964</u>
<u>Accumulated impairment</u>										
Balance at January 1, 2021	\$ -	\$ -	\$ 4,658	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,658
Disposals	-	-	(230)	-	-	-	-	-	-	(230)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,428</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,428</u>
Carrying amount at December 31, 2021	<u>\$ 179,901</u>	<u>\$ 1,742,702</u>	<u>\$ 144,613</u>	<u>\$ 16,105</u>	<u>\$ 36,170</u>	<u>\$ 1,244</u>	<u>\$ 505,921</u>	<u>\$ 496</u>	<u>\$ 273</u>	<u>\$ 2,627,425</u>

Operating leases relate to leases of buildings and ancillary equipment and machinery equipment with lease terms between 0.5 and 5 years. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

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

	December 31	
	2022	2021
Year 1	\$ 3,120	\$ 2,657
Year 2	2,756	91
Year 3	2,756	-
Year 4	2,756	-
Year 5	1,608	-
	<u>\$ 12,996</u>	<u>\$ 2,748</u>

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

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

Buildings and ancillary equipment	3-50 years
Machinery equipment	1-20 years
Transportation equipment	3-8 years
Office equipment	3-30 years
Leasehold improvement	1-2 years

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amount</u>		
Land	\$ 304,697	\$ 328,483
Transportation equipment	<u>2,851</u>	<u>5,560</u>
	<u>\$ 307,548</u>	<u>\$ 334,043</u>
	For the Years Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 1,933</u>	<u>\$ 3,781</u>
Depreciation charge for right-of-use assets		
Land	\$ 26,918	\$ 28,012
Transportation equipment	<u>2,709</u>	<u>2,211</u>
	<u>\$ 29,627</u>	<u>\$ 30,223</u>

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amount</u>		
Current	<u>\$ 26,232</u>	<u>\$ 25,931</u>
Non-current	<u>\$ 209,845</u>	<u>\$ 234,484</u>

Range of discount rate for lease liabilities was as follows:

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

c. Material leasing activities and terms

The Group leases land and transportation equipment for office space and operational uses with lease terms of 9-50 years and 3 years, respectively. The Group does not have bargain purchase options to acquire the land and transportation equipment at the end of the lease terms.

d. Other lease information

	For the Years Ended December 31	
	2022	2021
Expenses relating to short-term leases	\$ 12,297	\$ 8,482
Expenses relating to low-value asset leases	\$ 21	\$ 141
Total cash outflow for leases	\$ (43,620)	\$ (38,944)

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

16. GOODWILL

	For the Year Ended December 31	
	2022	2021
<u>Cost</u>		
Balance at January 1	\$ 42,389	\$ 43,906
Effect of foreign currency exchange differences	745	(1,517)
Balance at December 31	\$ 43,134	\$ 42,389

17. OTHER INTANGIBLE ASSETS

	Service Concession Arrangements	Computer Software	Licenses and Franchises	Others	Total
<u>Cost</u>					
Balance at January 1, 2022	\$ 9,389	\$ 51,668	\$ -	\$ 74,380	\$ 135,437
Additions	-	14,961	8,000	20,966	43,927
Disposals	-	(22,932)	-	(1,681)	(24,613)
Effect of foreign currency exchange differences	-	203	-	254	457
Balance at December 31, 2022	\$ 9,389	\$ 43,900	\$ 8,000	\$ 93,919	\$ 155,208
<u>Accumulated amortization</u>					
Balance at January 1, 2022	\$ 4,225	\$ 33,599	\$ -	\$ 42,651	\$ 80,475
Amortization expense	469	12,756	216	19,833	33,274
Disposals	-	(22,832)	-	(1,681)	(24,513)
Effect of foreign currency exchange differences	-	138	-	91	229
Balance at December 31, 2022	\$ 4,694	\$ 23,661	\$ 216	\$ 60,894	\$ 89,465
Carrying amount at December 31, 2022	\$ 4,695	\$ 20,239	\$ 7,784	\$ 33,025	\$ 65,743

(Continued)

	Service Concession Arrangements	Computer Software	Licenses and Franchises	Others	Total
<u>Cost</u>					
Balance at January 1, 2021	\$ 9,389	\$ 56,043	\$ -	\$ 49,436	\$ 114,868
Additions	-	5,157	-	27,001	32,158
Disposals	-	(9,479)	-	(1,945)	(11,424)
Effect of foreign currency exchange differences	-	(53)	-	(112)	(165)
Balance at December 31, 2021	<u>\$ 9,389</u>	<u>\$ 51,668</u>	<u>\$ -</u>	<u>\$ 74,380</u>	<u>\$ 135,437</u>
<u>Accumulated amortization</u>					
Balance at January 1, 2021	\$ 3,755	\$ 29,024	\$ -	\$ 30,428	\$ 63,207
Amortization expense	470	14,089	-	14,205	28,764
Disposals	-	(9,479)	-	(1,945)	(11,424)
Effect of foreign currency exchange differences	-	(35)	-	(37)	(72)
Balance at December 31, 2021	<u>\$ 4,225</u>	<u>\$ 33,599</u>	<u>\$ -</u>	<u>\$ 42,651</u>	<u>\$ 80,475</u>
Carrying amount at December 31, 2021	<u>\$ 5,164</u>	<u>\$ 18,069</u>	<u>\$ -</u>	<u>\$ 31,729</u>	<u>\$ 54,962</u>
					(Concluded)

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

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

Service concession arrangements	20 years
Computer software	3-5 years
Licenses and Franchises	10 years
Others	1-10 years

Other intangible assets pledged as collateral for bank borrowings are set out in Note 32.

18. OTHER CURRENT ASSETS

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Payments in advance	\$ 26,189	\$ 40,039
Temporary payments	13,703	13,707
Prepayments foreign travel	11,851	11,545
Overpaid VAT	8,979	47,571
Prepayments rents	7,048	5,960
Prepayments for software maintenance	6,884	3,663
Prepayments for construction	4,684	13,724
Others	<u>39,455</u>	<u>28,231</u>
	<u>\$ 118,793</u>	<u>\$ 164,440</u>

19. BORROWINGS

a. Short-term bank loans

	December 31	
	2022	2021
<u>Unsecured borrowings</u>		
Working capital loan	<u>\$ 1,413,000</u>	<u>\$ 300,000</u>

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

b. Long-term bank loans

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

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

20. OTHER LIABILITIES

	December 31	
	2022	2021
<u>Current</u>		
Accrued expenses and other current liabilities		
Bonus	\$ 260,650	\$ 297,488
Salaries	145,804	103,523
Outsourcing fee	52,981	68,759
Temporary receipts	37,000	24,631
Compensation of employees and remuneration of directors and supervisors	14,856	15,655
Purchases of equipment	12,872	45,392
Others	<u>126,916</u>	<u>199,100</u>
	<u>\$ 651,079</u>	<u>\$ 754,548</u>
<u>Non-current</u>		
Other non-current liabilities		
Long-term payables	\$ 4,000	\$ -
Others	<u>178</u>	<u>77</u>
	<u>\$ 4,178</u>	<u>\$ 77</u>

21. PROVISIONS - CURRENT

	December 31	
	2022	2021
Warranties	<u>\$ 11,301</u>	<u>\$ 11,626</u>
	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 11,626	\$ 4,356
Additional provisions recognized	17,835	30,736
Amount used	(18,173)	(23,461)
Effect of foreign currency exchange differences	<u>13</u>	<u>(5)</u>
Balance at December 31	<u>\$ 11,301</u>	<u>\$ 11,626</u>

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

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation, DAVID INVESTMENT CO., LTD., IOT SERVICES INFORMATION SYSTEM CORPORATION and FACTORY AUTOMATION INTERNATIONAL CO., LTD. adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

In accordance with the relevant local laws and ordinances, MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD., MIRLE AUTOMATION (KUNSHAN) CO., LTD. and MIRLE AUTOMATION INTER CORP LTD. contribute a specific ratio of the local employees' monthly salary to the pension funds of their respective countries.

b. Defined benefit plans

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

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

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

Movements in net defined benefit liabilities were as follows:

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

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government or corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2022	2021
Discount rate	1.500%	0.625%
Expected rate of salary increase	5%	4%

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

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

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

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

23. EQUITY

a. Share capital

1) Ordinary shares

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

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

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

b. Capital surplus

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

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.
- 3) Pursuant to IAS 28, if the Corporation subscribes for the shares of its associates at a percentage different from its existing ownership percentage, causing the proportion of ownership to change but still having significant influence on the associate, its adjusted capital surplus may only be used to offset deficit.

c. Retained earnings and dividends policy

The shareholders of the Corporation held their regular meeting on July 29, 2021 and in that meeting, resolved the amendments to the Corporation's Articles of Incorporation (the "Articles"). The board of

directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

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

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

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

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

For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 25(h).

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

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

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

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

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

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

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

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

d. Special reserve

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

e. Other equity items

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

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

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

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

f. Non-controlling interests

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 13,359	\$ 9,952
Share in profit for the year	7,349	3,506
Other comprehensive income (loss) during the year		
Exchange differences on translating the financial statements of foreign entities	5	(97)
Acquisition of non-controlling interests in subsidiaries (see Note 29)	<u>(110)</u>	<u>(2)</u>
Balance at December 31	<u>\$ 20,603</u>	<u>\$ 13,359</u>

24. REVENUE

	For the Year Ended December 31		
	2022	2021	
Revenue from contracts with customers			
Construction contract revenue	\$ 8,827,370	\$ 7,125,743	
Revenue from the sale of goods	1,430,118	2,210,170	
Revenue from the rendering of services	<u>511,528</u>	<u>525,490</u>	
	<u>\$ 10,769,016</u>	<u>\$ 9,861,403</u>	

a. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable (Note 10)	<u>\$ 50,713</u>	<u>\$ 62,585</u>	<u>\$ 234,469</u>
Accounts receivable (Note 10)	<u>\$ 346,207</u>	<u>\$ 487,299</u>	<u>\$ 625,506</u>
Receivables from related parties (Note 31)	<u>\$ 5,956</u>	<u>\$ 2,083</u>	<u>\$ 1,993</u>
Contract assets - current			
Construction contracts	<u>\$ 5,095,810</u>	<u>\$ 2,950,299</u>	<u>\$ 2,615,024</u>
Contract liabilities - current			
Construction contracts	\$ 670,670	\$ 1,103,158	\$ 1,216,836
Sale of goods	<u>407,442</u>	<u>235,806</u>	<u>459,835</u>
	<u>\$ 1,078,112</u>	<u>\$ 1,338,964</u>	<u>\$ 1,676,671</u>

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

b. Disaggregation of revenue

	Reportable Segments		
	Logistics System Segment	Information and Controller Segment	Total
<u>For the years ended December 31, 2022</u>			
Type of goods or services			
Construction contract revenue	\$ 8,329,895	\$ 497,475	\$ 8,827,370
Revenue from the sale of goods	333,157	1,096,961	1,430,118
Revenue from the rendering of services	<u>146,049</u>	<u>365,479</u>	<u>511,528</u>
	<u>\$ 8,809,101</u>	<u>\$ 1,959,915</u>	<u>\$ 10,769,016</u>
<u>For the years ended December 31, 2021</u>			
Type of goods or services			
Construction contract revenue	\$ 6,709,552	\$ 416,191	\$ 7,125,743
Revenue from the sale of goods	320,898	1,889,272	2,210,170
Revenue from the rendering of services	<u>101,241</u>	<u>424,249</u>	<u>525,490</u>
	<u>\$ 7,131,691</u>	<u>\$ 2,729,712</u>	<u>\$ 9,861,403</u>

25. NET PROFIT FROM CONTINUING OPERATIONS

a. Other operating income and expenses

	For the Year Ended December 31	
	2022	2021
Loss on disposal of property, plant and equipment	\$ (3,353)	\$ (537)
Loss on disposal of other intangible assets	<u>(100)</u>	<u>-</u>
	<u>\$ (3,453)</u>	<u>\$ (537)</u>

b. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	\$ 24,445	\$ 18,568
Others	<u>34</u>	<u>2,411</u>
	<u>\$ 24,479</u>	<u>\$ 20,979</u>

c. Other income

	For the Year Ended December 31	
	2022	2021
Concession income (Note 17)	\$ 5,697	\$ 2,452
Rental income	4,845	2,171
Litigation settlement gain	3,810	-
Dividends	1,442	-
Government grant income (Note 28)	130	10,367
Others	<u>12,136</u>	<u>15,844</u>
	<u>\$ 28,060</u>	<u>\$ 30,834</u>

d. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net gain on fair value changes of financial assets at fair value through profit or loss	\$ 186	\$ 384
Other net losses	<u>(15,405)</u>	<u>(6,617)</u>
	<u>\$ (15,219)</u>	<u>\$ (6,233)</u>

e. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	\$ 17,147	\$ 6,196
Interest on lease liabilities	<u>5,031</u>	<u>5,462</u>
	<u>\$ 22,178</u>	<u>\$ 11,658</u>

f. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 135,238	\$ 120,681
Right-of-use assets	29,627	30,223
Other intangible assets	<u>33,274</u>	<u>28,764</u>
	<u>\$ 198,139</u>	<u>\$ 179,668</u>
An analysis of depreciation by function		
Operating costs	\$ 51,411	\$ 46,061
Operating expense	<u>113,454</u>	<u>104,843</u>
	<u>\$ 164,865</u>	<u>\$ 150,904</u>

(Continued)

	<u>For the Year Ended December 31</u>	
	2022	2021
An analysis of amortization by function		
Operating costs	\$ 9,915	\$ 7,242
Selling and marketing expense	1,955	1,711
General and administrative expense	17,626	15,308
Research and development expense	3,309	4,033
Other expense	<u>469</u>	<u>470</u>
	<u>\$ 33,274</u>	<u>\$ 28,764</u>
		(Concluded)

g. Employee benefits expense

	<u>For the Year Ended December 31</u>	
	2022	2021
Post-employment benefits (Note 22)		
Defined contribution plans	\$ 57,183	\$ 50,037
Defined benefit plans	<u>3,977</u>	<u>4,024</u>
	61,160	54,061
Termination benefits	1,034	3,824
Other employee benefits	<u>1,681,732</u>	<u>1,647,207</u>
Total employee benefits expense	<u>\$ 1,743,926</u>	<u>\$ 1,705,092</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,085,277	\$ 969,733
Operating expenses	<u>658,649</u>	<u>735,359</u>
	<u>\$ 1,743,926</u>	<u>\$ 1,705,092</u>

h. Compensation of employees and remuneration of directors and supervisors

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

Accrual rate

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

Amount

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

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.

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

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

26. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 93,335	\$ 125,875
Adjustments for prior year	(24,004)	(40,677)
Deferred tax		
In respect of the current year	<u>2,896</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 72,227</u>	<u>\$ 85,198</u>

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

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	<u>\$ 594,300</u>	<u>\$ 616,600</u>
Income tax expense calculated at the statutory rate	\$ 118,860	\$ 123,320
Nondeductible expenses in determining taxable income	3,415	4,890
Nondeductible (deductible) items in determining taxable income	1,316	(2,386)
Unrecognized temporary differences	(35,372)	(14,995)
Effect of different tax rates of group entities operating in other jurisdictions	8,012	15,046
Adjustments for prior years' tax	<u>(24,004)</u>	<u>(40,677)</u>
Income tax expense recognized in profit or loss	<u>\$ 72,227</u>	<u>\$ 85,198</u>

b. Current tax liabilities

	December 31	
	2022	2021
Current tax liabilities		
Income tax payable	<u>\$ 130,355</u>	<u>\$ 162,977</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Closing Balance
<u>Deferred tax assets</u>			
Temporary differences			
Associates	\$ 7,779	\$ (3,925)	\$ 3,854
Defined benefit obligations	<u>-</u>	<u>12,169</u>	<u>12,169</u>
	<u>\$ 7,779</u>	<u>\$ 8,244</u>	<u>\$ 16,023</u>

Deferred tax liabilities

Temporary differences			
Unrealized exchange gains	<u>\$ -</u>	<u>\$ 11,140</u>	<u>\$ 11,140</u>

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Closing Balance
<u>Deferred tax assets</u>			
Temporary differences			
Associates	<u>\$ 7,779</u>	<u>\$ -</u>	<u>\$ 7,779</u>

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

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

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

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

f. Income tax assessments

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

27. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2022	2021
Basic earnings per share	<u>\$ 2.63</u>	<u>\$ 2.70</u>
Diluted earnings per share	<u>\$ 2.63</u>	<u>\$ 2.70</u>

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

Net Profit for the Year

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

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

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

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

28. GOVERNMENT GRANTS

The Corporation participated in a project proposed by the Ministry of Economic Affairs called "Smart Measuring Technology Applied to 3D Curved Glass Manufacturing Process", with the Institute for Information Industry in June 2020. The subsidy provided by the Ministry of Economic Affairs was

NT\$12,893 thousand. As of June 30, 2021, the accumulated government grant income recognized was NT\$12,419 thousand.

29. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

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

	DAVID INVESTMENT CO., LTD.
Consideration paid	\$ (100)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>110</u>
Differences recognized from equity transactions	<u>\$ 10</u>
<u>Line items adjusted for equity transactions</u>	
Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>\$ 10</u>

30. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	<u>\$ 25,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,080</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 9,955	\$ 9,955
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>45,467</u>	<u>45,467</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,422</u>	<u>\$ 55,422</u>

December 31, 2021

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

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

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

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

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

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

c. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 25,080	\$ 100,078
Amortized cost		
Cash and cash equivalents	1,977,745	3,152,743
Notes receivable (including related parties)	50,911	63,060
Accounts receivable (including related parties)	351,965	488,907
Other receivables (including related parties)	78,207	124,477
Financial assets at amortized cost - non-current	132,283	-
Refundable deposits	117,922	102,094
Financial assets at FVTOCI		
Equity instruments	55,422	48,697

(Continued)

	December 31	
	2022	2021
<u>Financial liabilities</u>		
Amortized cost		
Short-term bank loans	\$ 1,413,000	\$ 300,000
Notes payable	93,216	107,786
Accounts payable (including related parties)	3,477,272	3,096,316
Accrued expenses and other current liabilities	651,079	754,548
Long-term bank loans (including current portion)	1,401,711	1,231,367
Lease liabilities	236,077	260,415
Long-term payables	4,000	-
Guarantee deposits received	291	318
		(Concluded)

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 34.

Sensitivity analysis

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

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity analysis included outstanding foreign currency denominated monetary items and adjusted their translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis included cash and cash equivalents, accounts receivable, accounts payable, and short-term bank loans. A negative number below indicates a decrease in pre-tax

profit associated with the New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be positive.

	USD Impact		RMB Impact		JPY Impact	
	For the Year Ended December 31		For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021	2022	2021
Profit or loss	\$(80,896)	\$ (107,895)	\$ 2,649	\$ (3,689)	\$ (5,843)	\$ 362

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

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow 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 and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

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

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 826,769	\$ 1,492,147
Financial liabilities	1,349,077	260,415
Cash flow interest rate risk		
Financial assets	1,273,329	1,649,905
Financial liabilities	1,701,711	1,531,367

Sensitivity analysis

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

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

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

2) Credit risk

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

The Group's concentration of credit risk of 53.27% and 39.08% of total amounts of accounts receivable and contract assets as of December 31, 2022 and 2021, respectively, was attributable to the Group's ten largest customers in the property construction business segment. The concentration of credit risk of the remaining accounts receivable and contract assets was not significant.

3) Liquidity risk

The Group 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, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

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

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table have 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 tables include both interest and principal cash flows.

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

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

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years
Non-interest bearing (Note)	\$ 582,370	\$ 838,941	\$ 387,369	\$ 41,491
Lease liabilities	2,571	5,141	23,046	232,924
Variable interest rate liabilities	5,980	40,006	718,737	936,988
Fixed interest rate liabilities	<u>528,000</u>	<u>535,000</u>	<u>50,000</u>	<u>-</u>
	<u>\$ 1,118,921</u>	<u>\$ 1,419,088</u>	<u>\$ 1,179,152</u>	<u>\$ 1,211,403</u>

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

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 30,758	\$ 114,348	\$ 74,202	\$ 44,374	\$ -	\$ -
Variable interest rate liabilities	<u>764,723</u>	<u>936,988</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 795,481</u>	<u>\$1,051,336</u>	<u>\$ 74,202</u>	<u>\$ 44,374</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years
Non-interest bearing (Note)	\$ 465,590	\$ 1,191,682	\$ 296,919	\$ 50,886
Lease liabilities	2,528	5,055	22,752	277,838
Variable interest rate liabilities	-	6,705	336,019	1,188,643
	<u>\$ 468,118</u>	<u>\$ 1,203,442</u>	<u>\$ 655,690</u>	<u>\$ 1,517,367</u>

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

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 30,335	\$ 127,619	\$ 96,859	\$ 53,360	\$ -	\$ -
Variable interest rate liabilities	<u>342,724</u>	<u>1,172,619</u>	<u>16,024</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 373,059</u>	<u>\$1,300,238</u>	<u>\$ 112,883</u>	<u>\$ 53,360</u>	<u>\$ -</u>	<u>\$ -</u>

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

b) Financing facilities

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

31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below:

a. Related party name and relationship

<u>Related Party Name</u>	<u>Related Party Category</u>
MAIN DRIVE CORPORATION	Associate
MIRLE AUTOMATION TECHNOLOGY (GUANGDONG) CO., LTD.	Associate
I-MEI FOODS CO., LTD.	Key management personnel
I-MEI JISHENG CO., LTD.	Subsidiary of key management personnel
I-MEI BIOMEDICINE CO., LTD.	Subsidiary of key management personnel
I-MEI MACROBIOTICS CO., LTD.	Subsidiary of key management personnel
JIANXUE RESTAURANT CO., LTD.	Subsidiary of key management personnel
I-MEI STORE COMPANY LTD.	Substantive related party
I-ME-I INFORMATION TECHNOLOGY CO., LTD.	Substantive related party

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
OPENFIND INFORMATION TECHNOLOGY INC.	Substantive related party
SHINE MEI FOODS MARKETING & DISTRIBUTION CO., LTD.	Substantive related party
GOLDEN SADDLE MACHINERY CO., LTD.	Substantive related party
FU MEI CO., LTD.	Substantive related party
	(Concluded)

b. Operating transactions

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Sales</u>		
Associates	\$ 99,651	\$ 21,455
Substantive related parties	7,231	6,006
Key management personnel	5,591	1,998
Subsidiaries of key management personnel	<u>135</u>	<u>123</u>
	<u>\$ 112,608</u>	<u>\$ 29,582</u>
<u>Purchases</u>		
Associates	<u>\$ 10,693</u>	<u>\$ 16,555</u>
<u>Manufacturing expenses</u>		
Associates	<u>\$ 99</u>	<u>\$ 60</u>
<u>Operating expenses</u>		
Substantive related parties	\$ 153	\$ 645
Associates	<u>10</u>	<u>165</u>
	<u>\$ 163</u>	<u>\$ 810</u>
<u>Other gains and losses</u>		
Substantive related parties	<u>\$ 585</u>	<u>\$ -</u>
<u>Lease arrangements - the Group is lessor</u>		
<u>Lease arrangements - the Group is lessor under operating leases</u>		

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

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

Acquisition of other assets

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

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

For the acquisition of other intangible assets between the Group and related parties, the transaction price and payment terms shall be negotiated by both parties.

c. Balances on the balance sheet date

		December 31	
		2022	2021
<u>Contract liabilities</u>			
Associates		\$ 9,235	\$ -
<u>Accounts receivable from related parties</u>			
Substantive related parties			
I-MEI STORE COMPANY LTD.		\$ 5,201	\$ 1,550
Others		240	1
Key management personnel		182	50
Associates		69	7
Subsidiaries of key management personnel		66	-
		<u>\$ 5,758</u>	<u>\$ 1,608</u>
<u>Notes receivable from related parties</u>			
Substantive related parties			
I-MEI STORE COMPANY LTD.		\$ 198	\$ 255
Key management personnel			
I-MEI FOODS CO., LTD.		-	220
		<u>\$ 198</u>	<u>\$ 475</u>
<u>Other receivables from related parties</u>			
Associates			
MAIN DRIVE CORPORATION		\$ 1,109	\$ 380

(Continued)

	December 31	
	2022	2021
<u>Prepayments</u>		
Substantive related parties	\$ <u>17</u>	\$ <u>-</u>
<u>Accounts payable to related parties</u>		
Associates		
MAIN DRIVE CORPORATION	\$ <u>1,488</u>	\$ <u>13,133</u>
<u>Accrued expenses and other current liabilities</u>		
Associates	\$ <u>104</u>	\$ <u>63</u>
		(Concluded)

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

d. Remuneration of key management personnel

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

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

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

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2022	2021
Other intangible assets	\$ <u>4,695</u>	\$ <u>5,164</u>

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

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

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 of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

(In thousands of foreign currencies)

December 31, 2022		
	Foreign Currency	Exchange Rate
<u>Financial assets</u>		
Monetary items		
USD	\$ 54,737	30.710 (USD:NTD)
USD	105	6.9646 (USD:RMB)
JPY	776,039	0.2324 (JPY:NTD)
RMB	22,504	4.408 (RMB:NTD)
EUR	116	32.72 (EUR:NTD)
<u>Financial liabilities</u>		
Monetary items		
USD	2,041	30.710 (USD:NTD)
USD	117	6.9646 (USD:RMB)
JPY	273,199	0.2324 (JPY:NTD)
RMB	34,522	4.408 (RMB:NTD)
EUR	281	32.72 (EUR:NTD)
CAD	-	22.67 (CAD:NTD)

December 31, 2021		
	Foreign Currency	Exchange Rate
<u>Financial assets</u>		
Monetary items		
USD	\$ 84,408	27.680 (USD:NTD)
USD	105	6.3674 (USD:RMB)
JPY	155,405	0.2405 (JPY:NTD)
RMB	22,853	4.344 (RMB:NTD)
EUR	325	31.32 (EUR:NTD)
<u>Financial liabilities</u>		
Monetary items		
USD	6,449	27.680 (USD:NTD)
USD	1,031	6.3674 (USD:RMB)
JPY	185,531	0.2405 (JPY:NTD)
RMB	5,870	4.344 (RMB:NTD)
EUR	376	31.32 (EUR:NTD)
CAD	1	21.62 (CAD:NTD)

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were \$253,722 and \$(79,604) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

35. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)

- 9) Trading in derivative instruments (None)
 - 10) Other: Intercompany relationships and significant intercompany transactions (Table 4)
- b. Information on investees (Table 5)
 - c. Information on investments in mainland China:
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 6)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 7)
 - 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 8)

36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods sold, which is measured on the same basis as the Group's consolidated financial statements. The reported segments of the consolidated financial statements are the automatic production line and equipment segment and the information and controller segment.

a. Segment revenue and results

	Segment Revenue		Segment Income	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2022	2021	2022	2021
Automatic production line and equipment segment	\$ 8,809,101	\$ 7,131,691	\$ 1,299,471	\$ 1,550,125
Information and controller segment	<u>1,959,915</u>	<u>2,729,712</u>	<u>577,457</u>	<u>494,906</u>
Total amount from continuing operations	<u>\$ 10,769,016</u>	<u>\$ 9,861,403</u>	1,876,928	2,045,031
Unallocated amount:				
Operating expenses			(1,516,533)	(1,353,096)
Other gains and losses			(3,453)	(537)
Non-operating income and expenses			<u>237,358</u>	<u>(74,798)</u>
Income before income tax			<u>\$ 594,300</u>	<u>\$ 616,600</u>

The revenue reported above is generated from transactions with external customers. There were no sales between segments for the years ended December 31, 2022 and 2021.

Segment profit refers to the profit earned by various segments, which exclude allocated operating expenses, other gains and losses and non-operating income and expenses. These measured amounts will

be reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment assets

The measured amounts of the Group's assets were not reported to the chief operating decision maker, so the measured amount of segment assets was zero.

c. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services:

	For the Year Ended December 31	
	2022	2021
LCD devices	\$ 4,226,395	\$ 3,571,569
Automatic storage systems	2,531,295	1,805,118
Information product systems	1,509,299	2,086,282
Semiconductor equipment	1,457,390	1,177,394
Robot operating systems	594,021	577,610
Industrial controllers	<u>450,616</u>	<u>643,430</u>
	<u>\$ 10,769,016</u>	<u>\$ 9,861,403</u>

d. Geographical information

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2022	2021	2022	2021
Taiwan	\$ 5,500,363	\$ 4,858,024	\$ 2,491,280	\$ 2,183,255
China	5,131,593	4,625,118	757,129	777,695
Others	<u>137,060</u>	<u>378,261</u>	<u>220</u>	<u>518</u>
	<u>\$ 10,769,016</u>	<u>\$ 9,861,403</u>	<u>\$ 3,248,629</u>	<u>\$ 2,961,468</u>

Non-current assets exclude financial assets at fair value through other comprehensive income - non-current, financial assets at amortized cost - non-current, investments accounted for using the equity method, other intangible assets, goodwill, deferred income tax assets, prepayments for equipment and refundable deposits.

e. Information on major customers

Customers that individually contributed 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31			
	2022		2021	
Customer Name	Amount	%	Amount	%
Customer FJ	\$ 2,254,797	20.94	\$ 2,017,469	20.46
Customer B	1,404,888	13.05	176,287	1.79

TABLE 1

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

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

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

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

Note 2: Nature of financing:

- 1. For business
- 2. For short-term financing

Note 3: The total amount of financing provided to others shall not exceed 40% of the Group’s net value in its most recent audited or reviewed financial statements. The total amount of financing provided by MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD. to others shall not exceed 40% of its net value in its most recent audited or reviewed financial statements.

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

TABLE 2**MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES****ENDORSEMENTS/GUARANTEES PROVIDED****FOR THE YEAR ENDED DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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

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

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

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

TABLE 3**MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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

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

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

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

Note 4: See Tables 5 and 6 for detailed information on subsidiaries and associates.

TABLE 4

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms (Note 2)	% of Total Sales or Assets
0	The Corporation	MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD.	1	Sales	\$ 18,086	-	-
			1	Purchases	114,169	-	1
			1	Manufacturing expenses	3,629	-	-
			1	Contract liabilities	5,299	-	-
			1	Accounts receivable from related parties	10,471	-	-
			1	Other receivables from related parties	34	-	-
			1	Accounts payable to related parties	105,475	-	1
			1	Accrued expenses and other current liabilities	4,596	-	-
		IOT SERVICES INFORMATION SYSTEM CORPORATION	1	Sales	1,498	-	-
			1	Purchases	57,124	-	1
			1	Manufacturing expenses	23,502	-	-
			1	Operating expenses	13,452	-	-
			1	Acquisition of property, plant and equipment	194	-	-
			1	Payments for property, plant and equipment	181	-	-
			1	Acquisition for other intangible assets	120	-	-
			1	Accounts receivable from related parties	244	-	-
			1	Other receivables from related parties	190	-	-
			1	Accounts payable to related parties	3,042	-	-
			1	Accrued expenses and other current liabilities	15,845	-	-
		MIRLE AUTOMATION (KUNSHAN) CO., LTD.	1	Sales	84,638	-	1
			1	Contract assets	77,290	-	1
			1	Other receivables from related parties	16	-	-
		MIRLE AUTOMATION INTER CORP. LTD.	1	Sales	311	-	-
			1	Accounts receivable from related parties	1,190	-	-
		FACTORY AUTOMATIONI INTERNATIONAL CO., LTD.	1	Sales	145	-	-
			1	Purchases	16,638	-	-
			1	Accounts receivable from related parties	150	-	-
			1	Accounts payable to related parties	6,395	-	-
		VAN QUOC INFORMATION TECHNOLOGY CONSULTING SERVICES CO., LTD.	1	Sales	1,178	-	-
1	MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD.	MIRLE AUTOMATION (KUNSHAN) CO., LTD.	3	Sales	32,375	-	-
			3	Purchases	89,868	-	1
			3	Accounts payable to related parties	30	-	-
		FACTORY AUTOMATION INTERNATIONAL CO., LTD.	3	Accounts receivable from related parties	573	-	-

Note 1: 1 represents transactions between the parent company and its subsidiaries, 3 represents transactions between subsidiaries.

Note 2: Sales and purchases between the parent company and its subsidiaries are handled in accordance with general sales and payment terms.

TABLE 5

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

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

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

Note 1: Refer to Table 6 for information on investments in mainland China.

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

TABLE 6

MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

(Continued)

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

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

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

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

Note 3: Accumulated outward remittance for investment from Taiwan is US\$7,900 thousand. The Corporation obtained the shares of MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD. by paying US\$3,710 thousand to XINJI PHOTOELECTRIC CO., LTD.

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

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

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

(Concluded)

TABLE 7**MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES**

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

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

TABLE 8**MIRLE AUTOMATION CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022**

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

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Group 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.

Appendix 2: Individuals Financial Statement of the Most Recent Year

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Mirle Automation Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Recognition of income

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

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

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

1. We understood the internal controls of the contracts and orders, and tested the operating effectiveness of the controls.
2. We confirmed that the recognized construction contract revenue was based on actual contracts or orders.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are

based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2023

Notice to Readers

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

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

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

ASSETS	2022		2021		LIABILITIES AND EQUITY	2022		2021	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 4, 6 and 27)	\$ 1,012,010	8	\$ 2,110,140	19	Short-term bank loans (Notes 16 and 27)	\$ 1,413,000	12	\$ 300,000	3
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 27)	-	-	100,078	1	Contract liabilities - current (Notes 4, 5, 21 and 28)	1,006,218	8	1,257,822	12
Contract assets - current (Notes 4, 5, 21 and 28)	4,717,201	39	2,692,054	25	Notes payable (Note 27)	33,231	-	51,963	-
Notes receivable (Notes 4, 9, 21 and 27)	7,799	-	11,813	-	Accounts payable (Note 27)	2,602,273	21	2,352,798	22
Accounts receivable (Notes 4, 9, 21 and 27)	124,027	1	210,664	2	Accounts payable to related parties (Notes 27 and 28)	115,627	1	26,676	-
Receivables from related parties (Notes 4, 21, 27 and 28)	16,167	-	27,730	-	Current income tax liabilities (Notes 4 and 23)	117,239	1	156,769	1
Other receivables (Notes 4, 9 and 27)	60,242	1	97,994	1	Provisions - current (Notes 4 and 18)	10,174	-	10,688	-
Other receivables from related parties (Notes 4, 27 and 28)	1,349	-	10,730	-	Lease liabilities - current (Notes 4, 13 and 27)	25,794	-	25,500	-
Inventories (Notes 4, 5 and 10)	1,388,228	11	1,164,415	11	Current portion of long-term bank loans (Notes 16 and 27)	464,723	4	42,724	-
Other current assets (Notes 4, 15 and 28)	<u>65,907</u>	<u>1</u>	<u>71,297</u>	<u>1</u>	Accrued expenses and other current liabilities (Notes 17, 27 and 28)	<u>609,293</u>	<u>5</u>	<u>708,104</u>	<u>7</u>
Total current assets	<u>7,392,930</u>	<u>61</u>	<u>6,496,915</u>	<u>60</u>	Total current liabilities	<u>6,397,572</u>	<u>52</u>	<u>4,933,044</u>	<u>45</u>
NON-CURRENT ASSETS					NON-CURRENT LIABILITIES				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 27)	55,422	-	48,697	1	Long-term bank loans (Notes 16 and 27)	936,988	8	1,188,643	11
Investments accounted for using the equity method (Notes 4 and 11)	2,037,581	17	1,970,543	18	Deferred income tax liabilities (Notes 4 and 23)	11,140	-	-	-
Property, plant and equipment (Notes 4, 12 and 28)	2,261,804	19	1,930,797	18	Lease liabilities - non-current (Notes 4, 13 and 27)	209,735	2	233,936	2
Right-of-use assets (Notes 4 and 13)	225,180	2	250,296	2	Net defined benefit liabilities - non-current (Notes 4 and 19)	260,524	2	302,945	3
Other intangible assets (Notes 4, 14, 28 and 29)	53,056	-	40,348	-	Guarantee deposits received (Note 27)	271	-	298	-
Deferred income tax assets (Notes 4 and 23)	16,023	-	7,779	-	Other non-current liabilities (Notes 17 and 27)	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prepayments for equipment	2,335	-	25,046	-	Total non-current liabilities	<u>1,422,658</u>	<u>12</u>	<u>1,725,822</u>	<u>16</u>
Refundable deposits (Note 27)	<u>99,511</u>	<u>1</u>	<u>88,832</u>	<u>1</u>	Total liabilities	<u>7,820,230</u>	<u>64</u>	<u>6,658,866</u>	<u>61</u>
Total non-current assets	<u>4,750,912</u>	<u>39</u>	<u>4,362,338</u>	<u>40</u>	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE CORPORATION (Notes 4 and 20)				
					Share capital				
					Ordinary shares	1,955,312	16	1,955,312	18
					Capital surplus	270,290	2	254,964	2
					Retained earnings				
					Legal reserve	953,456	8	902,775	8
					Special reserve	167,859	2	152,050	2
					Unappropriated earnings	1,104,072	9	1,103,145	10
					Other equity				
					Exchange differences on the translation of the financial statements of foreign operations	(128,817)	(1)	(160,814)	(1)
					Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	<u>1,440</u>	<u>-</u>	<u>(7,045)</u>	<u>-</u>
					Total shareholders' equity	<u>4,323,612</u>	<u>36</u>	<u>4,200,387</u>	<u>39</u>
TOTAL	<u>\$ 12,143,842</u>	<u>100</u>	<u>\$ 10,859,253</u>	<u>100</u>	TOTAL	<u>\$ 12,143,842</u>	<u>100</u>	<u>\$ 10,859,253</u>	<u>100</u>

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

MIRLE AUTOMATION CORPORATION

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

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

(Continued)

MIRLE AUTOMATION CORPORATION

**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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

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

MIRLE AUTOMATION CORPORATION

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

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

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

MIRLE AUTOMATION CORPORATION

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

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

(Continued)

MIRLE AUTOMATION CORPORATION

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

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

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

(Concluded)

MIRLE AUTOMATION CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Note 2: The amendments will be applicable to changes in accounting estimates and changes in

accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

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

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

Current assets include:

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

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

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

d. Foreign currencies

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

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

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

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

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

e. Inventories

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

f. Investments in subsidiaries

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

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

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

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

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

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

recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

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

g. Investments in associates

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

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

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

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

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

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

h. Property, plant and equipment

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

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

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

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

i. Intangible assets

1) Intangible assets acquired separately

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

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

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

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

3) Derecognition of intangible assets

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

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

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

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

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

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

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

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

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

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 90 days past due unless the Corporation has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

1. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required

to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranties

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

m. Revenue recognition

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

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

1) Revenue from the sale of goods

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

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

2) Revenue from the rendering of services

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

3) Construction contract revenue

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

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

n. Leases

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

1) The Corporation as lessor

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

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

2) The Corporation as lessee

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

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

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

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

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

o. Borrowing costs

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

p. Government grants

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

Government grants related to income are recognized as a reduction of the related costs and expenses or in other income on a systematic basis over the periods in which the Corporation recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary

condition is that the Corporation should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Termination benefits

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

r. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key Sources of Estimation Uncertainty

a. Write-down of inventories

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

b. Construction contracts

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

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

6. CASH AND CASH EQUIVALENTS

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

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

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

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

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

9. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

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

a. Notes receivable and accounts receivable

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

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

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

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

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

December 31, 2022

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

December 31, 2021

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

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

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

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

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

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

10. INVENTORIES

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

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

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

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

a. Investments in subsidiaries

	December 31	
	2022	2021
Unlisted shares		
MIRTEK (BVI) CORP. LTD.	\$ 1,777,761	\$ 1,736,303
MIRLE AUTOMATION INTER CO., LTD.	73,868	74,853
DAVID INVESTMENT CO., LTD.	84,814	79,355
FACTORY AUTOMATION INTERNATIONAL CO., LTD.	<u>53,366</u>	<u>45,722</u>
	<u>\$ 1,989,809</u>	<u>\$ 1,936,233</u>
	Proportion of Ownership and Voting Rights	
	December 31	
Name of Subsidiary	2022	2021
MIRTEK (BVI) CORP. LTD.	100%	100%
MIRLE AUTOMATION INTER CO., LTD.	100%	100%
DAVID INVESTMENT CO., LTD.	100%	99%
FACTORY AUTOMATION INTERNATIONAL CO., LTD.	51%	51%

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

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

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

b. Investments in associates

	December 31	
	2022	2021
Associates that are not individually material		
MAIN DRIVE CORPORATION	<u>\$ 47,772</u>	<u>\$ 34,310</u>

1) Aggregate information of associates that are not individually material

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

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

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

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

12. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

	December 31	
	2022	2021
Year 1	\$ 3,027	\$ 2,536
Year 2	2,756	-
Year 3	2,756	-
Year 4	2,756	-
Year 5	<u>1,608</u>	<u>-</u>
	<u>\$ 12,903</u>	<u>\$ 2,536</u>

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

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

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

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

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amount</u>		
Land	\$ 222,870	\$ 245,709
Transportation equipment	<u>2,310</u>	<u>4,587</u>
	<u>\$ 225,180</u>	<u>\$ 250,296</u>
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 1,933</u>	<u>\$ 2,483</u>
Depreciation charge for right-of-use assets		
Land	\$ 24,772	\$ 25,911
Transportation equipment	<u>2,277</u>	<u>1,886</u>
	<u>\$ 27,049</u>	<u>\$ 27,797</u>

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amount</u>		
Current	\$ 25,794	\$ 25,500
Non-current	\$ 209,735	\$ 233,936

Range of discount rate for lease liabilities was as follows:

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

c. Material leasing activities and terms

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

d. Other lease information

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

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

14. OTHER INTANGIBLE ASSETS

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

(Continued)

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

(Concluded)

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

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

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

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

15. OTHER CURRENT ASSETS

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

16. BORROWINGS

a. Short-term bank loans

	December 31	
	2022	2021
<u>Unsecured borrowings</u>		
Working capital loan	<u>\$ 1,413,000</u>	<u>\$ 300,000</u>

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

b. Long-term bank loans

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

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

17. OTHER LIABILITIES

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

18. PROVISIONS - CURRENT

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

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

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

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

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

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

Movements in net defined benefit liabilities were as follows:

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

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government or corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

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

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

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

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

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

20. EQUITY

a. Share capital

1) Ordinary shares

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

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

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

b. Capital surplus

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

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.
- 3) Pursuant to IAS 28, if the Corporation subscribes for the shares of its associates at a percentage different from its existing ownership percentage, causing the proportion of ownership to change but still having significant influence on the associate, its adjusted capital surplus may only be used to offset deficit.

c. Retained earnings and dividends policy

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

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

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

Under the dividends policy as set forth in the Articles before the amendments, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a

special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

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

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

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

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

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

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

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

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

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

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

d. Special reserve

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

e. Other equity items

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

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

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

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

21. REVENUE

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

a. Contract balances

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

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

b. Disaggregation of customer contract revenue

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

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Other operating income and expenses

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

b. Interest income

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

c. Other income

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

d. Other gains and losses

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

e. Finance costs

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

f. Depreciation and amortization

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

(Continued)

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

g. Employee benefits expense

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

h. Employees' compensation and remuneration of directors and supervisors

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

Accrual rate

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

Amount

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

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

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

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

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

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

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

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

b. Current tax liabilities

	December 31	
	2022	2021
Current tax liabilities		
Income tax payable	<u>\$ 117,239</u>	<u>\$ 156,769</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2022

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

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Closing Balance
<u>Deferred tax assets</u>			
Temporary differences			
Associate	<u>\$ 7,779</u>	<u>\$ -</u>	<u>\$ 7,779</u>

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

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

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

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

- f. Income tax assessments

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

24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2022	2021
Basic earnings per share	<u>\$ 2.63</u>	<u>\$ 2.70</u>
Diluted earnings per share	<u>\$ 2.63</u>	<u>\$ 2.70</u>

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

Net Profit for the Year

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

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

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

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

25. GOVERNMENT GRANTS

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

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

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

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

27. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2022

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

December 31, 2021

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

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

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

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

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

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

c. Categories of financial instruments

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

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

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

Sensitivity analysis

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

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

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

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

b) Interest rate risk

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

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

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

Sensitivity analysis

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

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

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

2) Credit risk

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

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

3) Liquidity risk

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

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

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

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

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

December 31, 2022

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

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

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

December 31, 2021

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

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

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

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

b) Financing facilities

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

28. TRANSACTIONS WITH RELATED PARTIES

The Corporation and related parties are disclosed below:

a. Related party name and relationship

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

(Continued)

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

b. Operating transactions

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

Acquisition of property, plant and equipment

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

Disposal of property, plant and equipment

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

Lease arrangements - the Corporation is lessor

Lease arrangements - the Corporation is lessor under operating leases

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

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

Acquisition of other assets

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

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

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

c. Balances on the balance sheet date

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

(Continued)

	December 31	
	2022	2021
<u>Accounts payable to related parties</u>		
Subsidiaries		
MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD.	\$ 105,475	\$ 5,974
FACTORY AUTOMATION INTERNATIONAL CO., LTD.	6,395	2,835
IOT SERVICES INFORMATION SYSTEM CORPORATION	3,042	4,734
Associates		
MAIN DRIVE CORPORATION	<u>715</u>	<u>13,133</u>
	<u>\$ 115,627</u>	<u>\$ 26,676</u>

Accrued expenses and other current liabilities

Subsidiaries	\$ 20,441	\$ 45,922
Associates	<u>104</u>	<u>63</u>
	<u>\$ 20,545</u>	<u>\$ 45,985</u>

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

d. Remuneration of key management personnel

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

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

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2022	2021
Other intangible assets	<u>\$ 4,695</u>	<u>\$ 5,164</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

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

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

(In thousands of foreign currencies)

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

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

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

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 9) Trading in derivative instruments (None)
- b. Information on investees (Table 4)
- c. Information on investments in mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 5)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 6)
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

TABLE 1

MIRLE AUTOMATION CORPORATION

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

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

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

Note 2: Nature of financing:

1. For business

2. For short-term financing

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

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

TABLE 2**MIRLE AUTOMATION CORPORATION****ENDORSEMENTS/GUARANTEES PROVIDED****FOR THE YEAR ENDED DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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

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

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

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

TABLE 3**MIRLE AUTOMATION CORPORATION****MARKETABLE SECURITIES HELD****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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

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

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

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

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

TABLE 4

MIRLE AUTOMATION CORPORATION

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

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

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

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

TABLE 5

MIRLE AUTOMATION CORPORATION

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

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

(Continued)

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

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

- Note 1: By establishing MIRTEK (BVI) CORP. LTD. through investment in the third region and then invested in companies in mainland China.
- Note 2: Accumulated outward remittance for investment from Taiwan is US\$7,900 thousand. The amount of retained earnings transferred to ordinary shares is US\$2,950 thousand and the investment amount of XINJI PHOTOELECTRIC CO., LTD. is US\$2,380 thousand. After that, the Corporation acquired full ownership of MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD. through MIRTEK (BVI) CORP. LTD.; meanwhile, the Corporation reinvested in MIRLE AUTOMATION TECHNOLOGY (SHANGHAI) CO., LTD. to acquire a 49% ownership of MIRLE AUTOMATION TECHNOLOGY (GUANGDONG) CO., LTD. and a 40% ownership of HAICHAIN MIRLE AUTOMATION CO., LTD.
- Note 3: Accumulated outward remittance for investment from Taiwan is US\$7,900 thousand. The Corporation obtained the shares of Mirle Automation Technology (Shanghai) Co., Ltd. by paying US\$3,710 thousand to Xinji Photoelectric Co., Ltd.
- Note 4: Accumulated outward remittance for investment from Taiwan is US\$17,000 thousand. The Corporation invested and established MIRLE HOLDING CO., LTD. through MIRTEK (BVI) CORP. LTD.; meanwhile, the Corporation acquired full ownership of Mirle Automation (Kunshan) Co., Ltd. through MIRLE HOLDING CO., LTD.
- Note 5: Calculated by audited financial statements of the investees for the same reporting periods as those of the Corporation.
- Note 6: Calculated by unaudited financial statements of the investees for the same reporting periods as those of the Corporation.

(Concluded)

TABLE 6**MIRLE AUTOMATION CORPORATION**

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

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

TABLE 7**MIRLE AUTOMATION CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022**

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

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

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STATEMENT 1**MIRLE AUTOMATION CORPORATION****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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

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

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

STATEMENT 2**MIRLE AUTOMATION CORPORATION****STATEMENT OF NOTES RECEIVABLE****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

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

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

STATEMENT 3**MIRLE AUTOMATION CORPORATION****STATEMENT OF ACCOUNTS RECEIVABLE****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

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

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

STATEMENT 4**MIRLE AUTOMATION CORPORATION****STATEMENT OF INVENTORIES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

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

Note 1: Based on the net realizable value.

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

MIRLE AUTOMATION CORPORATION

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

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

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

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

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

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

MIRLE AUTOMATION CORPORATION

STATEMENT OF NOTES PAYABLE

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Client Name	Amount
Client A	\$ 30,616
Others (Note)	<u>2,615</u>
	<u>\$ 33,231</u>

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

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

Client Name	Amount
Client B	\$ 135,090
Others (Note)	<u>2,467,183</u>
	<u>\$ 2,602,273</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MIRLE AUTOMATION CORPORATION

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

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

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

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

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

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

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

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

- 3) Changes in the average employee payroll and related expense adjustment (6.35)% (“Average employee payroll and related expense for the current year-Average employee payroll and related expense for the previous year”/Average employee payroll and related expense for the previous year).
- 4) The remuneration of supervisors for the current year is \$75 thousand, and that for the previous year is \$2,739 thousand. The Corporation has established an audit committee on June 9, 2022.
- 5) The Corporation’s compensation policy (include directors, managers and employees).

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

Mirle Automation Corporation

Chairman HOUNG SUN

Date printed and released: April 28, 2023