Stock Code
5263

Brogent Technologies Inc.

2019

Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Date Printed: 02 April, 2020

Taiwan Stock Exchange Market Observation Post System: http://newmops.twse.com.tw

1. Name, Title, Contact No., and Email of the Company's spokesperson

Spokesperson name: Chih-Hung Ouyang

Title: President

Telephone:(07)537-2869

Email:stock@brogent.com

Representative spokesperson: Hui-Chuang Lin

Title: Chief Financial Officer

Telephone:(07)537-2869

Email:stock@brogent.com

2. Head office address and telephone no.

Head office: Number 9, Fuxing 4th Rd., Qianzhen District, Kaohsiung City (80661) Taiwan

Telephone:(07)537-2869

3. Name, address, website, and telephone no. of stock transfer agency

Stock transfer institute: Share Administration Agency, Taishin International Bank

Address: No.96, Sec. 1, Jianguo N. Rd., Jhongshan District, Taipei City 10489, Taiwan

Website:www.taishinbank.com.tw

Telephone:(02)2504-8125

4. External auditor for most recent financial statement

External auditor: Yao-Ting Li, CPA

Yi-Shum Chung, CPA

Accounting firm: Grant Thornton Taiwan

Address: 13F.-2&-3, No.91 Chung Shan 2nd Road, Kaohsiung, Taiwan

Website:www.gti.com.tw

Telephone:(07)537-2589

5. Name of overseas trading office of listed valuable securities and method of searching for information of valuable overseas securities: None.

6. Company website:www.brogent.com

Table of Contents

I. Letter to Shareholders

Dear Shareholders,

Thank you very much for supporting Brogent Group and taking time to attend 2020 annual meeting of shareholders.

In 2019, Brogent Group’s consolidated revenue amounted to NT$2.08 billion, which increased 27.1% points from last year, net income NT$367 million, and earnings per share NT$6.57, an increase of 42.5% points from last year. The increase of net income was mainly due to the growth of the software content sales, which accounted for approximately 16% of the Brogent Group’s total revenue in 2019. A review of the performance of various financial indicators in 2019 shows solid operating performance in each quarter, with revenue and profit leaping forward to reach an all-time high. It is evident that as the diversified business has been developed successfully, Brogent Group has reached a new milestone in the 10 years since the transformation of the motion simulation industry.

Since its listing in 2012, Brogent Group’s revenue has grown nearly tenfold, and the business promotion of hardware equipment has successfully gained a foothold around the world, with i-Ride simulation equipment and m-Ride Flying Theater even being mainstream in the international market. Looking ahead to the next decade, Brogent Group is targeting its strategy to challenge higher-end customers, expand market share in small rides equipment devices, and expand content licensing and design revenues.

Brogent Group has become an emerging corporation in the motion simulation industry since 2010. Flying Theater has gained the biggest market share in the world and successfully won the hearts of customers worldwide. Partners for stable cooperation span the five continents of the world; including well-known international theme parks, such as LEGOLAND, Dreamworld, Europa-Park and Fuji-Q Highland. In the next decade, Brogent Group will target higher-end customers and consolidate its market advantage by capturing customers at the top of the pyramid with its unique products.

At the same time, Brogent Group will also focus on increasing market share of small personalized devices. The more flexibility in the mass distribution of smaller devices will help increase the penetration of Brogent Group's devices in the market, allowing more motion simulation devices to penetrate the consumer market and further enhance the profitability of the content market. Brogent Group has successfully developed miniaturized motion simulation equipment devices related to e-sports, racing, flight simulation platforms and personalized VR cinemas. In the future, Brogent Group expects to integrate content manufacturers through strategic alliances to expand equipment benefits and revenue.

In recent years, Brogent Group's work on content licensing and design revenue has been gradually fermented. Through Brogent Group's continuous deployment of motion simulation equipment devices around the world, the royalty income from content videos has gradually increased its overall share, making the multiplier effect between devices and content more obvious. In addition to selling the equipment to operators that have opened up their businesses at Australia's Gold Coast, Brogent Group is also licensing the Flying Theater videos to them and is also negotiating long-term licensing plans for other Flying Theater videos. Other Brogent Group customers who already have facilities in place around the world have also resumed discussions with Brogent Group for new video content licensing. In the future, Brogent Group will also continue to promote the strategy of expanding content licensing and design revenue, in order to increase revenue margin and become a turnkey solution provider for hardware amusement equipment, video content design, venue planning and field operations.

The novel coronavirus (COVID-19) pandemic that has swept the world in the first half of this year has had unprecedented effects. However, looking back at the development of the theme park and the entertainment market over the past 20 years, despite the impact of the SARS outbreak in 2003 and the financial tsunami crisis in 2008, long-term observation shows that the attendance of the theme park has been growing steadily after the global shock events, indicating that people's demand for entertainment experience is still increasing. For example, despite the SARS outbreak in 2003, in the year following the SARS outbreak, the number of visitors to the world's top 10 theme parks increased by 6% against the trend, followed by a year-on-year increase in the number of visitors. In 2011, the number of visitors to the world's top 10 theme parks increased by 19.4% compared to 2003. This shows that the demand for entertainment experiences has increased in spite of SARS and the 2008 financial tsunami, and the long term outlook for theme parks and the entertainment market remains positive.

The management team and the employees of Brogent Group will strive to reach all the operational goals in order to return your long term encouragement and support!

Our best wishes for the health and prosperity of all our shareholders!

Chairman, Chih-Chuan Chen

1. Accomplishments in 2019

(1) Business Plan Implementation Outcomes in 2019

Unit: NT$1,000

Item \ Year	2018	2019	Change (amount)	% Change
Sales revenue	1,637,438	2,080,441	443,003	27.05
Gross profit	721,242	1,002,360	281,118	38.98
Operating expenses	431,730	581,551	149,821	34.70
Operating income	289,512	420,809	131,297	45.35
Net income (loss) before tax	321,127	471,901	150,774	46.95
Net income(loss)	258,418	383,810	125,392	48.52
Net income attributable to shareholders of the parent	257,168	366,525	109,537	42.52

(2) 2019 Budget Execution

According to the Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company did not need to compile a financial forecast for 2019, and therefore this section is not disclosed.

(3) Analysis of Financial Gains and Losses and Profitability

Unit: %

Item \ Year		2018	2019
Financial structure (%)	Debt-to-assets ratio	31.22	40.93
	Long-term fund to property, plant and equipment (fixed assets) ratio	345.35	402.42
Solvency (%)	Current ratio	501.83	324.08
	Quick ratio	334.46	275.27
	Times interest earned	3097.55	2088.88
Profitability	Return on assets (%)	6.47	8.60
	Return on equity (%)	9.21	12.63
	Paid-in capital to income before tax (%)	60.48	84.65
	Net profit margin (%)	15.78	18.45
	Earnings per share (NT$)	4.84	6.57

(4) Research and Development

To continuously enhance the Company's competitiveness, the Company has always actively invested in R&D efforts. In 2018 and 2019, it has expended a total of NT$118,370 million and NT$172,403 million in R&D, respectively accounting for 7.23% and 8.29% of the net operating income. The R&D expense is expected to be NT$225,164 million in 2020. The Company shall continue to innovate and remain committed to research and development because these aspects of operation embody corporate competitiveness. The Company shall continue to engage in advanced technological R&D and innovative applications, and implement product-centric design and research as well as systematic management to maintain the leading position of products and technologies.

(5) Impacts of External Competitive Environment, Regulatory Environment, and Overall Operation Environment

The Company operates its business in accordance with domestic and foreign laws and regulations and periodically notes any changes in domestic and foreign policies and development trends, to facilitate immediate response. The Company's employees also receive training regularly to update them on current political and economic changes and trends; therefore, changes to laws and regulations will not exert a material impact on the Company's business development.

Regarding external competition and the overall business environment, because the Company has successfully expanded into overseas markets in 2019, we will continue to develop our businesses based on market internationalization. By seeking high-quality customers, attaining product recognition, raising product sales prices, and adopting a product composite marketing model concurrent with mature technologies and scaled production, the Company expects to accurately ascertain the pulse of the global market. Thus, based on the economic recovery of European and American countries as well as China's entertainment market demand, Brogent will expand its businesses into the global market, thereby enhancing its overall revenue performance.

2. Summary of Business Plan for 2020

(1) 2020 Operational Goals and Crucial Product Marketing Policies

1. Continue to optimize the quality of sensory simulation amusement park facilities and diversify product category.
2. Actively extend into the international market and raise its global brand awareness.
3. Deepen the design and production of digital contents and heighten product added value.
4. Engage in industry–academic cooperation to actively cultivate high-quality specialists in digital content.

(2) Expected Sales Volume and Criteria

The Company's operational revenues mainly come from the sales of motion simulation entertainment facilities. According to the Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company did not need to compile a financial forecast for 2020, and therefore this section is not disclosed.

3. Future Corporate Development Strategy

(1) Product diversification
(2) Market internationalization
(3) Diversification of revenue models
(4) Integration of strategic partner resources

II. Company Profile

1. Date of Establishment

October 30, 2001.

2. Company History

Company milestones up to the date of this report:

April 2011	Opening of 4D Theater at Formosan Aboriginal Culture Village.
June 2011	Conversion of employee stock options to 1,744,000 ordinary shares; the paid-up capital following capital increase totaled to NT$213,560,000.
September 2011	Seasoned equity offering (SEO) of NT$12,700,000; following capital

	increase, the paid-up capital totaled to NT$226,260,000.
October 2011	Approved public offering of stock.
December 2011	Registered on emerging stock market.
June 2012	Constructed started on new research and test center at Kaohsiung Software Park.
September 2012	Passed the market listing application by the Board of Directors of the Taipei Exchange.
November 2012	Public underwriting of SEO prior to listing amounted to NT$28,290,000, and the paid-up capital following capital increase totaled to NT$254,550,000.
December 2012	Stock market launch.
January 2013	Completion of the operational headquarters and R&D test center.
February 2013	The i-Ride passed China's A-grade large-scale amusement park facility authentication and a commercial business license was received for it.
April 2013	The i-Ride opened at an anime themed shopping center in Hangzhou, China.
July 2013	The new generation of i-Ride, Fly Over Canada, opened in Vancouver, Canada.
October 2013	Attended the National Palace Museum First New Media creative contest; the Company's 3D interactive new media art gained honorable mention.
October 2013	Signed a Memorandum of Understanding with Kodansha, Japan.
October 2013	Surplus transfer of NT$12,727,500, and the paid-up capital following capital increase totaled to NT$267,277,500.
February 2014	Conversion of convertible corporate bond to ordinary bond totaled to NT$7,422,770; the paid-up capital following capital increase totaled to NT$274,700,270.
March 2014	First-quarter revenue reached NT$312 million, with net profit after tax amounting to NT$100 million, both represented record highs in Brogent's history.
April 2014	The i-Ride received the 2014 Taiwan Excellence Reward for the category of fashion, life, culture and creativity product.
May 2014	Conversion of convertible corporate bond to ordinary bond totaled to NT$15,433,990; the paid-up capital following capital increase totaled to NT$290,134,260.
June 2014	Held the Groundbreaking Ceremony for the 2nd stage of the R&D Center.
July 2014	Fuji Q Highland held the Grand Opening of the i-Ride flight theater "Fuji Airways" in Fujiyoshida, Japan.
July 2014	Conversion of convertible corporate bond to ordinary bond totaled to NT$18,753,440; the paid-up capital following capital increase totaled to NT$308,887,700.
September 2014	Capital reserve transfer of NT$27,470,020; the paid-up capital following capital increase totaled to NT$336,357,720.

October 2014	Signed the "Attack on Titan" IP licensing contract with Kodansha Ltd.
November 2014	Conversion of convertible corporate bond to ordinary bond totaled to NT$442,070; the paid-up capital following capital increase totaled to NT$336,799,790.
January 2015	Seasoned equity offering (SEO) of NT$60,000,000; following capital increase, the paid-up capital totaled to NT$396,799,770.
January 2015	Signed another MOU with Kodansha Ltd. to establish marketing companies for peripheral products.
March 2015	Awarded the Potential Mittelstand Enterprise for the 3rd Taiwan Mittelstand Award held by the Industrial Development Bureau, Ministry of Economic Affairs (MOEA).
June 2015	Seasoned equity offering (SEO) of NT$10,300,000, following capital increase, the paid-up capital totaled to NT$407,099,770.
July 2015	Surplus transfer of NT$39,680,000, following capital increase, the paid-up capital totaled to NT$446,779,770.
November 2015	Awarded government subsidies under the international market development program by the Bureau of Foreign Trade, Ministry of Economic Affairs.
December 2015	The grand opening of i-Ride flight theater themed "Attack on Titan" was held in Shan-Shun World, Toufen Township, Miaoli County, Taiwan.
January 2016	Grand opening of the 2nd stage Office Building.
March 2016	Grand opening of the 4D motion simulating theater in the famous European safari "Zoo Emmen" in Netherlands.
April 2016	New launch of i-Ride flight theater "FlyOver America" in Mall of America, Minnesota, U.S.A.
May 2016	The Joint Research and Development Center between Brogent and National Sun Yat-Sen University was established.
July 2016	The Research and Development Center of Somatosensory Content between Brogent and Southern Taiwan University of Science and Technology was established.
September 2016	The Lord Mayor of Brisbane, Australia, Graham Quirk, visited Brogent with the Brisbane delegation and experienced i-Ride flight theater.
December 2016	Awarded the Enterprise with Outstanding Contribution by Export Processing Zone, M.O.E.
March 2017	Feng Tang, Minister without Portfolio of Executive Yuan, came to Brogent to experience i-Ride flight theater.
March 2017	Activated the filming project "Flying Over Australia" with Cutting Edge, a leading Australian filmmaker.
April 2017	The Flying Theater of Spain's famous theme park officially opened
June 2017	The Flying Theater "Voletarium" of Germany's prestigious Europa Park officially opened.
September 2017	Won Europe's Best New Ride of the European Star Awards 2017.

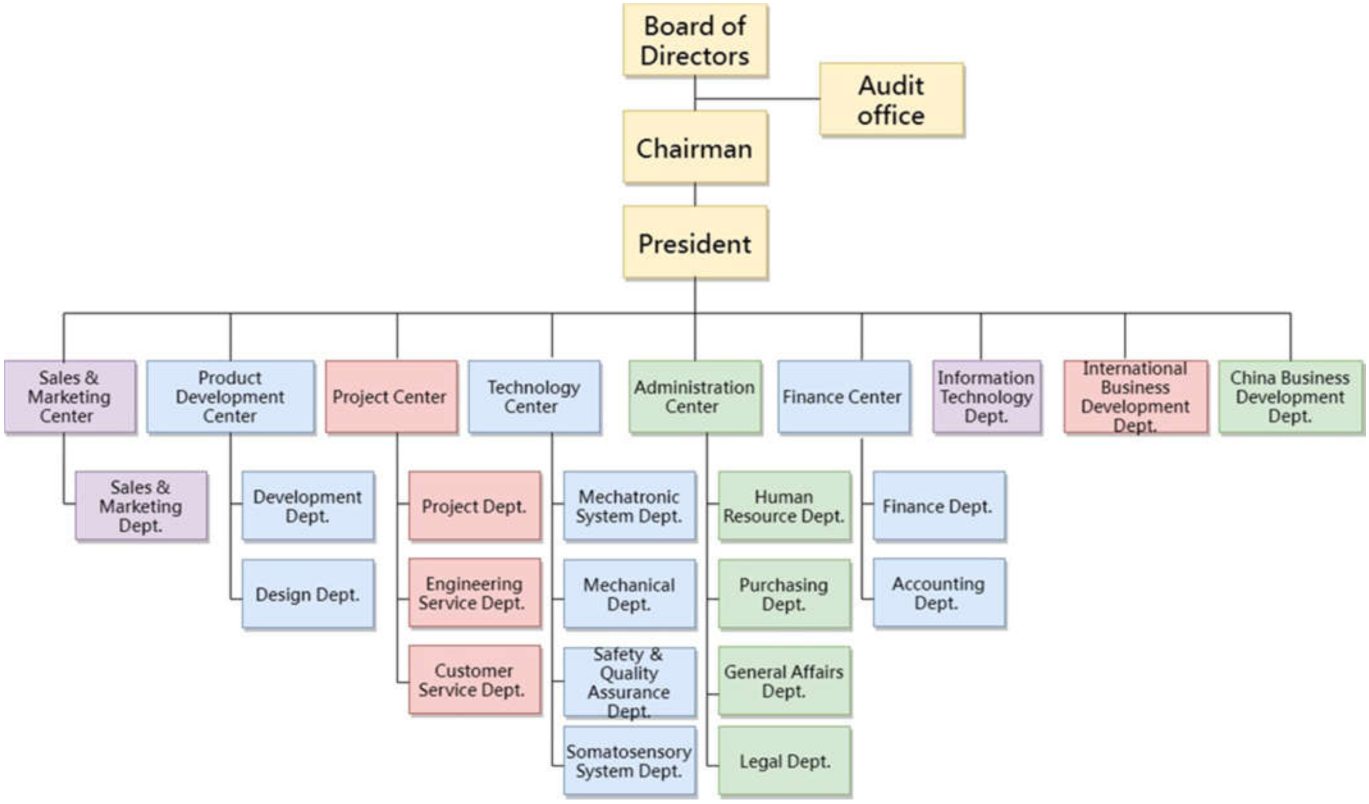
October 2017	The Flying Theater “This is Holland” of Netherland officially opened in Amsterdam.
November 2017	Brognet’s i-Ride Experience Center officially opened in Kaohsiung Software Park.
November 2017	Brogent’s new VR product “Q-Ride” launched in IAAPA Attractions Expo in Orlando, Florida, U.S.A.
December 2017	Dentsu Japan invested in Brogent’s subsidiary “Brogent Japan Entertainment.”
December 2017	Vice President Chien-Jen Chen visited i-Ride Experience Center of Brogent.
January 2018	Brogent is the first TÜV SÜD client in Asia to have passed its challenging test with i-Ride Flying Theater.
January 2018	Taipei City Mayor Wen-Je Ko visited the Flying Theater “This is Holland” in Amsterdam.
May 2018	Brogent unveiled its new VR and motion simulation gaming product at the 2018 Vision Get Wild Exhibition.
June 2018	Brogent’s VR gaming products were presented at Computex Taipei 2018.
July 2018	Brogent’s VR gaming tournament, Lightning Wings, kicked off its regional preliminary contest at Kaohsiung Beer Rock Festival.
July 2018	Brogent’s first carousel officially opened at KW2 (Kaohsiung Port Warehouse No.2)
July 2018	The Flying Theater of Abu Dhabi’s renowned theme park officially opened.
August 2018	The Flying Theater “FLYOVER CHINA” of Beijing Shijingshan Amusement Park officially opened.
August 2018	Brogent’s VR gaming tournament, Lightning Wings, held its regional preliminary contest in Taichung.
September 2018	Tom Tate, Mayor of the City of Gold Coast, Australia, visited Brogent with City of Gold Coast delegation and experienced i-Ride flight theater.
September 2018	Won Media-based Attraction of the Year of the Park World Excellence Awards 2018 Europe.
October 2018	Brogent’s VR gaming tournament, Lightning Wings, held its regional preliminary contest in Taipei.
November 2018	Brogent’s hexaRide VR and the first original VR film “Ghost in the Shell” made its debut at Diver City Plaza in Odaiba, Tokyo.
November 2018	Brogent’s VR gaming tournament, Lightning Wings, held its championship game in Kaohsiung Arena.
December 2018	Brogent introduced “Art-Zoo Inflatable Park” from Singapore opened at Kaohsiung Harbor Pier 7.
December 2018	hexaRide 's second original VR film “Attack on Titan” premiered at Diver City Plaza in Odaiba, Tokyo.
January 2019	The Flying Theater “i-Ride Taipei” of Taipei Nan Shan Plaza officially opened.

February 2019	Brogent's VR gaming simulation ride "Lightning Wings" was invited to 2019 Mobile World Congress in Barcelona.
March 2019	The Flying Theater "THE LEGO® MOVIE™ Masters of Flight" officially opened in Legoland Florida Resort.
May 2019	Brogent presented Q-Ride, VR gaming simulation ride "Lightning Wings" and the newly developed racing simulator at the 2019 Vision Get Wild Exhibition.
July 2019	Brogent Group collaborated with American Institute in Taiwan (AIT) to premiere "Discover America" in the celebration of US-Taiwan Travel Year.
July 2019	Brogent's new racing simulator made its world debut at 2019 Asia Pacific Cities Summit in Brisbane, Australia.
August 2019	The Flying Theater "Sky Voyager" of Australia's biggest theme park Dreamworld officially opened on the Gold Coast.
September 2019	The second Flying Theater of Beijing Shijingshan Amusement Park officially opened.
September 2019	Brogent's flying theater won the " Best Dark Rides" of the 2019 European Star Award.
October 2019	The Flying Theater "FlyOver Iceland" of Iceland officially opened in Reykjavík .
December 2019	Brogent received " 2019 Chinese Outstanding 3D/Motion Theatre Suppliers" of the Asia Attraction Gold Crown.

III. Corporate Governance Report

1. Organizational System

(1) Organizational Profile



(2) Business Activities of Each Major Division

Major Divisions	Primary Duties
Chairman's Office	Supervise the execution of the corporate internal audit.
Audit Office	A.Inspect and evaluate whether internal control systems are sound and provide recommendations for analysis and evaluations. B.Plan, implement, and improve internal auditing systems; requests operational procedures to comply with laws, regulations, and articles of incorporation and assist in increasing business performance.
President's Office	A.Plan the corporate mid-term and long-term business strategy, as well as the new business direction and market deployment. B.Control and evaluate the operation results of subsidiaries.

Major Divisions	Primary Duties
Sales & Marketing Center	A.Plan and implement marketing strategies. B.Achieve company-defined business goals and join overseas exhibitions. C.Handle general tasks (product presentation, proposal, quotation, negotiation, payment collection, and payment notification) and determine customer's status in contract compliance. D.Coordinate and communicate with marketing business and technical teams. E.After sales service execute and management.
Product Development Center	A.Design and develop new technology and products. B. Develop new interactive game.
Project Center	A.Supervise the construction projects. B.Control product quality and communicate with customers when implementing projects.
Technology Center	A.Design, develop and produce hardware structures such as six-axis platforms, steel structures and dynamic structures such as elevators. B.Organize relative information for certification and prepare operating maintenance handbook.
Finance Center	A.Formulate financial plans, business strategy, treasury and risk management. B.Manage and operate accounting, budgeting, tax, stock affairs and provide analysis reports to assist decision-making.
Administration Center	A.Organization design and plan. Human resources management system executing including recruiting, training and salaries management. Carry out performance evaluations and devise welfare policies B.Assist Chinese and English contracts drafting and reviewing, providing negotiation strategies and analysis of legal risks. Assist legal dispute conducting and discussing risk preventing strategies. C.Product/technology patent and trademark management. D.Purchasing and supplier management. E.Assist in executing and promoting general affairs and raw material management.
IT Department	A.Develop and maintain computer networks and application systems. B.Maintain and manage computer hardware, peripheral equipment, and information files. C.Plan and execute system safety. D.Hardware and software resources management.
International Business Development Department	A.Develop potential international business opportunities. B.Create future business models.
China Business Development Department	A.Develop potential China area business opportunities. B.Develop China area potential customers.

2. Profile of Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and Department and Branch Directors

(1) Directors and Supervisors

1. Directors and Supervisors

March 30, 2020; Unit: Shares; %

Title	Nationality or place of registration	Name	Date elected	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and minor children		Number of shares held in the name of others		Education/work experience	Other positions	Other officer, director or supervisor who is the spouse or a relative within the second degree			Note
						Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage			Title	Name	Relationship	
Chairman	ROC	Chang chun Investment Co. Ltd.	2017.05.31	3 years	2016.05.31	1,706,565	3.82%	2,150,271	3.86%	–	–	–	–	1. M.B.A., National Taiwan University 2. Director, Mass Solutio Technologies 3.Supervisor, RT-Mart International 4.Supervisor, Gogoro Taiwan Limited	Vice President, Investment Administration Division, RT-Mart International	None.	None.	None.	
		Representative Chih-Chuan Chen				-	0.00%	30,420	0.05%	–	–	–	–						
Director	ROC	Chih-Hung Ouyang	2017.05.31	3 years	2011.10.05	2,822,581	6.32%	3,807,191	6.83%	101,187	0.18%	—	—	1.Electrical Engineering, National Sun Yat-sen University 2.R&D Engineer, Acer Incorporated 3.Project Manager, Ai West Co. Ltd. 4.President, Micro Sova	1. President, Brogent Techonologies Inc. 2. Chairman, Fu Wu Investment Ltd. 3. Chairman, Brogent Global Inc. 4. Chairman, Brogent Mechanical Inc.	None.	None.	None.	
Direcor	ROC	Chung-Ming Huang	2017.05.31	3 years	2011.10.05	2,381,654	5.33%	3,000,883	5.38%	81,237	0.15%	—	—	1.Ph.D in Engineering Management, University Of Missouri-Rolla 2.Director, Business Administration Office; Dean, Engineering & Management of Advanced Technology Dept; Dean, International Business Dept, Chang Jung Christian University 3.Supervisor, Taiwan Water Corporation	1. Director, Fu Yi Investment Ltd. 2. Professor, Engineering & Management of Advanced Technology Dept, Chang Jung Christian University	None.	None.	None.	
Director	ROC	Chin-Huo Huang	2017.05.31	3 years	2011.10.05	912,256	2.04%	1,149,442	2.06%	252,971	0.45%	–	–	1.Chang Hua Industrial Vocational High School 2.Director, SANFU Motors Industrial Corp. 3.Director, Chun Ying Metal Industrial Co., Ltd.	Chairman, Fu Ying Metal Industrial Co., Ltd.	None.	None.	None.	
Direcor	ROC	Chun-Hao Cheng	2017.05.31	3 years	2016.05.31	125,781	0.28%	158,483	0.28%	–	–	–	–	1.Ph.D in Business Studies, Meiji University 2.Supervisor, Taiwan Water Corporation 3.Associate Professor, Department of Finance, I-Shou University 4.Associate Professor, Graduate Institute of Hospitality Management, NKUHT	Professor, Graduate Institute of Hospitality Management, NKUHT	None.	None.	None.	

Title	Nationality or place of registration	Name	Date elected	Term	Date first elected	Number of shares held when elected		Number of shares currently held		Shares held by spouse and minor children		Number of shares held in the name of others		Education/work experience	Other positions	Other officer, director or supervisor who is the spouse or a relative within the second degree			Note
						Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage			Title	Name	Relationship	
Independent Director	ROC	Chin-Wen Chuang	2017.05.31	3 years	2016.05.31	–	–	–	–	2,886	0.01%	–	–	1. Ph D in Control System, Department of Electrical Engineering, National Sun Yat-sen University (NSYSU) 2.Professor of the Department of Electrical Engineering, I Shou University 3. Dean of College of Electrical and Information Engineering	–	None.	None.	None.	
Independent Director	ROC	Shun-Jen Cheng	2017.05.31	3 years	2013.06.19	–	–	–	–	–	–	–	–	1.Ph.D in Business Studies, Manuel L.Q University 2. Doctoral Seminar in Institute of Technology & Innovation Management, Chung Hua University	1. Vice President, Cheng Shiu University 2. Independent Director, TOP HIGH IMAGE CORP. 3. Independent Director, NAN REN LAKE LEISURE AMUSEMENT CO., LTD. 4. Independent Director, S-Tech Corp	None.	None.	None.	
Supervisor	ROC	Yung-Liang Huang	2017.05.31	3 years	2014.06.11	1,050,466	2.35%	1,323,586	2.37%	7,560	0.01%	–	–	1.Masters in Business Management, US International Asia Pacific University 2.Continued education in Masters Program at Dayeh University 3.Media advertisement agency	Director, Wing Yue Advertising Company	None.	None.	None.	
Supervisor	ROC	Yi-Hsiang Huang	2017.05.31	3 years	2011.11.23	–	–	–	–	–	–	–	–	1.Ph.D, Financial Management, National Central University 2.Department Chair, Department of Finance, National University of Kaohsiung 3.Director, Extension Education Center, National University of Kaohsiung	1.Professor, Department of Finance, National University of Kaohsiung 2. Independent Director , MA KUANG HEALTHCARE HOLDING LIMITED	None.	None.	None.	
Supervisor	ROC	Ken-Huang Lin	2017.05.31	3 years	2017.05.31	–	–	–	–	5,040	0.01%	–	–	1.Ph.D., Department of Electrical Engineering, University of Illinois, Urbana-Champaign. 2. master of science, the Graduate Institute of Electrical Engineering, National Taiwan University.	Director of southern taiwan industry promotion center	None.	None.	None.	

Note:If the chairperson also acts as the general manager or other equivalent position (highest managerial position) or the chairperson and general manager or other equivalent position (highest managerial position) are spouses or relatives within one degree of consanguinity, the Company shall elaborate the causes, reasonableness, necessity, estimated impact, and measures to be taken.

2. Director and Supervisor Expertise and Independence

Criteria / Name	Has at least 5 years of work experience and meets one of the following professional qualifications			Meet the independence criteria (Note 1)												Number of other public companies in which the Director also serves as an Independent Director
	An instructor or higher position in a department of commerce, law, finance, accounting or other department related to the business needs of the Company in a public or private junior college or university	A judge, public prosecutor, attorney, accountant, or other professional or technical specialist related to the needs of the Company who has passed a national examination and received a certificate therefor	Has work experience in commerce, law, finance, or accounting or a profession necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Chang chun Investment Co. Ltd Representative: Chih-Chuan Chen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-✓	None.
Chih-Hung Ouyang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None.
Chung-Ming Huang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None.
Chin-Huo Huang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None.
Chun-Hao Cheng	✓		✓	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None.
Chin-Wen Chuang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None.
Shun-Jen Cheng	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Yung-Liang Huang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None.
Yi-Hsiang Huang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1.
Ken-Huang Lin	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None.

Note : Directors, during the two years before being elected and during the term of office, meet any of the following situations, please tick the appropriate corresponding boxes:

(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 who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;

(4) Not a spouse, relative within second degree of kinship, or lineal relative within third degree of kinship of any of the persons in the preceding three paragraphs. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the abovepersons in the preceding subparagraphs 2 and 3;

(5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law.

(6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;

(7) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent);

(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company;

(9) Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and

the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NTD500,000";

(10) Not having a marital relationship or a relative within the second degree of kinship to any other director of the company.

(11) Not been a person of any conditions defined in Article 30 of the Company Law; and

(12) Not a governmental, juridical person or its representative as defined in Aticle 27 of the Companyt Law.

(2) Profile of President, Vice Presidents, Assistant Vice Presidents, and Department Directors

March 30, 2020; Unit: Shares; %

Title	Nationality	Name	Date appointed	Shares held		Shares held by spouse and children		Shares held in the name of others		Education/work experience	Other positions	Other officer, director or supervisor who is the spouse or a relative within second degree			Note
				Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage			Title	Name	Relationship	
President	ROC	Chih-Hung Ouyang	2001.10	3,807,191	6.83%	101,187	0.18%	-	-	Electrical Engineering, National Sun Yat-sen University R&D Engineer, Acer Incorporated Project Manager, Ai West Co. Ltd. President, Micro Sova	Chairman, Fu Wu Investment Ltd. Chairman, Brogent Global Inc. Chairman, Brogent Machanical Inc.	-	-	-	-
Chief Financial Officer	ROC	Sui-Chuan Lin	2013.01	214,781	0.39%	28,457	0.05%	-	-	Master Graduate from the Department of Finance, National Sun Yat-sen University Finance Office at Chienmei Construction Development Corp. Finance Department Manager at Brogent Technology	Supervisor, Brogent Global Inc.	-	-	-	-
Vice President of Technology Center	ROC	Teng-Hung Lai	2010.11	27,856	0.05%	-	-	-	-	Masters in the Department of Computer Science and Engineering at National Chung-Hsing University Technical Chief Officer at Meihsing Technology President of Liang Chuan Co. Ltd.	Director, Brogent Machanical Inc.	-	-	-	-
Chief Engineer & Director of Project Center	ROC	Yi-Chung Huang	2015.08	24,333	0.04%	-	-	-	-	PhD, Electrical Engineering, National Sun Yat-sen University Chang Gu Construction Inc. Manager, KungYuanInternational Technology	Chairman,Tong Shun Technology Inc.	-	-	-	-
Director of Audit Office	ROC	Hui-Ping Li	2008.03	37,896	0.07%	3,780	0.01%	-	-	Master Graduate from the Department of Finance, National Sun Yat-sen University Accounting Department in Taiflex Scientific Co. Ltd. Auditor at Ernst & Young Global Limited	None.	-	-	-	-

Note: If the chairperson also acts as the general manager or other equivalent position (highest managerial position) or the chairperson and general manager or other equivalent position (highest managerial position) are spouses or relatives within one degree of consanguinity, the Company shall elaborate the causes, rationality, necessity, estimated impact, and measures to be taken.

3. Remunerations to Directors, Supervisors, President, and Vice Presidents in recent years

1. Remunerations to Directors (including Independent Directors) in the most recent year (2019)

Unit: NT$ thousands

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees												Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Severance Pay (B)		Bonus to Directors (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing- Employee Bonus (G)				Exercisable Employee Stock Options (H)		New Restricted Employee Shares (I)				
		brogent	All companies in the consolidated financial statements	brogent	Companies in the consolidated financial statements	brogent	Companies in the consolidated financial statements	brogent	Companies in the consolidated financial statements	brogent	Companies in the consolidated financial statements	brogent	Companies in the consolidated financial statements	brogent	Companies in the consolidated financial statements	brogent		Companies in the consolidated financial statements		brogent	Companies in the consolidated financial statements	brogent	Companies in the consolidated financial statements	brogent	Companies in the consolidated financial statements	
																Cash bonus	Stock bonus	Cash bonus	Stock bonus							
Chairman	Chang chun Investment Co. Ltd. Representa-tive: Chih-Chuan Chen	–	–	–	–	1,266	1,266	60	60	0.3617	0.3617	–	–	–	–	–	–	–	–	–	–	–	–	0.3617	0.3617	None.
Director	Chih-Hung Ouyang	–	–	–	–	1,266	1,266	60	60	0.3617	0.3617	3,100	4,626	–	–	–	–	–	–	–	–	–	–	1.2075	1.6237	None.
Director	Chung-Ming Huang	–	–	–	–	1,266	1,266	24	24	0.3519	0.3519	1,387	1,387	–	–	–	–	–	–	–	–	–	–	0.7302	0.7302	None.
Director	Chin-Huo Huang	–	–	–	–	1,266	1,266	54	54	0.3601	0.3601	–	–	–	–	–	–	–	–	–	–	–	–	0.3601	0.3601	None.
Director	Chun-Hao Cheng	–	–	–	–	1,266	1,266	60	60	0.3617	0.3617	–	–	–	–	–	–	–	–	–	–	–	–	0.3617	0.3617	None.
Independent Director	Chin-Wen Chuang	360	360	–	–	–	–	60	60	0.1146	0.1146	–	–	–	–	–	–	–	–	–	–	–	–	0.1146	0.1146	None.
Independent Director	Shun-Jen Cheng	360	360	–	–	–	–	54	54	0.1130	0.1130	–	–	–	–	–	–	–	–	–	–	–	–	0.1130	0.1130	None.

∗The compensation content disclosed in this table differs from the income concept of the Income Act; therefore, this table serves to disclose information rather than for tax purposes.

2. Remunerations to Supervisors in the most recent year (2019)

Unit: NT$ thousands

Title	Name	Remuneration						Ratio of Total Remuneration (A+B+C) to Net Income (%)		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Bonus to Supervisors (B)		Allowances (C)				
		Brogent	All companies in consolidated statements	Brogent	All companies in consolidated statements	Brogent	All companies in consolidated statements	Brogent	All companies in consolidated statements	
Supervisor	Yung-Liang Huang	—	—	1,266	1,266	60	60	0.3617	0.3617	None.
Supervisor	Yi-Hsiang Huang	360	360	—	—	54	54	0.1130	0.1130	None.
Supervisor	Ken-Huang Lin	360	360	—	—	60	60	0.1146	0.1146	None.

*The compensation content disclosed in this table differs from the income concept of the Income Act; therefore, this table serves to disclose information rather than for tax purposes.

3. Remunerations to President, and Vice Presidents in the last year (2019)

Unit: NT$1,000

Title	Name	Salary (A)		Pension (B)		Bonus and special allowance (C)		Employee bonus (D)				Ratio of total A, B, C, and D to after-tax income (%)		Shares subscribable under employee stock options		Shares obtained through restricted stock award		Remuneration received from parent company or Investees other than subsidiaries
		Brogent	All companies in consolidated statements	Brogent	All companies in consolidated statements	Brogent	All companies in consolidated statements	Brogent		All companies in consolidated statements		Brogent	All companies in consolidated statements	Brogent	All companies in consolidated statements	Brogent	All companies in consolidated statements	
								Cash bonus	Stock bonus	Cash bonus	Stock bonus							
President	Chih-Hung Ouyang	2,400	3,806	-	-	700	820	-	-	-	-	0.8458	1.2620	-	-	-	-	None.

＊The compensation content disclosed in this table differs from the income concept of the Income Act; therefore, this table serves to disclose information rather than for tax purposes.

4. Manager name and distribution situation regarding employee bonus in the last year (2019):

Unit: NT$1,000

	Title	Name	Stock bonus	Cash bonus	Total	Total amount as a percentage of earnings (%)
Managerial officer	President	Chih-Hung Ouyang	0	4,073	4,073	1.1113
	Vice President of Technology Center	Teng-Hung Lai				
	Chief Engineer & Director of Project Center	Yi-Chung Huang				
	Chief Financial Officer	Sui-Chuan Lin				
	Director of Audit Office	Hui-Ping Li				

Note: As of the printing date of this Annual Report, the distribution list of employee profit sharing has not been fixed, and shall be proposed as stipulated according to the actual distribution of last year.

4. Implementation of corporate governance

(1)Operations of the Board of Directors

1. In 2019, a total of 9 (A) meetings of the Board of Directors were held in the most recent year. The attendance was as follows:

Title	Name (Note 1)	Attendance in person (B)	By proxy	Attendance rate (%) [B/A](Note 2)	Note
Chairman	Changchun Investment Co. Ltd. Representative: Chih-Chuan Chen	9	0	100.00	Reelected on 2017.05.31
Director	Chih-Hung Ouyang	9	0	100.00	Reelected on 2017.05.31
Director	Chung-Ming Huang	4	4	44.44	Reelected on 2017.05.31
Director	Chin-Huo Huang	8	0	88.89	Reelected on 2017.05.31
Director	Chun-Hao Cheng	9	0	100.00	Reelected on 2017.05.31
Independent Director	Chin-Wen Chuang	9	0	100.00	Elected on 2017.05.31
Independent Director	Shun-Jen Cheng	9	0	100.00	Reelected on 2017.05.31

Other matters that require reporting:

1. Matters stipulated in Article 14-3 of the Securities and Exchange Act and resolutions adopted by the Board of Directors, to which an Independent Director has a dissenting or qualified opinion that is on record or stated in a written statement,shall describe the date of the board meeting, term of the board, agenda items, opinions of Independent Directors, and actions taken by the company in response to the opinion of the Independent Directors: Please see Important resolutions adopted in Board of Directors' meeting.
2. Regarding Directors who recuse themselves from discussion or voting on an agenda item in which they have an interest, their names, agenda items, reason for recusal, and voting on an agenda item shall be stated: Please refer to the Opinions from all the directors in the record of Board of Directors' Meetings.
3. An evaluation of the goals set for strengthening the functions of the Board (e.g., setting up an auditing committee and enhancing information transparency) and implementation status during the current and immediately preceding fiscal years.
   (1) The operation of the Board of the Company complies with laws and regulations, the Articles of Incorporation, and the Exercise of Powers of the resolutions in shareholders' meetings. All Directors adhere to the principle of good faith and duty of care in addition to possessing the expertise, skills, and literacy required for exercising their powers, in order to maximize benefits for all of their shareholders.
   (2) To establish a favorable governing system for the Company's Board of Directors, a sound supervision function, and strengthened management mechanism, the Company formulated the Board of Director Meeting Agenda Regulations in accordance with Article 26-3 of the Securities and Exchange Act, including agenda items, execution of operations, matters that should be recorded in meeting minutes, announcements, and other matters that should be adhered to, and the aforementioned shall be handled in accordance with the formulated regulations.
   (3) In addition to regularly conducting self-examination of the operation of the Board of Directors and

Title	Name (Note 1)	Attendance in person (B)	By proxy	Attendance rate (%) [B/A](Note 2)	Note
reinforcing the functions of the Board, the Company requires its internal auditors to produce auditing reports that describe the Board operations in order to conform with government regulations. (4) Establish a Remuneration Committee to assist the Board of Directors in executing its duties.					

Note 1: Directors and Supervisors who are also legal persons shall disclose the name of corporate shareholders and their representatives.

Note 2:(1) For Directors or Supervisors who resigned from their position prior to the end of the financial year, the date of their resignation shall be noted in the Note column. Their actual attendance rate (%) shall be calculated according to the frequency they attended meetings of the Board during their tenure and their attendance in person.

(2) For changes to Directors or Supervisors before the end of the financial year, the new and old Directors or Supervisors shall be listed and Directors or Supervisors who are old or new and the date of their reelection and changes shall be noted in the Note column. Their actual attendance rate (%) shall be calculated according to the frequency they attended meetings of the Board during their tenure and their attendance in person.

2. Evaluation performance of Operations of the Board of Directors

Frequency of evaluation (Note 1)	Evaluation period (Note 2)	Scope of evaluation (Note 3)	Method of evaluation (Note 4)	Content of evaluation (Note 5)
Once a year	2019.01.01~ 2019.12.31	Board of Directors and individual board menber	Self-evaluation	Including the situation of attending the board meeting, understanding and articipating in the discussion of the proposal before the meeting, the situation of interacting with the management team, the situation of observing laws and codes of practice, the improvement of corporate governance, the continuous study of courses related to corporate governance, the situation of understanding the company and the management team and the industry , Other projects designated by the competent authority or the board of directors, etc.

Note1: For example, once a year.

Note2: For example, the performance period during 1/1/2019~12/31/2019.

Note3: Performance of Board of Directors, individual member and functional committe.

Note4:Methods of evaluations: the internal evaluation of the board, self-evaluation by individual board members, peer evaluation, and evaluation by appointed external professional institutions, experts, or other appropriate methods.

Note5：Content of evaluation at least should include below following:

(1) Performance of Board of Directors：Participation in the operation of the company, improvement of the quality of the board of directors' decision making, composition and structure of the board of directors, election and continuing education of the directors and internal control.

(2) The criteria for evaluating the performance of the board members：alignment of the goals and missions of the company, awareness of the duties of a director, participation in the operation of the company, management of internal relationship and communication, the director's professionalism and continuing education and internal control.

(3) Performance of functional committees should cover：Awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, makeup of the functional committee and election of its members and internal control.

(2)State of operations of the audit committee or attendance of Supervisors in board meetings: The Company does not have an audit committee set up. Attendance of Supervisors in board meetings:

In 2019, a total of 9 (A) meetings of the Board of Directors were held in the most recent year. The Supervisor attendance was as follows:

<table>
<tr><th>Title</th><th>Name</th><th>Attendance in person (B)</th><th>Attendance rate (%) (B/A) (Note)</th><th>Note</th></tr>
<tr><td>Supervisor</td><td>Yung-Liang Huang</td><td>9</td><td>100.00</td><td>Reelected on 2017.05.31</td></tr>
<tr><td>Supervisor</td><td>Yi-Hsiang Huang</td><td>8</td><td>88.89</td><td>Elected on 2017.05.31</td></tr>
<tr><td>Supervisor</td><td>Ken-Huang Lin</td><td>9</td><td>100.00</td><td>Elected on 2017.05.31</td></tr>
<tr><td colspan="5">1. Composition and responsibility of Supervisors:
(1) Communication between Supervisors and Company's employees and shareholders: Supervisors communicate with employees and shareholders through the company spokesperson. This communication channel has been effective in past years, thereby facilitating supervisory functions.
(2) Communication between Supervisors and the Company's internal Audit Manager and CPA (e.g., items, methods, and outcomes of communicating company financial status and business conditions): The Company invites its Supervisors to attend board meetings; therefore, the Company reports the financial statement and business conditions of the Company during the board meetings or designates the Audit Manager to report the evaluation results of internal audits. All Supervisors may express their opinions during the meetings. Moreover, the financial statements approved by the CPA are submitted to the Supervisors for approval. If Supervisors voice their opinion when reviewing the financial statements, such opinion shall be either first explained by the CPA or be communicated to the CPA.</td></tr>
<tr><td colspan="5">2. If a Supervisor voices an opinion in the Board of Directors meeting, the date of the board meeting, term of the board, agenda items, resolutions adopted by the board, and actions taken by the company in response to the opinion of the Supervisor shall be described: None.</td></tr>
</table>

Note:

＊For Independent Directors who resigned from their position prior to the end of the financial year, the date of their resignation shall be noted in the Note column. Their actual attendance rate (%) shall be calculated according to the frequency they attended meetings of the Board during their tenure and their attendance in person.

＊For changes to Independent Directors before the end of the financial year, the new and old Independent Directors shall be listed and Independent Directors who are old or new and the date of their reelection and changes shall be noted in the Note column. Their actual attendance rate (%) shall be calculated according to the frequency they attended meetings of the audit committee during their tenure and their attendance in person.

(3)Corporate governance implementation status and deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons

Assessed areas	State of Operations (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
1. Does the company establish and disclose its corporate governance principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		Handled in accordance with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.	No discrepancy.
2. Shareholding structure & shareholders' rights (1) Does the company establish internal operating procedures for handling shareholder suggestions, questions, complaints or litigation and handled related matters accordingly? (2) Does the company have a list of major shareholders that have actual control over the Company and a list of ultimate owners of those major shareholders? (3) Does the company establish and implement risk management and firewall systems between the Company and its affiliates? (4) Does the company establish internal rules against insiders trading with undisclosed information?	V		(1) The Company has stock affairs specialists and a stock affairs proxy agency to assist with handling such affairs. (2) Yes, according to the shareholders' registry provided by the stock affairs proxy agency, and we regularly report changes to the stock rights of our Directors, Supervisors, and managerial officers. (3) The Companyhas set up internal rules in the Company's Internal Control System and Affiliated Corporations Management. (4) The Company's operation is conducted according to the extent of internal control.	No discrepancy.
3. Composition and responsibilities of the Board of Directors (1) Does the Board of Directors develop and implement a diversified policy for the composition of its members?	V		(1) The Company has set up 2 seats for Independent Directors. (2) The Company has established a Remuneration	No discrepancy.

Assessed areas	State of Operations (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(2) Does the company voluntarily establish other functional committees in addition to remuneration committee and audit committee? (3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance to the Board of Directors, and use the results as reference for directors' remuneration and renewal? (4) Does the company regularly evaluate the independence of CPAs?			Committee and proposed recommendations regarding the remunerations to its Directors, Supervisors, and managerial officers. (3) The Company currently has no method for evaluating the performance of the Board of Directors. (4) The Company regularly evaluates the independence of CPAs. The Company's CPAs are hired by the Board of Directors at least once per year, and they have no interest relationship with the Company and are strictly independent.	
4. Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors'compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?	V		We arrange specific officers in charge of corporate governance affairs	No discrepancy.

Assessed areas	State of Operations (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders, and properly respond to corporate social responsibility issues of concern to the stakeholders?	V		The Company has a spokesperson and representative spokesperson who act as the communication channel for the Company.	No discrepancy.
6. Does the company designate a professional shareholder service agency to deal with shareholder affairs?	V		The Company commissions the stock affairs agency department of Taishin International Bank to handle shareholder affairs.	No discrepancy.
7. Information disclosure (1) Does the company establish a corporate website to disclose information regarding the company's financial, business and corporate governance status? (2) Does the company have other information disclosure channels (e.g., maintaining an English-language website, appointing responsible people to handle information collection and disclosure, creating a spokesperson system, webcasting investor conference on the company website)? (3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?	V		(1) Web address: www.brogent.com; the Company has designated personnel to collect and disclose Company information. (2) Spokesperson: President Chih-Hung Ouyang; investors can also access the Company's information regarding the company's financial, business and corporate governance status from the Market Observation Post System. (3) Handle within the prescribed time limit.	No discrepancy.

Assessed areas	State of Operations (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of Directors and Supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for Directors and Supervisors)?	V		(1) Employee rights protection and employee care measures adopted by the Company: The Company provides equal employment opportunities, offers employee group insurance, arranges health check ups regularly, and establishes legal employee welfare committee to protect employee rights. Furthermore, we comply with law in enrolling every employee in labor and health insurance and disburse pension reserve funds to them. The Company establishes appropriate channels for employees to file their complaint and values the importance of employee training. (2) The Company's relationship with its investors: The Company holds shareholder meetings according to law every year and adequately gives its shareholders the chance to raise questions and make proposals. In addition, we also have set up spokespersons and representative spokesperson in accordance with law and designate them to handle matters between the Company and its investors. Moreover, the Company announces and reports any information that should be disclosed as required by the competent authorities. Thus, information that potentially influences investor decisions is provided in real-time. (3) The Company maintains a smooth communication channel with its suppliers and	No discrepancy.

<table>
<tr><th rowspan="2">Assessed areas</th><th colspan="3">State of Operations (Note 1)</th><th rowspan="2">Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>stakeholders, including partner banks, other creditors, employees, and clients.
(4) Continuing education of Directors and Supervisors: The members of the Company's Board of Directors possess professional backgrounds and practical experience in business management; they occasionally attend relevant educational courses. The continuing education status of the Board of Directors in 2019 and 2020 to the print date of the Prospectuses are displayed in the following table.
(5) Implementation status of risk management policies and standard risk measures: The Company emphasizes the importance of risk management, complies with relevant laws and regulations in executing various policies, and establishes internal auditors who ensure that the execution of relevant policies conforms to regulations.
(6) Accountability insurance for Directors and Supervisors: The Company has purchased relevant accountability insurance for its Directors, Supervisors, and managerial officers.</td><td></td></tr>
<tr><td colspan="5">9.Please provide explanations for the improvement made according to the results of the corporate governance evaluation by the Corporate Governance Center of Taiwan Stock Exchange during the most recent year, and details on the priority issues and measures for the areas yet to be improved (not applicable to the companies not evaluated).

In 2019, the company’s corporate governance focus on improving the interests of shareholders, and the company achieved higher standard in the</td></tr>
</table>

Assessed areas	State of Operations (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
Corporate Governance Evaluation than 2019. The company will continue to strengthen the structure and operation of the Board of Directors, reinforce the function of the Board of Directors and enhance the quality of disclosure for non- financial information to strengthen the corporate governance information.				

The Continuing Education Status of Directors and Supervisors in 2019 and 2020 to the date of this Annual Report				
Title	Name	Organizer	Course name	Hours
Chairman	Changchun Investment Co. Ltd. Representative: Chih-Chuang Chen	The institute of Oniernal Auditors-Chinese Taiwan	Saction and export control- the solution for US-China Trade Conflict	3 hours
Chairman	Changchun Investment Co. Ltd. Representative: Chih-Chuang Chen	Taiwan Corporate Governance Association	Assessment of the Board of Directors' performance	3 hours
Director	Chih-Hung Ouyang	Taiwan Corporate Governance Association	Exploring the responsibility of Directors and Supervisors for illegal cases from securities market	3 hours
Director	Chih-Hung Ouyang	Taiwan Corporate Governance Association	How to oversee the establishment of internal control and corporate governance by Directors and Supervisors	3 hours
Director	Chung-Ming Huang	Chien Yeh Law Offices Kaohsiung Office	Corporate Governance Practices: Exploring the application trend and analyzing the practical issues of "Total Value Management"	3 hours
Director	Chung-Ming Huang	Taiwan Corporate Governance Association	Exploring the types and legal liabilities of "Employee Fraud"	3 hours
Director	Chin-Huo Huang	Taiwan Corporate Governance Association	Exploring the responsibility of Directors and Supervisors for illegal cases from securities market	3 hours
Director	Chin-Huo Huang	Taiwan Corporate Governance Association	How to oversee the establishment of internal control and corporate governance by Directors and Supervisors	3 hours
Director	Chun-Hao Cheng	Taiwan Corporate Governance Association	Exploring the responsibility of Directors and Supervisors for illegal cases from securities market	3 hours
Director	Chun-Hao Cheng	Taiwan Corporate Governance Association	How to oversee the establishment of internal control and corporate governance by Directors and Supervisors	3 hours
Independent Director	Chin-Wen Chuang	Taiwan Corporate Governance Association	Exploring the responsibility of Directors and Supervisors for illegal cases from securities market	3 hours
Independent Director	Chin-Wen Chuang	Taiwan Corporate Governance Association	How to oversee the establishment of internal control and corporate governance by Directors and Supervisors	3 hours

Independent Director	Shun-Jen Cheng	Taiwan Corporate Governance Association	Exploring the responsibility of Directors and Supervisors for illegal cases from securities market	3 hours
Independent Director	Shun-Jen Cheng	Taiwan Corporate Governance Association	How to oversee the establishment of internal control and corporate governance by Directors and Supervisors	3 hours
Independent Director	Shun-Jen Cheng	Taiwan Academy of Banking and Finance	Corporate Governance Series Forum	3 hours
Supervisor	Yung-Liang Huang	Taiwan Corporate Governance Association	Exploring the responsibility of Directors and Supervisors for illegal cases from securities market	3 hours
Supervisor	Yung-Liang Huang	Taiwan Corporate Governance Association	How to oversee the establishment of internal control and corporate governance by Directors and Supervisors	3 hours
Supervisor	Yi-Hsiang Huang	Taiwan Corporate Governance Association	Exploring the responsibility of Directors and Supervisors for illegal cases from securities market	3 hours
Supervisor	Yi-Hsiang Huang	Taiwan Corporate Governance Association	How to oversee the establishment of internal control and corporate governance by Directors and Supervisors	3 hours
Supervisor	Gen-Huang Lin	Taiwan Corporate Governance Association	Exploring the responsibility of Directors and Supervisors for illegal cases from securities market	3 hours
Supervisor	Gen-Huang Lin	Taiwan Corporate Governance Association	How to oversee the establishment of internal control and corporate governance by Directors and Supervisors	3 hours

(4) If the company has established a remuneration committee, it shall disclose the composition, duties, and operation of the committee

1. Members of the Compensation Committee

Position	Criteria / Name	Has at least 5 years of work experience and meets one of the following professional qualifications			Meet the independence criteria (Note 1)										Number of other public companies in which the member also serves as a member of their compensation committee	Note (Note 2)
		An instructor or higher position in the epartment of commerce, law, finance, accounting or other department related to the business needs of the Company in a public or private junior college or university	A judge, public prosecutor, attorney, accountant, or other professional or technical specialist related to the needs of the Company who has passed a national examination and received a certificate therefor	Have work experience in commerce, law, finance, or accounting or a profession necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Ching-Wen Chuang	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	
External committee member	Rong-Da Liang	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	
Independent Director	Shun-Jen Cheng	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	2019.01 By-election
External committee member	Liang-Chien Li	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		2019.01 Resignation

Note 1: Compensation Committee Members, during the two years before being elected or during the term of office, meet a any of the following situations, please tick the appropriate corresponding boxes:

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 who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;

4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3;

5. Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as of its top five shareholders, or has representative director(s) serving on the company's board based on Article 27 of the Company Law.

6. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;

7. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent);

8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company;

9. Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or aspouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NTD500,000"

10. Not been a person of any conditions defined in Article 30 of the Company Law.

2. State of operations of the compensation committee

(A) The Compensation Committee comprises 3 members.
Current term of office: August 9, 2017–May 30, 2020; a total of 3 (A) meetings of the Compensation Committee were held in the most recent year. The members' qualifications and attendance were as follows:

Title	Name	Attendance in person (B)	By proxy Frequency	Attendance rate (%) (B/A)	Note
Convenor-Independent Director, Brogent	Ching-Wen Chuang	3	0	100.00	-
Committee member-External committee member	Rong-Da Liang	3	0	100.00	-
Independent Director, Brogent	Shun-Jen Cheng	3	0	100.00	2019.01 By-election
Committee-member-External committee member	Liang-Chien Li	0	0	0.00	2019.01 Resignation

Other matters that require reporting:
1. If the Board of Directors did not adopt or revised the recommendations of the compensation committee, describe the date of the board meeting, term of the board, agenda item, resolutions adopted by the board, and actions taken by the company in response to the opinion of the compensation committee (if the remunerations approved by the Board of Directors are better than those recommended by the compensation committee, describe the difference and reasons): None.
2. If with respect to any resolution of the compensation committee, any member has a dissenting or qualified opinion that is on record or stated in a written statement, describe the date of committee meeting, term of the committee, agenda item, opinions of all members, and actions taken by the company in response to the opinion of members: None.

(5) Implementation of corporate social responsibility and deviations from corporate social responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and reasons

Assessed areas	State of Operations (Note 1)			Departure from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies and reasons
	Yes	No	Summary (Note 2)	
1. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	V		(1) The Company has established Corporate Social Responsibility Best Practice Principles and examined its implementation effectiveness. (2) The Company has established the Ethical Code of Conducts for Directors, Supervisors, and Managerial Officers. (3) The Company has established Work Rules Guideline for Salary Management and Guideline for Performance Management, which clearly specifies relevant effective rewarding and punishment systems.	No discrepancy.
2. Does the company establish a dedicated or concurrent unit in charge of promoting CSR with senior management authorized by the board to take charge of proposing CSR policies and reporting to the board?	V		The departments related to the social responsibility of the Company all handle relevant matters according to their duties.	No discrepancy.
3. Environmental issue (1) Does the company establish a proper environmental management system based on the characteristics of the industry? (2) Does the company endeavor to improve the efficiency of resource utilization and use recycled materials which have a low impact on the environment? (3) Does the Company evaluate current and future	V		(1) Yes the company has set up environmental management and discloses relevant information on its website. (2) The Company generally endeavor to increase the efficiency of resource utilization and use environmentally friendly materials as much as possible to reduce the impact on the environment.	No discrepancy.

Assessed areas	State of Operations (Note 1)			Departure from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies and reasons
	Yes	No	Summary (Note 2)	
climate change potential risks and opportunities and take measures related to climate related topics? (4) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management policies?			(3) For the potential risks and opportunities casued by climate change from now on, Brogent has especially isured to amortize the property damage. We are aggressively devoted ourselves to researching and developing the indoor amusement (training) facilities and hopefully we can create commercial opportunities under the influence of extreme weather. (4) The company regularly monitors the air quality of the office environment, uses LED lighting and solar power generation devices, and installs energy-saving central air-conditioning control systems and full heat exchangers to effectively maintain air quality and energy-saving and carbon-reduction purposes, and exposes energy use on the company's website With an overview of greenhouse gas emissions.	
4. Social issue (1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles? (2) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation? (3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training? (4) Has the Company established effective career	V		(1) The company follows international principles, respects internationally recognized basic human rights, including caring for vulnerable groups, prohibiting child labor, eliminating employment and employment discrimination, etc., and abides by labor-related laws and regulations where the company is located. (2) The Company adheres to the labor regulations in the Labor Standards Act to protect employees' legal rights. In addition, the Company disburses pension fund and labor welfare fund in accordance with law. Concurrently, the	No discrepancy.

Assessed areas	State of Operations (Note 1)			Departure from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies and reasons
	Yes	No	Summary (Note 2)	
development training plans? (5) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set polices to protect consumers' rights and consumer appeal procedures? (6) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?			Company and its employees have also established employee welfare committee and hold employer–employee meetings to implement various welfare activities and coordinate employer–employee relationship, thereby promoting matters related to employer–employee cooperation. (3) The Company endeavors to provide a safe and healthy working environment and provide employees with regular safety and health training. (4) The company's training plan is based on supervisors / general employees, taking regular training / unscheduled training, and depending on the content of each department, in order to effectively train employees' related capabilities. (5) The company has a customer service department dedicated to handling consumer rights protection and appeals. Company products are designed and manufactured in accordance with standard regulations of various countries. These products have also been certified by the following: China: GB-8408 Amusement Device Safety Code(Amusement device satety Cood) Europe: EN-13814(Fairground and amusement park machinery and Structure-Safety) USA and Canada: ASTM-F2291 (Standard Practice for Design of Amusement and Devices)	

Assessed areas	State of Operations (Note 1)			Departure from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies and reasons
	Yes	No	Summary (Note 2)	
			(6) YES, a list of supplier evaluation standards was added. The Company upholds the principle of ethical corporate management and collectively cooperate with the suppliers in development projects to facilitate coexistence and collective prosperity.	
5. Does the Company refer to international reporting rules or guidelines to publish CSR Report to disclose non-financial information of the Company? Has the said Report acquire 3rd certification party verification or statement of assurance?	V		The company has prepared corporate social responsibility reports with reference to internationally-prepared reporting standards or guidelines.	No discrepancy.
6. If the Company has established the corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the principles and their implementation: Not applicable				
7. Other important information to facilitate a better understanding of the company's corporate social responsibility practices: The Company discloses relevant information regarding its corporate social responsibility on its website, annual report, and the prospectuses.				

Note 1: If companies select "Yes" in the Summary column, please specify the relevant policy,strategy and the result of implementation, and if companies select "No" in the Summary column, please explain the reason and describe future improvements or relevant management guidelines and goals.

Note 2: For companies that have compiled CSR reports, the summary may specify the CSR reporting method and page numbers.

Note 3: Principle of materiality may refer to the significant impact on the rights and interests of stakeholders while companies are advised to promulgate their own corporate social responsibility principles in accordance with the Principles to manage their economic, environmental and social risks and impact.

(6) Implementation of ethical corporate management and deviations from ethical corporate managemen Best-Practice Principles for TWSE/TPEx Listed Companies and reasons

Assessed areas	State of Operations (Note 1)			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
1. Establishment of ethical corporate management policy and approaches (1) Does the company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team? (2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies? (3) Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?	V		(1) The Company strictly adheres to the laws and regulations stipulated in the Company Act, Securities and Exchange Act, Business Entity Accounting Act, and other regulations for listed and OTC companies. The Company has formulated internal control systems according to regulations, established internal auditing office, and ensured the effective implementation of relevant operations, to realize the fundamental concepts of ethical corporate management. (2) The Company has formulated Ethical Corporate Management Principle according to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and promoted the importance of ethical code of conduct, educating each employee on the company's core value and compliance systems. The Company regularly offers training programs. (3) The Company requires its Directors, Supervisors, managerial officers, and employees to refrain from engaging in bribery or providing illegal political donations during a	No discrepancy.

Assessed areas	State of Operations (Note 1)			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
			business activity. The Company stipulates that they may not directly or indirectly provide or receive unreasonable gifts, treatments, or other improper benefits to prevent employees from pursuing personal interests at the expense of the company's rights and interests.	
2. Implementation of ethical corporate management (1) Does the company evaluate the ethical records of parties it does business with and stipulate ethical conduct clauses in business contracts? (2) Whether the company has set up a unit which is dedicated to promoting the company’s ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation? (3) Does the company establish policies to prevent conflicts of interest, provide appropriate channels for filing related complaints and implement the policies accordingly? (4) To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA	V		(1) The Company's clients and suppliers are mostly well-known companies whose ethical management information is easily accessible. When signing a business contract, the contract also incorporates regulations regarding ethical management. (2) The Company invites Supervisors to attend the meeting of the Board of Directors, thereby maximizing the supervisory functions of Supervisors. (3) The Company has an Internal Material Information Processing Operating Procedure, specifying that Directors, Supervisors, managerial offices, and employees may not leak internal material information to others, inquire the company's internal material information from others, or collate unpublished internal material information of companies that are irrelevant to their job duties. They are also prohibited from leaking the company's	No discrepancy.

Assessed areas	State of Operations (Note 1)			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
periodically? (5) Does the company hold internal and external educational trainings on operational integrity regularly?			unpublished internal material information to others. (4) To implement ethical management, the Company has established effective accounting system and internal control system, and has internal auditors regularly check the situation regarding compliance with the aforementioned systems. To implement ethical management, the Company has established effective accounting system and internal control system, and has internal auditors regularly check the situation regarding compliance with the aforementioned systems. (5) The Company promotes the concepts of ethical management in Director and Supervisor training and managerial meetings.	
3. Operation of whistleblowing system (1) Does the company establish concrete whistleblowing and reward system and have a convenient reporting channel in place, and assign an appropriate person to communicate with the accused? (2) Whether the company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner? (3) Does the company provide proper whistleblower	V		(1) The Company has established whistleblowing channels and developed relevant punishment systems and reporting mechanisms. (2) Yes. (3) The Company adopts an anonymous reporting policy.	No discrepancy.

Assessed areas	State of Operations (Note 1)			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
protection?				
4. Enhancing information disclosure Does the company disclose information regarding the company's ethical corporate management principles and implementation status on its website and the Market Observation Post System?	V		The Company has set up a website for disclosing corporate governance information.	No discrepancy.
5. If the company has established Ethical Corporate Management Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", describe any discrepancy between the principles and their implementation: None.				
6. Other important information to facilitate a better understanding of the company's implementation of ethical corporate management: (e.g., inspect and revise existing ethical management principles) None				

Note 1: The operating condition shall be described in the Summary column regardless of whether "Yes" or "No" is selected.

(7) If the company has established corporate governance principles and related guidelines, disclose the means of accessing this information: The Company has not formulated corporate governance principles but has disclosed rules pertaining to corporate governance on the Market Observation Post System, such as: Ethical Corporate Management Principles and Remuneration Committee Organization Rules.

(8) Other significant information which may improve the understanding of corporate governance and operation: None.

(9) The following matters pertaining to the implementation status of internal control systems should be disclosed:

1. Statement on Internal Control: (Please refer to Appendix 1).
2. The Company engages an accountant to examine its internal control system, disclose the CPA examination report: None.

(10) Penalty on the Company and its personnel or punishment imposed by the Company on personnel in violation of internal control system regulations, major deficiencies and improvement in the past year and up to the date of report: None.

(11) Important resolutions adopted in shareholders meeting and Board of Directors' meeting in the past year and up to the date of report.

1. Shareholder's Meeting

Date of the meeting	Key issues in summary	Outcome of resolution	Facts of implementation
2019.05.29 (Share holders' regular meeting)	Reporting Items (1) 2018 Business Report (2) 2018 Supervisor's Audit Report (3) 2018 Report on Remuneration Distribution of Employees, Directors, and Supervisors. (4) Report on Private Placement Status	All items passed and executed as scheduled.	

Date of the meeting	Key issues in summary	Outcome of resolution	Facts of implementation
	<u>Passed Items</u> (1) 2018 Business Report and Financial Statements	The balloting outcome including votes exercised through electronic voting: 31,362,153 pro votes , accounting for 99.81% of the aggregate total votes; 227 con votes, 0 invalid vote, abstention/ Non-voting votes: 57,737 votes. The present issue is duly resolved exactly as proposed.	Reports and statements distributed to shareholders according to relevant laws and regulations
	(2) 2018 Earnings Distribution Proposal.	The balloting outcome including votes exercised through electronic voting: 31,362,154 pro votes , accounting for 99.81% of the aggregate total votes; 226 con votes, 0 invalid vote, abstention/ Non-voting votes:57,737 votes. The present issue is duly resolved exactly as proposed.	Dividend base date scheduled on July 26, 2019, ex-dividend date on July 18, 2019, the book closure date on July 21, 2019. According to Article 165 of the Company's Articles of Incorporation, the book closure period is from July 22, 2019 to July 26, 2019. Cash dividend payday is August 16, 2019.
	<u>Matters for Discussion</u> (1) Proposal for Stock dividends distributed from a new share issue through capitalization of capital surplus.	The balloting outcome including votes exercised through electronic voting: 31,362,153 pro votes , accounting for 99.81% of the aggregate total votes; 227 con votes, 0 invalid vote, abstention/ Non-voting votes:57,737 votes. The present issue is duly resolved exactly as proposed.	Dividend base date scheduled on July 26, 2019, ex-dividend date on July 18, 2019, the book closure date on July 21, 2019. According to Article 165 of the Company's Articles of Incorporation, the book closure period is from July 22, 2019 to July 26, 2019. Cash dividend payday is August 16, 2019.
	(2) Proposal for Cash distribution from Capital Surplus	The balloting outcome including votes exercised through electronic voting: 31,362,154 pro votes , accounting for 99.81% of the aggregate total votes; 228 con votes, 0 invalid vote, abstention/ Non-voting votes:57,735 votes. The present issue is duly resolved exactly as proposed.	Dividend base date scheduled on July 26, 2019, ex-dividend date on July 18, 2019, the book closure date on July 21, 2019. According to Article 165 of the Company's Articles of Incorporation, the book closure period is from July 22, 2019 to July 26, 2019. Cash dividend payday is August 16, 2019.
	(3) Amendment of the Article of Incorporation.	The balloting outcome including votes exercised through electronic voting: 31,362,153 pro votes , accounting for 99.81% of the aggregate total votes; 227 con votes, 0 invalid vote, abstention/ Non-voting votes:58,737 votes. The present issue is duly resolved exactly as proposed.	The issue had been duly completed in enforcement exactly as amended.

Date of the meeting	Key issues in summary	Outcome of resolution	Facts of implementation
	(4) The amendment of clauses of the "Procedures for Acquisition and Disposal of Assets"	The balloting outcome including votes exercised through electronic voting: 31,361,150 pro votes , accounting for 99.81% of the aggregate total votes; 227 con votes, 0 invalid vote, abstention/ Non-voting votes:58,740 votes. The present issue is duly resolved exactly as proposed.	The issue had been duly completed in enforcement exactly as amended.
	(5) The amendment of clauses of the "Operational Procedures for Loaning of Company Funds" and "Operational Procedures for Endorsements and Guarantees"	The balloting outcome including votes exercised through electronic voting: 31,362,150 pro votes , accounting for 99.81% of the aggregate total votes;230 con votes, 0 invalid vote, abstention/ Non-voting votes:58,737 votes. The present issue is duly resolved exactly as proposed.	The issue had been duly completed in enforcement exactly as amended.

2.Board of Directors' Meeting

Date	Proposal
2019.01.23	Approved the Year-End Bonus Disbursement Principle and Manager Year-End Bonus.
	Approved the Evaluation plan of the independence of CPAs.
	Approved the Authorization of Grant Thorton as 2019 Auditor for the Company's financial report.
	Approved the Appointment of members of the Remuneration Committee.
Opinions from all the independent directors and the company's response to such opinions	Opinion from independent directors: none The company's response to such opinions: none Resolution: unanimous consent from all the directors present
2019.03.12	Approved the 2018 Statement on Internal Control.
	Approved the 2018 Director and Employee Bonus Plan.
	Approved the 2018 Business Report and Financial Statements.
	Approved the 2018 Earnings Distribution Plan.
	Approved the Proposal for Stock Dividends Distribution from a new share issue through capitalization of Capital Surplus.
	Approved the Proposal for Cash Distribution from Capital Surplus.
	Approved the Amendment to the Article of Incorporation.
	Approved the Amendment to the clauses of the Procedures for Acquisition and Disposal of Assets.
	Approved the Proposal of Authorized amount of Loans by The Company to its Subsidiaries.
	Approved the Standard Operational Procedures for Handling Directors Requirements.
	Approved the Procedures for Self-Evaluation or Peer Evaluation of the Board of Directors.
	Approved the Proposal of The Company to obtain 100% shares of BROGENT CREATIVE INC.
	Approved to change Chartered Public Accountant due to the internal reorganization of the CPA firm.
	Approved the Liability Insurance Renewal Plan for the Directors, Supervisors and Managers.
	Approved the Adjument of the Manager Remuberation.
	Approved the proposed calling of 2019 general shareholders' meeting.
Opinions from all the independent directors and the company's response to such opinions	Opinion from independent directors: none The company's response to such opinions: none Resolution: unanimous consent from all the directors present

Date	Proposal
2019.04.23	Approved The amendment of clauses of the "Operational Procedures for Loaning of Company Funds" and "Operational Procedures for Endorsements and Guarantees"
Opinions from all the independent directors and the company's response to such opinions	Opinion from independent directors: none The company's response to such opinions: none Resolution: unanimous consent from all the directors present
2019.05.13	Approved the 2019 First Quarter Financial Report.
	Approved the Financing application plan.
	Approved Chairman dismissal and election of new Chairman
Opinions from all the independent directors and the company's response to such opinions	Opinion from independent directors: An Independent Director - Shun-Jen Cheng objected to dismissal of Chairman and waived his voting power of election of new Chairman. The company's response to such opinions: Making a timely announcement of that material information in accordance with the relevant laws and regulations. Resolution: Approval of a majority of the directors present at a directors meeting.
2019.06.17	Approved the Resolution on determining the ex-dividend date and payable date for year 2019.
	Approved the 2019 Proposal for Cash distribution from Capital Surplus.
	Approved the amendments to the Authorization Matrix.
Opinions from all the independent directors and the company's response to such opinions	Opinion from independent directors: none The company's response to such opinions: none Resolution: unanimous consent from all the directors present
2019.08.09	Approved to change Chartered Public Accountant due to the internal reorganization of the CPA firm.
	Approved the 2019 Second Quarter Financial Report
	Approved the 2018 Director and Employee Remuneration Plan.
	Approved the amendments to Handling Procedures for Self-Assessment.
Opinions from all the independent directors and the company's response to such opinions	Opinion from independent directors: none The company's response to such opinions: none Resolution: unanimous consent from all the directors present
2019.10.18	Approved 2020 Business Plan and Strategy.
	Approved the authorization of general manager, Chih-Hung Ouyang, and a designated person to process litigation with respect to the former Director of Chung-Ming Huang
	Approved the Financing application plan.
Opinions from all the independent directors and the company's response to such opinions	Opinion from independent directors: none The company's response to such opinions: none Resolution: unanimous consent from all the directors present
2019.11.11	Approved the 2019 Third Quarter Financial Report.
	Approved the Resolution on the Facility for Loaning of Company Funds.
Opinions from all the independent directors and the company's response to such opinions	Opinion from independent directors: none The company's response to such opinions: none Resolution: unanimous consent from all the directors present
2019.12.16	Approved the 2020 Operation Budget Plan.
	Approved the 2020 Audit Plan.
	Approved the amendments to Ethical Corporate Management Best Practice Principles.
Opinions from all the independent directors and the company's response to such opinions	Opinion from independent directors: none The company's response to such opinions: none Resolution: unanimous consent from all the directors present
2020.01.13	Approved the Year-End Bonus Disbursement Principle and Manager Year-End Bonus.
	Approved the Evaluation plan of the independence of CPAs.
	Approved the Authorization of Grant Thorton as 2020 Auditor for the Company's financial report.
	Approved the Financing application plan.
Opinions from all the independent directors and the company's response to such opinions	Opinion from independent directors: none The company's response to such opinions: none Resolution: unanimous consent from all the directors present
2020.02.10	Approved the amended plan of the 3rd stage investment in the Kaoshsiung Software Park.
	Approved the Financing application plan.
Opinions from all the	Opinion from independent directors: none

Date	Proposal
independent directors and the company's response to such opinions	The company's response to such opinions: none Resolution: unanimous consent from all the directors present
2020.03.09	Approved the 2019 Statement on Internal Control.
	Approved the 2019 Director and Employee Bonus Plan.
	Approved the 2019 Business Report and Financial Statements.
	Approved the 2019 Earnings Distribution Plan.
	Approved the Audit Committee Charter.
	Approved the Amendments of the Article of Incorporation.
	Approved the Amendments of Rules of Procedure for Shareholders Meetings.
	Approved the Amendments of Election Procedure for Directors and Supervisors.
	Approved the Amendments to the clauses of the Procedures for Acquisition and Disposal of Assets.
	Approved the Amendments to Operational Procedures for Endorsements and Guarantees.
	Approved the Amendments to Operational Procedures for Loaning of Company Funds.
	Approved the Amendments to Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managers.
	Approved the Amendment to the Rules and Procedures of Board of Directors Meetings.
	Approved the Amendments to Ethical Corporate Management Best Practice Principles.
	Approved the Proposal of Authorized amount of Loans by The Company to its Subsidiaries.
	Approved the Liability Insurance Renewal Plan for the Directors, Supervisors and Managers.
	Approved the manager promotion plan.
	Approved the Dissolution of Business Strife Limitation Clause of Managers.
	Approved the Adjument of the Manager Remuberation.
	Passed the re-election of the Board of Directors.
	Passed the Dissolution of Business Strife Limitation Clause of New Director and Its Representative.
	Approved the proposed calling of 2020general shareholders' meeting.
Opinions from all the independent directors and the company's response to such opinions	Opinion from independent directors: none The company's response to such opinions: none Resolution: unanimous consent from all the directors present

(12) Dissenting or qualified opinion of Directors or Supervisors against an important resolution passed by the Board of Directors that is on record or stated in a written statement in the past year and up to the date of report: None.

(13) Resignation and dismissal of managerial officers related to the financial report (including Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief R&D Officer and Audit Manager) in the past year and up to the date of report:

Title	Name	Date of appointment	Date of discharge	Cause
Chairman	Chung-Ming Huang	2017.05.31	2019.05.13	Board Resolution

5. Information on fees to CPA

(1) Information on fees to CPA classification table

Name of accounting firm	CPA	Duration of audit	Note
Grant Thornton Taiwan	HuiPing Liu	2019/1/1-2019/03/31	Cooperate with internal rotation of accounting firm
	Yao Ting Li Yi Shun Chang	2019/1/1-2019/12/31	

Unit: NT1,000$

Public fee item / Amount classification		Audit fee	Non-audit fee	Total
1	<NT$2,000,000		✓	
2	NT$2,000,000 (incl.)–NT$4,000,000			
3	NT$4,000,000 (incl.)–NT$6,000,000	✓		✓
4	NT$6,000,000 (incl.)–NT$8,000,000			
5	NT$8,000,000 (incl.)–NT$10,000,000			
6	NT$10,000,000 or above			

(2) When nonaudit fees paid to affiliates, CPA firm, and CPA equal more than one-fourth of the audit fee, the audit and nonaudit fees amount and nonaudit service content shall be disclosed.

The Company's nonaudit fees are less than one-fourth of the audit fee; however, we voluntarily disclose the information as follows:

Unit: NT$1,000

Name of accounting firm	CPA	Audit fee	Non-audit fee					Audit period	Note
			System design	Business registration	Human Resources	Others	Subtotal		
Grant Thornton Taiwan	Yao Ting Li Yi-Shun Chang	4,694	-	13	-	1,048	1,061	2019/1/1-2019/12/31	TP report、Consultation fee、Private placement office development bank and Transfer of capital reserve to increase capital and issue new shares

(3) If the company changes accounting firm and the amount of audit fee paid in the year of change is less than that in the year before: N/A.

(4) If the audit fee is more than 15% less than that paid in the previous year: N/A.

6. Changes to CPA information

(1) Concerning former CPA:

<table>
<tr><td>Date of Change</td><td colspan="4">Approved by Board of Directors on March 12, 2019 & August 09, 2019</td></tr>
<tr><td>Reasons and Explanation of Changes</td><td colspan="4">Cooperate with internal rotation of accounting firm</td></tr>
<tr><td rowspan="3">State whether the Appointment is Terminated or Rejected by the Consignor or CPAs</td><td>Client / Status</td><td colspan="2">CPA</td><td>Consignor</td></tr>
<tr><td>Appointment terminated automatically</td><td colspan="2">Not available</td><td>Not available</td></tr>
<tr><td>Appointment rejected (discontinued)</td><td colspan="2">Not available</td><td>Not available</td></tr>
<tr><td>The Opinions other than Unmodified Opinion Issued in the Last Two
Years and the Reasons for the Said Opinions (Note)</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Is there any disagreement in opinion with the issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principle or practice</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Auditing scope or procedures</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>No</td><td colspan="3">v</td></tr>
<tr><td colspan="4">Explanation</td></tr>
<tr><td>Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4~7 of the Standards)</td><td colspan="4">None</td></tr>
</table>

(2) Concerning succeeding CPA : Not applicable.

Accounting Firm	Grant Thornton Taiwan
CPA	Yao Ting Li Yi-Shun Chang
Date of Engagement	Approved by Board of Directors on March 12, 2019 Approved by Board of Directors on August 09, 2019
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	None
Written Opinions from the Successor CPAs that are Different from the Former CPA’ s Opinions	None

(3) Previous CPA response to items in Article 10.6.1 and 10.6.2.3 of the Criteria: Not applicable.

7. The Chairman, President, financial or accounting manager of the company who had worked for the certifying accounting firm or its affiliated enterprise in the past year.
None.

8. Share transfer by Directors, Supervisors, managers and shareholders holding more than 10% interests and changes to share pledging by them in the past year and up to the date of report

(1) Changes to the share rights of Directors, Supervisors, managerial officers, and major shareholders

Title	Name	2019		Current year up to March 30	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Director	Changchun Investment Co. Ltd.	102,393	—	—	—
Director Representative (Chairman)	Chih-Chuan Chen	1,448	—	—	—
Director (President)	Chih-Hung Ouyang	181,294	(779,000)	—	(1,300,000)
Director	Chung-Ming Huang	142,899	—	—	—
Director	Chin-Huo Huang	54,735	—	—	—
Director	Chun-Hao Cheng	7,546	—		
Supervisor	Yung-Liang Huang	63,027	—	—	—
Supervisor	Yi Chung Huang	—	—	—	—
Supervisor	Gen-Huang Lin	—	—	—	—
Independent Director	Ching-Wen Chuang	—	—	—	—
Independent Director	Shun-Jen Cheng	—	—	—	—
Vice President of Technology Center	Teng-Hung Lai	(2,674)	—	—	—
Chief Engineer & Director of Project Center	Yi Chung Huang	1,158	—	—	4,000
Chief Financial Officer	Sui-Chuan Lin	10,227	(50,000)	—	—

Title	Name	2019		Current year up to March 30	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Director of Audit office	Hui-Ping Li	1,804	—	—	—

(2) Information on relative person of share transfer as related party: None.

(3) Information on relative person of share pledging as related party:None.

9. Information on relationship between any of the top ten shareholders (related party, spouse, or kinship within the second degree)

March 30, 2020; Unit: Shares; %

NAME	SHAREHOLDING		SHARES HELD BY SPOUSE AND CHILDREN		TOTAL SHAREHOLDING BY NOMINEE ARRANGEMENT		TITLES, NAMES AND RELATIONSHIPS BETWEEN TOP 10 SHAREHOLDERS (RELATED PARTY, SPOUSE, OR KINSHIP WITHIN THE SECOND DEGREE).		NOTE
	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Name	Relationship	—
Chih-Hung Ouyang	3,807,191	6.83%	101,187	0.18%	—	—	Fu Wu Investment Ltd.	Legal representative	—
Fu Wu Investment Ltd. Representative: Chih-Hung Ouyang	3,235,246	5.80%	—	—	—	—	Chih-Hung Ouyang	Legal representative	—
Chung-Ming Huang	3,000,883	5.38%	81,237	0.15%	—	—	—	—	—
Profit Power Management Consulting Limited	2,969,400	5.33%	—	—	—	—	—	—	—
Ruentex Industries Ltd. Representative: Chih-Fan Wang	2,910,310	5.22%	—	—	—	—	—	—	—
Ruentex Development Co. Ltd. Representative: Chang-Cheng Chien	2,489,060	4.46%	—	—	—	—	—	—	—
Changchun Investment Co. Ltd. Representative: Yin, Yen-Liang	2,150,271	3.86%	—	—	—	—	—	—	—
LIANG SHU HUEI	1,627,059	2.92%					—	—	—
Yung-Liang Huang	1,323,586	2.37%	7,560	0.01%	—	—	—	—	—
CHUN YEH Investment Co. Ltd. Representative: Li, Pei-Kuan	1,258,288	2.26%	—	—	—	—	—	—	—

10. The shareholding of the Company, Director, Supervisor, management and an enterprise that is directly or indirectly controlled by the Company in the invested company, and consolidate the shareholding percentage:

Investee Company	Investor Company		Director, Supervisor, Manger anddirector indirect investment		Total	
	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage
Brogent Creative Inc.	1,500,000	100%	-	-	1,500,000	100%
Brogent Mechanical Inc.	7,696,266	61.11%	-	-	7,696,266	61.11%
Brogent Hong Kong Limited	-	100%	-	-	-	100%
Brogent Global Inc.	30,870,000	100%	-	-	30,870,000	100%
Brogent Rides (Shanghai) Limited	-	100%	-	-	-	100%
Brogent Creative (Shanghai) Limited	-	100%	-	-	-	100%
Brogent Japan Entertainment Joint-Stock Corporation	700	40%	-	-	700	40%
Dili Jie Holdings Limited	-	100%	-	-	-	100%
Jetway Holdings Limited	-	100%	-	-	-	100%
Garlay Holdings Limited	-	100%	-	-	-	100%
hexaRide the first LLP	-	86.67%	-	-	-	86.67%
Holey Holdings Limited	-	100%	-	-	-	100%

IV. Placement Situation

1. Company capital and share capital

(1) Sources of capital property other than cash is paid by subscribers

1. Type of stock

March 30, 2019; Unit: Shares

Type of stock	Authorized capital			Note
	Shares issued and outstanding	Unissued shares	Total	
Ordinary shares	55,747,410	34,252,590	90,000,000	OTC shares

2. Sources of capital

March 30, 2019; Unit: 1,000 shares; NT$1,000

Year/month	Issue price (NTD)	Authorized capital		Paid-in capital		Note		
		Shares	Amount	Shares	Amount	Sources of capital property other than cash is paid by subscribers	Subscriptions paid with property other than cash	Others
2001.10	10	5,000	50,000	1,500	15,000	Cash set up	None.	Approval by Kaoshifu Jianergongzi Letter No. 09007412400
2002.07	10	5,000	50,000	5,000	50,000	Capital increase of NT$35,000,000	None.	Approval by Kaoshifu Jianergongzi Letter No. 09109112601
2003.10	10	6,000	60,000	6,000	60,000	Capital increase of NT$10,000,000	None.	Approval by Kaoshifu Jianergongzi Letter No. 09205920530
2004.09	10	12,000	120,000	8,106	81,060	Capital increase of NT$21,060,000	None.	Approval by Kaoshifu Jianergongzi Letter No. 09300940610

Year/month	Issue price (NTD)	Authorized capital		Paid-in capital		Note		
		Shares	Amount	Shares	Amount	Sources of capital property other than cash is paid by subscribers	Subscriptions paid with property other than cash	Others
2005.03	10	12,000	120,000	9,610	96,100	Capital increase of NT$15,040,000	None.	Approval by Kaoshifu Jianergongzi Letter No. 09400391490
2005.05	10	12,896	128,960	12,896	128,960	Capital increase of NT$32,860,000	None.	Approval by Kaoshifu Jianergongzi Letter No. 09400469250
2006.08	10	20,000	200,000	17,442	174,420	Capital increase of NT$45,460,000	None.	Approval by Kaoshifu Jianergongzi Letter No. 09500652270
2010.03	10	20,000	200,000	19,612	196,120	Capital increase of NT$21,700,000	None.	Approval by Kaoshifu Jianergongzi Letter No. 09900452210
2011.06	10	30,000	300,000	21,356	213,560	Stock option conversion of NT$17,440,000	None.	Approval by Kaoshifu Siweijingshanggongzi Letter No. 10001224680
2011.09	10	30,000	300,000	22,626	226,260	Capital increase of NT$12,700,000	None.	Approval by Kaoshifu Siweijingshanggongzi Letter No. 10001356410
2012.10	10	30,000	300,000	25,455	254,550	Capital increase of NT$28,290,000	None.	Approval by Jingguangzhengfazi Letter No. 1010048593
2013.10	10	30,000	300,000	26,727.75	267,277.5	Dividends and bonuses of NT$12,727,500	None.	Approval by Jingjiasanshangzi Letter No. 10200112100
2014.02	10	30,000	300,000	27,470.02	274,700.2	First domestic conversion of convertible corporate bond of NT$1,274,400 Second domestic conversion of convertible corporate bond of NT$6,148,300	None.	Approval by Jingjiasanshangzi Letter No. 10300015650
2014.05	10	30,000	300,000	29,013.43	290,134.3	First domestic conversion of convertible corporate bond of NT$9,103,500 Second domestic conversion of convertible corporate bond of NT$6,660,500	None.	Approval by Jingjiasanshangzi Letter No. 10300054610
2014.07	10	50,000	500,000	30,888.77	308,887.7	First domestic conversion of convertible corporate bond of NT$10,350,100 Second domestic conversion of convertible corporate bond	None.	Approval by Jingjiasanshangzi Letter No. 10300090820

Year/month	Issue price (NTD)	Authorized capital		Paid-in capital		Note		
		Shares	Amount	Shares	Amount	Sources of capital property other than cash is paid by subscribers	Subscriptions paid with property other than cash	Others
						of NT$8,403,400		
2014.09	10	50,000	500,000	33,635.77	336,357.7	Capital reserve transfer increase NT$27,470,000	None.	Approval by Jingjiasanshangzi Letter No. 10300104170
2014.10	10	50,000	500,000	33,679.98	336,799.8	First domestic conversion of convertible corporate bond of NT$442,100	None.	Approval by Jingjiasanshangzi Letter No. 10300137580
2015.01	10	50,000	500,000	39,679.98	396,799.8	Capital increase of NT$60,000,000	None.	Approval by Jingjiasanshangzi Letter No. 10400008080
2015.06	10	50,000	500,000	40,709.98	407,099.8	Capital increase of NT$10,300,000	None	Approval by Jingjiasanshangzi Letter No. 10400066620
2015.07	10	50,000	500,000	44,677.98	446,779.8	Stock dividends NT$39,702,000	None	Approval by Jingjiasanshangzi Letter No. 10400074690
2018.08	10	90,000	900,000	53,526.77	535,267.7	Stock dividends NT$88,487,000	None	Approval by Jingjiasanshangzi Letter No. 1070008434
2018.09	10	90,000	900,000	53,092.77	530,927.7	Retirement of treasury shares NT$4,340,000	None	Approval by Jingjiasanshangzi Letter No. 1070009969
2019.08	10	90,000	900,000	55,747.41	557,474.1	Capital reserve transfer increase NT$26,546,000	None	Approval by Jingjiasanshangzi Letter No. 1080008464

(2) Shareholder structure

March 30, 2020

Shareholder structure quantity	Government institution	Financial institutions	Other juristic persons	Individual investors	Foreign institutions and foreigners	Total
Number of Shareholders	1	12	117	6,792	39	6,961
No. of shares held	23,000	825,370	15,705,613	33,464,172	5,729,255	55,747,410
Shareholding percentage (%)	0.04%	1.48%	28.17%	60.03%	10.28%	100.00%

(3) Dispersion of equity ownership

Ordinary shares

March 30, 2020

Shares	Number of shareholders	Shares held	Shareholding percentage (%)
1~ 999	3,778	228,304	0.41%
1,000~ 5,000	2,412	4,690,365	8.41%
5,001~ 10,000	347	2,527,307	4.53%
10,001~ 15,000	134	1,656,814	2.97%
15,001~ 20,000	57	989,029	1.77%
20,001~ 30,000	67	1,654,781	2.97%
30,001~ 40,000	42	1,448,985	2.60%
40,001~ 50,000	21	949,138	1.70%
50,001~ 100,000	51	3,676,119	6.59%
100,001~ 200,000	18	2,445,359	4.39%
200,001~ 400,000	14	3,880,446	6.96%
400,001~ 600,000	5	2,582,895	4.63%
600,001~ 800,000	3	2,085,182	3.74%
800,001~1,000,000	0	0	0.00%
>1,000,001	12	26,932,686	48.31%
Total	6,961	55,747,410	100.00%

(4) List of major shareholder (shareholders holding more than 5% of shares or top ten shareholders)

March 30, 2020

Shares / Name of major shareholder	No. of shares held	Shareholding percentage (%)
Chih-Hung Ouyang	3,807,191	6.83%
Fu Wu Investment Ltd.	3,235,246	5.80%
Chung-Ming Huang	3,000,883	5.38%
Profit Power Management Consulting Limited	2,969,400	5.33%
Ruentex Industries Ltd.	2,910,310	5.22%
Ruentex Development Co. Ltd.	2,489,060	4.46%
Changchun Investment Co. Ltd.	2,150,271	3.86%
LIANG SHU HUEI	1,627,059	2.92%
Yung-Liang Huang	1,323,586	2.37%
CHUN YEH Investment Co. Ltd.	1,258,288	2.26%

(5) Market Price, Net Worth, Earnings, and Dividends in the Past Two Years

Unit: NT1,000$

<table>
<tr><th colspan="3">Year / Item</th><th>2018</th><th>2019</th><th>Current year up to March 30, 2020</th></tr>
<tr><td rowspan="3">Market price per share</td><td colspan="2">Maximum</td><td>274</td><td>239</td><td>184</td></tr>
<tr><td colspan="2">Minimum</td><td>136</td><td>164</td><td>88.8</td></tr>
<tr><td colspan="2">Average</td><td>186.86</td><td>195</td><td>148</td></tr>
<tr><td rowspan="2">Net Value per share</td><td colspan="2">Befor distribution</td><td>53.42</td><td>53.24</td><td>Note 2</td></tr>
<tr><td colspan="2">After distribution</td><td>50.88</td><td>Note 1</td><td>Note 2</td></tr>
<tr><td rowspan="3">Earnings per share</td><td colspan="2">Weighted average shares</td><td>53,093</td><td>55,747</td><td>Note 2</td></tr>
<tr><td colspan="2">Earnings per share</td><td>4.84</td><td>6.57</td><td>Note 2</td></tr>
<tr><td colspan="2">Retroactive adjustment for Earnings per share</td><td>4.61</td><td>Note 1</td><td>-</td></tr>
<tr><td rowspan="4">Dividends per share</td><td colspan="2">Cash dividend</td><td>4.0</td><td>5.6(Note 1)</td><td>-</td></tr>
<tr><td rowspan="2">Stock grants</td><td>-</td><td></td><td>-</td><td>-</td></tr>
<tr><td>Capital Reserve</td><td>0.5</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Accumulated unpaid dividend</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td rowspan="3">Return analysis</td><td colspan="2">Price/earnings ratio</td><td>40.53</td><td>29.68</td><td>-</td></tr>
<tr><td colspan="2">Price/dividend ratio</td><td>46.72</td><td>34.82</td><td>-</td></tr>
<tr><td colspan="2">Cash dividend yield</td><td>0.0214</td><td>0.0287</td><td>-</td></tr>
</table>

Note1: The 2019 proposal of surplus distribution has not been resolved in the shareholders' meeting.

Note2 : Earnings not yet calculated.

(6) Dividend policy and implementation status

1. Dividend policy

When allocating the net profits for each fiscal year, the Company shall first offset its losses in previous years and set aside a legal capital reserve at 10% of the profits left over, until the legal capital reserve has equaled the total capital of the Company; the remaining balance and unappropriated earnings for the year shall be adjusted. Then, set aside special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge and to satisfy business needs of the Company. And the Board shall propose a distribution plan for any balance remaining, and such balance shall be distributed in accordance with the resolution of the shareholders' meeting.

The Company is situated in a changing industrial environment, wherein the company life cycle is at a stable growth stage. Considering the Company's capital requirement for continuous expansion and business operations, as well as long-term financial planning to satisfy shareholders' needs for cash flow, the Company's dividend policy was based on the residual dividend policy in the relevant laws and regulations of the Company Act. The future capital requirement is measured according to the future capital budget plan of the Company; then, set aside the capital required for earnings financing, and the remaining earnings shall be distributed by way of cash or stock dividend. Particularly, cash dividend may not exceed 10% of the total dividend.

2. Dividend distribution to be proposed to the shareholders' meeting:

The Company's 2019 earnings distribution plan was approved by the Board on March 9, 2020. Shareholders' meeting has not yet been held. The 2019 earnings distribution plan is as follows:

Each common share holder will be entitled to receive a cash dividend of NT$5.6 per share from retained earnings.

(7) Effect of the proposed stock dividends (to be adopted by the Shareholders' Meeting) on the operating performance and earnings per share:

The Company did not release financial forecasts in 2019 and hence it is not applicable.

(8) Employee bonus and remuneration to Directors and Supervisors

1. Dividend Policy for terms stated in the Articles of Incorporation regarding employees' bonus and Directors' and Supervisors' remuneration:

The Company shall pay dividends or bonuses when there is profit. Any unappropriated earnings may be distributed as employee bonus in the sum of 5% to 15%. The Director and Supervisor remuneration may not exceed 2%. If there are accumulated losses of the company, the earnings should be reserved in advance to make up the amount. Employee bonus shall be paid by stock or cash; nevertheless, the criteria of qualified employee should be determined by the Board of Directors.

2. Basis for estimating the amount of employee bonuses and remuneration to Directors/Supervisors, basis for calculating the number of shares to be distributed as stock bonuses, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period:

The Company estimates employee bonus and remunerations to Directors and Supervisors according to the income before income tax for the year, and the value specified in the Article of Incorporation. The estimated values shall be recognized as the expense for the current period. If thereafter, the actual distribution differs from the estimated values in the resolution of the Board of Directors' meeting, then it shall be regarded as loss for the next year and shall not influence the ratified financial report.

The Company was approved by the Board of Directors' meeting on March 9, 2020. The distributed employee bonus was NT$34,599,155 and Director and Supervisor remuneration was NT$7,594,936, which accounted for 8.10% and 1.78% of the income before income tax for the year, respectively; in compliance with the company's Articles of Incorporation.

3. Earnings distribution proposal has passed the Board of Directors but not the resolution of the shareholders' meeting:

The Company’s 2019 earnings distribution was approved by the Board of Directors’ meeting on March 9, 2020. A cash dividend of NT$5.6 per share from retained earnings. The total cash dividend to be distributed is NT$312,185,496 .

4. Earnings distribution proposal passed in the resolution of the shareholders' meeting:

Not applicable. The Company’s 2019 earnings distribution plan was approved by the Board of Directors’ meeting on March 9, 2020. Shareholders’ meeting has not yet been held.

5. Describe, where applicable, the reason and handling approach for the difference (including the number of shares, the monetary amount, and the face value of shares distributed) between the actual distribution of employee bonus and remunerations to Directors and Supervisors and the approved employee bonus and remunerations to Directors and Supervisors:

Unit: NT$

	Board Resolution (2019/03/12)	Book Value	differences	Description of differences
Employees’ Profit Sharing Bonus (Cash)	28,267,738	27,971,918	295,820	The differences was recorded in this year as a change in accounting estimate
Directors’and Supervisors ’Compensation (Cash)	5,975,840	6,140,178	(164,338)	The differences was recorded in this year as a change in accounting estimate

(9) Buyback of Treasury Stock:

1. Execution of buyback is completed

March 30, 2020

Treasury stocks: Batch Order	1st Batch
Purpose of buy-back	Transfer to employees
Timeframe of buy-back	2015.07.22 to 2015.09.01
Price range	NTD 170.00 to NTD 488.00
Class, quantity of shares bought back	1,000,000 Ordinary Shares
Value of shares bought-back (in NT$ thousands)	266,071,991
Shares sold/transferred	-
Accumulated number of company shares held	-
Percentage of total company shares held (%)	-

2. Execution of buyback has not been completed：

Not applicable.

2. Corporate bond (including overseas corporate bond)

(1) Issued corporate bond:

First domestic secured corporate bond and second domestic unsecured corporate bond have all been converted into ordinary share by the end of December 31, 2014.

(2) Information of corporate bond conversion:

First domestic secured corporate bond and second domestic unsecured corporate bond have all been converted into ordinary share by the end of December 31, 2014

(3) Issued exchanged corporate bond: None.

(4) Adopt shelf registration method to collect and issue ordinary corporate bond: None.

(5) Issued subscribed corporate bond: None.

(6) Private placement of corporate bonds in the past three years to the date of the annual report: None.

3. Issuance of preferred stocks

   None.

4. Issuance of global depositary receipts (GDR)

   None.

5. Exercise of employee stock option plan (ESOP)

   None.

6. Restricted stock awards

   None.

7. Merger and acquisition

   None.

8. Issuance of new shares for acquisition of shares of other companies

   None.

9. Implementation of capital allocation plan

   None.

V. Business Overview

I. Business Activities

(1) Business Scope

1. Company's primary business activity

Information software retailer	Electronic material retailer	Computer installation
Information software wholesaler	Electronic material wholesaler	Information software service
Information processing service	Electronic information supply service	Arts service
General advertising service	Sound publishing	Arts performance activity
Automated control equipment engineering	Machinery installation	Wholesale of cultural education, musical instrument, and educational entertainment necessities
Machinery wholesaler	Computer and business machinery wholesaler	Retailer of cultural education, musical instrument, and educational entertainment necessities
Electronic retailer	Computer and business machinery retailer	International trade
Intellectual property	Product design	Landscape and interior design
Machinery retailer	Other machinery retailer	Except for approved business activities, may engage in activities that are not prohibited or restricted by law

2. Company's primary products and their operating weight

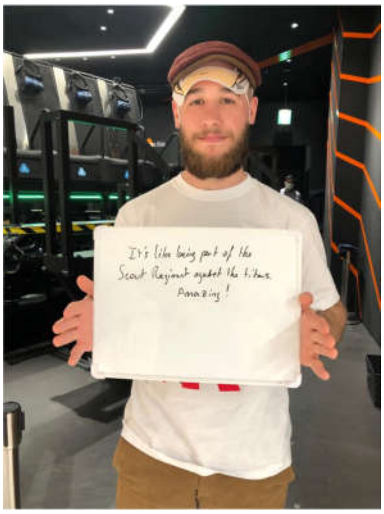
Unit: NT$1,000

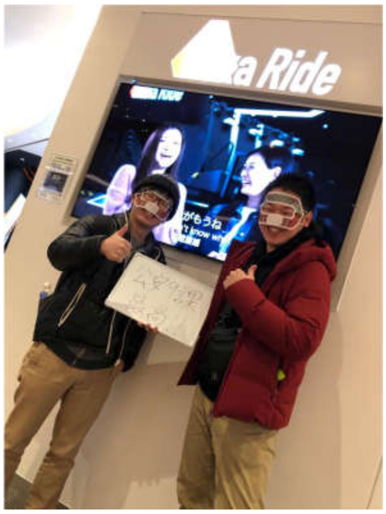
Product Category	2018		2019	
	Net revenue	Operating weight(%)	Net revenue	Operating weight(%)
Simulator rides	1,588,776	97.03	1,975,221	94.94
Royalty income	0	0.00	1,194	0.06
repair, maintenance, and labor affairs	16,580	1.01	28,398	1.36
Sales revenue	10,406	0.64	14,558	0.7
Profit sharing of ticket sales	21,676	1.32	61,070	2.94
Net revenue	1,637,438	100.00	2,080,441	100

3. The Company's products

Simulator Rides are the Company’s main product. Since moving to the Kaohsiung Software Park in 2013, the Company has gradually placed its business focus on the media-based attraction (MBA) industry, meaning that we combined our previously developed 3D real-time imaging and audiovisual multimedia technologies with the Stewart six-axis motion platform and dynamic simulation techniques. Subsequently, the Company successfully completed the FlyOver Canada project in Vancouver, becoming the leader of the flyingtheater industry. The Company's operating model has extended from selling hardware to digital content development in recent years.

Since October 2013, we cooperate with Japan's Kodansha in integrating Kodansha's comic characters into our simulator ride products. In the meantime we not only a flying theater, the company also produced Attack on Titan and Ghost in the Shell movies for the new Q-Ride platform, that is operational as hexaRide in Tokyo, Japan since 2018. Starting from 2015, the Company has changed its management model, from once-off selling of simulator rides to managing it with its customers. Moreover, the Company is working with customers in planning and developing relevant peripheral products, thereby expanding the sources of income, the hexaRide and the new i-Ride Taipei are the latest developments in this segment.





Picture Source: hexaRide FB

Apart from that Brogent has entered a supplier relationship with Legoland parks around the world. The very first m-Ride type flying theater ride opened last spring in Legoland Florida. More installations will follow in 2020. The succesfull introduction of m-Ride flying theater opened a new market segment for this popular attraction. It will help significantly to add to the global installed base of flying theaters.

Picture Source: Legoland Florida Website

In addition to providing fun experiences, Brogent's product development team proceeds to put more stringent requirements to improve qualityand safety. Our flying theaters have been formally adopted by the United States UL certification and the TUV SOUTH. An introduction to our products :

Product name	Description	Images
i-Ride	The i-Ride, featuring a suspended seat platform, is the only dynamic flyingtheater on the market built on a six degrees of freedom (6DOF) motion platform. It not only delivers super realism and fantastic entertainment effects, but is also the most representative device among all extant indoor gaming devices. Riders' feet hang freely, to deliver the true sensation of flying through the air. The sweeping bird's eye perspective delivers unobstructed realism with no blind spots. Wind, sound, light, water, and aromas heighten the sensation of conquering the air.	

Product name	Description	Images
m-Ride	m-Ride is Brogent's new compact flying theater and the first flying theater system that offers a 180 degree turn of the seats with a spectacular reveal.	
d-Ride	1) Unlimited story topics 2) Trackless or track bound and noiseless design for self-driving cars 3) Flexible plan scenes according to actual needs onsite 4) Combined with interactive game design, with touch, shoot, and hand gesture control operating methods	
v-Ride 360	1) The 360° massive cylinder screen delivers heightened realism and an unobstructed panoramic view with no blind spots 2) Passengers can walk safely and freely, selecting their favorite perspective 3) Suitable for various themes; with special 4D effects, users can immerse into the video content	

Product name	Description	Images
v-Ride basic	The modern version of the classic 4D cinema. The electrical motion base together with a wide range of special effects delivers a great experience. 1) High G-Force: Uses large-scale motion platform that creates effects that simulate high g-forces 2) 16:9 screen suitable for a diversity of video topics; with special 4D effects, a realistic experience is created	
t-Ride	The most advanced immersive tunnel experience in the market with a vehicle that can move with six degrees of freedom. 1) Two-sided curved screen design, increasing visual sense of realism and excitement 2) Vehicle can be changed depending on the theme, such as traveling on the same car, and with special 4D effects, it's as if you're there in person	
GestureMagic	The next step in advanced interactivity: Gesture based 3D experience that let's guests fight virtual monsters.	

Product name	Description	Images
Q-Ride	Brogent's product for the compact indoor market and a breakthrough for the VR market. The first product from Brogent that uses VR glasses instead of a traditional screen. It comes with preinstalled ride content, simulating an underwater experience and a tour around the world.	
Esports "Lightning Wings"	Taking eSports to the next level, Lightning Wings is a full-body motion virtual reality gaming system, six-degree of freedom motion base; coupled with specially-designed VR helmets and pilot consoles. Once the game starts, players in their virtual cockpits heave feel every maneuver in the combat. All players commented the experience is "so real" and "beyond their imagination". Lightning Wings is a multiplayer battle game that players can enjoy with friends. Not only that: with live broadcasting the audience can feel the intensity of the game and cheer for their teams.	
Esports "Speed Racers"	This new product introduced at IAAPA Expo 2019 in Orlando brings the competitiveness of realtime control to the car racing arena. A premium entertainment experience where everyone can become a race track pilot.	

(2) Industry overview

1. Industry's current trends and future outlook

Since moving to the Kaohsiung Software Park in 2013, the Company has gradually placed its business focus on the media-based attraction (MBA) industry. The following section presents an overview of the new media entertainment industries:

In the early days, theme parks were mainly equipped with mechanical and simple electronic facilities such as the Ferris wheel, bumper cars, carousels, and roller coasters. However, as new technologies emerged, consumers gradually started to entertain themselves by engaging in experience-based consumption activities. Thus, these facilitates can no longer attract consumers, leading to the gradual decline of the once thriving theme parks. In replace of such theme parks is the simulator ride equipment that combines digital contents and fantasies well-known to adolescents. Moreover, simulator ride equipment is not only entertaining but also educational. This trend of the experience economy is increasing in the Asian market.

In 2017 Disney bought Fox and Marvel and leveraged the IP not only for the media business but also for it’s theme parks. Brogent in its partnership with Kodansha uses Intellectual property like “Atack on Titan” and “Ghost in the Shell” to create experiences by leveraging world famous characters and stories that drive not only content but also ride hardware revenue.

According to the 2019 global tourist attraction report published by the authoritative Theme Entertainment Association (TEA), the global theme park industry has showed steady growth in 2018. Particularly, the number of visitors to top 10 theme parks worldwide grew by 5.4% in from 2017. The annual attendace of the top 10 global theme park chains, which equals 7% of the world population. Brogent is proceeding to use high technology and IP to tap into this market.

2. Relationship between up-, mid-, and down-stream suppliers in the industry's supply chain

Upstream industry	Midstream industry	Downstream industry
Hardware: 1.Precision machinery industry 2.Spherical screen 3.Projector **Software:** 1.Wireless embedded control system 2.Spherical projector and playback control system 3.High-definition digital content	Integrated hardware and software technologies	Global theme parks Exhibition Shopping mall Tourist attractions Urban experience center

The upstream industries associated with the simulator ride equipment comprise the hardware section, including precision machinery industry and manufacturers of spherical screens and projectors, and the software section, including wireless embedded control system, spherical projector and playback control systems, and digital contents. The Company designs and integrates various software and hardware technologies according to customer needs, and then sells the products to downstream industries such as theme parks, museums, shopping mall, and urban experience centers.

3. Product development trends

Previous theme parks: Mainly equipped with mechanical and simple electronic facilities such as the Ferris wheel, bumper cars, carousels, and roller coasters. Generally, in bad weather, these theme parks must cease their operation, substantially impacting business operations. By comparison, multimedia simulator ride facilities can be installed indoors free from environmental influences; thus, the usage rate of theme park equipment can be enhanced, increasing the economic benefits of theme parks. Europa-Park in Germany celebrated the opening of Brogent i-Ride “Voletarium” attraction in June 2017, which welcomed an estimated 8 million riders until end of the 2019 season.

Moreover, simulator ride facilities have become the options for updating theme parks in European and American countries and for planning and constructing theme parks in emerging countries. In recent years, under the influence of mature digital video technologies and Hollywood films, traditional mechanical amusement facilities are no longer effective for attracting new-generation tourists. To satisfy tourists' entertainment needs and novelty, new amusement parks have successively incorporated digital video technologies with electromechanical equipment. Thus, tourists can not only enjoy the excitement of conventional outdoor facilities, but also experience indoor facilities with excellent sound and lighting effects without being influenced by weather conditions. Furthermore, the Company's simulator rides that stimulate both sensory experiences and thrilling sensations, which are in line with the current trend of experience economy.

4. Product competition

Media based simulator attractions deliver an immersive experience that fulfills guests needs of all senses, that’s why they are generally preferred over roller coasters, free fall towers, swinging ships etc. by the general public. Because the traditional mechanical rides are comparably simple in their experience quality and often have physical limits for riders, setup costs are high and the climate is a big impact factor.

Traditional cinemas on the other side are not exciting enough to catch the full attention of younger crowds. Media based simulator attractions like the flying theater are situated in the midle between those offerings: Like in a cinema content can be switched easily, while still offering the physical excitement of a mechanical ride in a weatherproof environment. This approach makes Brogent products succesfull and the installed base of attractions worldwide is growing every year. The market share in the flying theater market is an est. 85% in the premium segment. Brogent is not simply offering the product, we are providing IP licensing, content production. Operation consultiong and can provide one stop shopping for this kind of complex attraction, if the clients need help.

(3) Overview of Technology and R&D

1. R&D investments in recent years to the date of the annual report

Unit: NT$1,000

Year	2019	2020Q1
R&D expenses	172,403	Note

Note:The year to date March 31. 2020 financial results has not yet been reviewed by a CPA.

2. Successfully developed technologies and products in recent years

Year	R&D Accomplishments
2011	Novel modularized suspension spherical theater based on a vertical six-axis actuating platform Ski simulator Tablet 3D man-machine interface (Android 3.2) 9s series software downloading tool (Android platform) Commercial electronic games－The Legend of a Golden City
2012	Novel special drive method Web-shaped seat design mold Seat cover design and production Actuator cantilever turning gate Suspension two-axis actuator platform stress analysis Smart TV man-machine interface (Android 2.3) Tablet 3D man-machine interface (Android 4.0) 9s series software downloading tool (iOS platform)
2013	Smart TV software Electrical gas six-axis platform design Suspension two-axis actuator platform design and production Completely dark ride (d-Ride) design Balloon Ride design
2014	Media Free Fall Design Interactive walking theater Joey's Aquarium (sketch-type aquarium) Track d-Ride system

Year	R&D Accomplishments
2015	“Attack on Titan” i-Ride Film Car Racing simulator ride
2016	Q-Ride i-FUN HUB
2017	m-Ride
2018	Lightning Wings
2019	V-Ride dome 304s

(4) Business plan - long-term and short-term

1.Short-term development plan

(1) Marketing and product plan

A.Commit to on-going projects because successful performance is the best marketing tool for a company; strengthen digital content development capacity to satisfy future market demands for videos.

B.Design and plan highly modularized projects, provide affordable modularized system, and improve competitive advantage.

C. regulate outsourced vendors' production operation so that the products meet international standards; and continue to design products conforming to international environmental regulations to become a benchmark of green enterprises. Our flying theater is already EN and ASTM certified.

D.Sales channels are relatively closed; considering the ecological layout of local markets of various regions, the Company will adopt a cooperative model in which it forms a strategic alliance with its agents.

E.Participate in international exhibitions (e.g., IAAPA), keep increasing the visibility of the company's product, and expand the range of regional buyers.

(2) R&D plan

A.Apply the ability to integrate six-axis actuator platform with multimedia technologies, optimize d-Ride and innovative Media Free Fall Ride to expand the Company's product line, and satisfy customers' diversified needs.

B.Reinforce knowledge management and integrate existing data, so that technological resources can be shared to enhance technological capacities.

(3) Human resources and informatization plan

A.Strengthen training to enhance employee skills.

B.Recruit professional managers to improve business performance.

C.Purchase professional collaborative operating software to provide employees around the world with a joint operating platform.

(4) Financial Plan

A.Use appropriate financial instruments and formulate contract-based sales plan to avoid risk of currency fluctuations.

B.Strengthen project management and reduce receivables to increase the turnover rate of receivables.

2.Mid- and Long-term development plan

(1)Marketing and product plan

A.Target the future demand market of Asian regions where economic growth is high and then advance toward the global market, thereby becoming internationally recognized primary supplier of simulator rides.

B.Seize business opportunities in replacing, renewing, or adding construction projects in the future European and US markets and jointly work with strategic alliance partners in market expansion.

(2)R&D plan

A.Cooperate with domestic research institutes and academic units to acquire leading technologies.

B.Continue to develop new technologies and acquire patents.

(3)Human resources and informatization plan

A.Strengthen training to enhance employee skills.

B.Recruit professional managers to improve business performance.

C.Purchase professional collaborative operating software to provide employees around the world with a joint operating platform.

(4)Financial Plan

A.Use various fund-sourcing channels to create optimal financial structures that maximize company value.

B.Issue financial instruments in a timely manner for the company to acquire minimum capital cost.

C.Properly use financial instruments to reduce currency risks.

II. Market, production and sales

(1) Market analysis

1. Product sales region

Unit: NT$1,000

Year		2018		2019	
Sales Region		Net revenue	%	Net revenue	%
Domestic sales	Taiwan	41,304	2.52	63,450	3.05
Exports	Asia	1,092,079	66.7	1,366,913	65.70
	Americas	131,226	8.01	356,333	17.13
	Europe	177,394	10.83	292,253	14.05
	Australia	195,435	11.94	1,492	0.07
	Subtotal	1,596,134	97.48	2,016,991	96.95
Total		1,637,438	100.00	2,080,441	100.00

2. Market Share

In the market for premium flying theater solutions Brogent has a market share of over 80%. Internationally Disney operates four similar theaters, but doesn't sell the solution to interested operators. Canadian supplier Dynamic Attractions offers flying theaters as well, but is only approaching the market as a mechanical ride supplier. They are not in the position to act as a system integrator and provide the complete package that a real media based attraction consists of. Apart from that the platform movement is limited to two degrees of freedom (compared to 6 DOF for the i-Ride).

3. Future market demand and supply and growth potential

The Company implemented the Content–Channel (CC) Strategy in recent years, transforming from being merely a supplier of amusement facilities to an operator of entertainment businesses. To achieve this goal, the Company recruited strategic investors over the past year, while adopting diversified management strategies that integrate profit distribution models to replace the model where devices are just sold once. The “i-Ride Experience Center” that opened in Kaohsiung in 2017 was the very first standalone flying theater in Taiwan and in 2019 Brogent opened a second standalone flying theater in Taipei Breeze Nanshan shopping center. In addition to outright selling its equipment, Brogent has not only delivered technology but also creatively planned an experience center exhibit, in the hopes of educating children through fun, thereby bringing parents and children closer together. In fact that people cannot visit large theme parks in remote areas whenever they desire, the Company has endeavored to build the experience center in the city where transport is convenient. The goal was to make fun more accessible.

Regarding the Company's main product—i-Ride—beginning with its Fly Over the World project in Taiwan, Brogent is no longer merely a slogan. Within years, it has exploited its technological advantages with its hardware design integrated with creative software technologies. Brogent has extended its arm into the global sales channel with its hardware and software products, acquiring a solid status in the multimedia industry. Regardless of product safety or technological stability, Brogent has become increasingly mature with the globalization of the sales market, achieving the industry leader status. After flying across the world, the Company has also began planning the locations for the FlyOver project that are most representative of Taiwan; thus, tourists visiting Taiwan will be given an additional must-see tourist attraction.

4. Competitive Niches

A. Globally Recognized Technology

The Company's management teams are relatively experienced in the industrial sector, making them capable of launching new products to customers at the right time and rapidly responding to customer demand. In addition, our service quality is trusted by our clients, and the quality of our products is ensured during the software development process (including the design, implementation, and testing stages). Thus through enriched project management experiences, the Company offers customers excellent quality software services, contributing to the value of our software products.

In contrast to Disney's simulator rides, which feature a two-axis arm lift platform with two motion directions (heave and pitch), the Company's products adopt a six motion direction side-standing suspended six-axis platform. Our platform not only enables riders to fully experience realism and enjoyment but also facilitates saving space in the theater. Thus, business benefits could be maximized by adequately utilizing the space in the theaters. The Company has applied for patents from Taiwan, China, the United States, and the European Union for the side-standing suspension framework of the six-axis platform to protect our technology and increase the threshold for other vendors to enter the market.

2017 European Star Award for Best New Ride

2018 Park World Award for Best Indoor Ride

2019 European Star Award Best Dark Ride

2019 Best Flying Theater Supplier in China

B. Premium Brand Equity

Theme Parks, Museums, Exhibitions Centers and Zoos are markets with high entry barriers. Brogent works with established partners in the amusement industry to create multiple distribution channels. All those partners rely on the technological know how in system integration and certified technology that Brogent is steadily advancing based on ongoing projects. Currently Brogent rides can be found four continents.

Worldwide 30 flying theaters in operation or under installation

C. Product modularization lowers cost and increases competitiveness

Simulator ride facilities involve a wide range of technical aspects, covering hardware systems (suspension, spherical screen with audiovisual systems) and software technologies (projector, playback, wireless embedded control, and high-definition digital content). Therefore, the technical teams of the Company performed high modularization engineering analysis and planning of large complex system frameworks based on the existing six-axis platform technologies. In addition, our design, production, transportation, and assembly processes are all designed and modularized in accordance with international standard regulations. Such modularization enables saving large amount of construction time and manpower, which considerably lowers construction cost and raises the Company's competitiveness.

D. Collaboration with international strategic partners in digital content development

Brogent is working with several partners to supply the best solutions and technology in the media based simulator attractions field. For content development the company started a cooperation with Japanese publisher Kodansha back in 2015 and has already developed ride films based on Kodansha IP like “Attack on Titan” and “Ghost in the Shell”

5. Competitive Edge, Favorable and Adverse Factors for Long-term Growth and Response Strategy

(1) Favorable factors

A. Needs of emerging countries and reconstruction business opportunities in Europe and the US

As the economy of emerging countries develop, these countries have gradually focused on the construction and development of leisure entertainment industries, specifically large theme parks, the existence of which can not only create domestic demand and employment opportunities, but also promote urban tourism development. Low income level in emerging countries render the entrance fees to theme parks in these countries incomparable to those in developed countries (e.g., European countries, North America, and Japan). To effectively increase the economic benefits of amusement parks, governments of emerging countries strictly regulated the benefits generated by amusement facilities. In addition, because indoor amusement facilities allow customers to still enjoy themselves during bad weather, and because of the rapid development of digital audiovisual technologies in recent years, traditional mechanical amusement facilities are no longer effective for attracting the attention of new-generation tourists. Therefore, when planning and constructing theme parks, emerging countries typically prioritized their focus on indoor amusement facilities that feature 3D sound and lighting effects and stimulate a sense of excitement in users. To reconstruct their tourism industries and boost their economy, European countries and the US have successively initiated tourist attraction reform projects, building leisure facilities by restricting existing buildings and movie theaters. These leisure facilities are based on a composite business model comprising department stores and hotels to attract visitors. Because simulator rides are built according to the height restrictions of existing buildings to provide consumers with an all-new entertainment experience, this type of facility became the primary focus of Europe and the US in reconstructing amusement facilities.

B. Construction and formation of industry supply chain

Before the Company entered the simulator ride market, there were no vendors investing in similar products in Taiwan. Since undertaking the “Taiwan Formosa” project for E-DA Theme Park, the Company has adequately leveraged Taiwan' strong R&D and production capabilities of information hardware and precision machinery industries. With the efforts devoted by the Company's R&D personnel and domestic vendors, Taiwan has become one of the few countries worldwide capable of constructing simulator ride bases. Not only were the production costs of amusement facilities lowered, but the quality of these facilities reached international standard. Subsequently, a complete and tight supply chain in the simulator ride industry was established. Because simulator rides are completely customized according to customer needs, the Company's supply chain system enable the design, motion control, or digital content of such rides to be adjusted whenever required depending on customer needs. Thus, customer demand can be satisfied, thereby increasing the overall competitiveness of the Company.

C. Establishing word of mouth facilitates business promotion

Distinct from general consumer electronic products, simulator rides feature long life cycle, high degree of customization, high technical threshold, and high cost; therefore, customer repurchase and loyalty increased after establishing the word of mouth for the technology and quality of this product. Since completing “Taiwan Formosa” and “FlyOver Canada” projects, the Company has accumulated considerable experience, word of mouth, and popularity in the simulator ride market. The 2016 opening of “FlyOver America” created additional buzz. In addition, by forming strategic alliance with internationally well-known amusement facility suppliers, the Company will acquire more competitive advantage in business expansion.

D. Supported by strong technology

Since its inception in 2001, the Company has endeavored to develop audiovisual multimedia technologies, accumulating considerable experiences in technological development. Thus, the Company has established partnership with multiple international mobile phone factories, and received Small Business Innovation Research (SBIR) subsidies from the Ministry of Economic Affairs (MOEA) multiple times. In 2007, the Company was honored with the award of excellence in SBIR from the Department of Industrial Technology, MOEA. Regarding simulator ride facilities, the Company has received the European Star Award three years in a row starting 2017 a recognition not only for its technological capability but also for the experience value that it prove to provide since the successful implementation of the “Beautiful Formosa” and “FlyOver Canada “projects. For example, the unique fish eye lens designed by the Company can achieve the projection effects of a spherical screen simply by installing them with a projector. Thus, the cost and space required for projector installation are substantially reduced, and the stability and image quality of the projector system are considerably enhanced. The Company's self-developed automated control technology can integrate motion platforms with video systems with increased precision. This way, riders can perceive the flow experience of realism. Furthermore, the Company also possesses the capacity to develop digital content, and customize it according to customer needs, thereby providing multiple choices to our customers. Therefore, the Company enhances the technological capacity of its research team, and therefore has substantial room for improvement.

(2) Unfavorable factors and their response strategies

A. Closed sales channel for simulator rides, impeding business expansion

Simulator rides are primarily built in theme parks, museums, and exhibition halls. Unlike general daily necessities, the sales channel of simulator rides is relatively closed, and suppliers specializing in this market are mostly business operators who have established their status for a long time. Thus, new vendors cannot easily directly enter this supply chain system and expand their businesses.

Response strategies:

The Company fully understands the characteristics of this industry. To expand its market and increase its market share, the Company formed a strategic alliance with internationally known suppliers of amusement facilities who have had a history of more than 40 years in the industry. These suppliers assist the Company in expanding its market channel to successfully enter the supply chain of the theme park industry and facilitate its expansion into the global market. As a consequence Brogent has already entered the international theme park market (i.e. Europa-Park in Germany and Legoland Florida in the US). Products are well received by the general public and the positive feedback creates good references and a strong brand reputation.

B. Shortage of professional talent, hindering talent recruitment

Because information electronic related industries remain the dominant of the domestic market, and domestic vendors have already established a complete supply chain in the information hardware industry, general graduates still prefer to enter industries relevant to information electronics. Furthermore, domestic universities and colleges have established faculty departments associated with software design or amusement facilities in recent years. However, talent still require additional training, and simulator ride technologies encompass a wide variety of aspects, thus making R&D talent recruitment and cultivation difficult.

Response measures:

Engage in industry-academia cooperation with Sun Yat Sen University and Southern Taiwan University of Science and Technology to cultivate high-quality experts of digital content development and foster technological talent that industries require; provide employees with favorable working environment, perfect employee welfare systems, and formulate reward/punishment systems as well as employee training programs; and establish job positions according to employees' expertise and characteristics and provide employees with the opportunity to become a shareholder of the Company so that they could share business outcomes with the Company, thereby cohering their efforts and reducing turnover rate.

C. Raw material price and supply stability

The hardware system of the Company's simulator rides comprises the following: The raw materials of carriers, six-axis platform, and steel structures are mostly steel and iron. The prices of these raw materials may vary according to market supply and demand, causing price fluctuations, thereby influencing the Company's purchasing cost and profitability.

Response strategies:

In addition to having maintained a positive and long-term cooperative relationship with its suppliers, the Company appropriately adjusts its sources of procurement and disperses different purchasing vendors to seek the most optimal price quotation. Thus, over-concentration in purchasing, thereby increasing operating risks can be avoided.

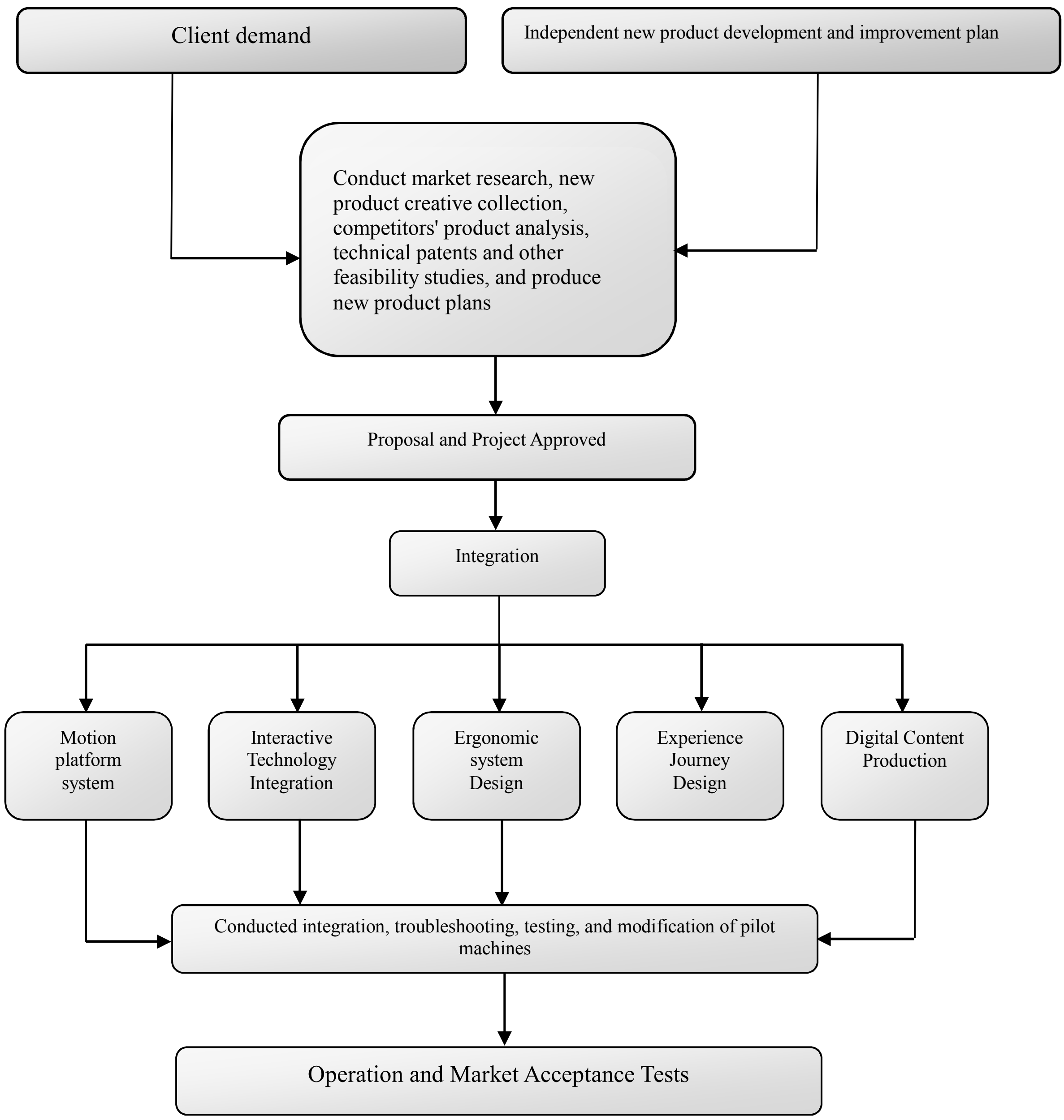
(2) Major product usage and manufacturing processes

1. Main purposes

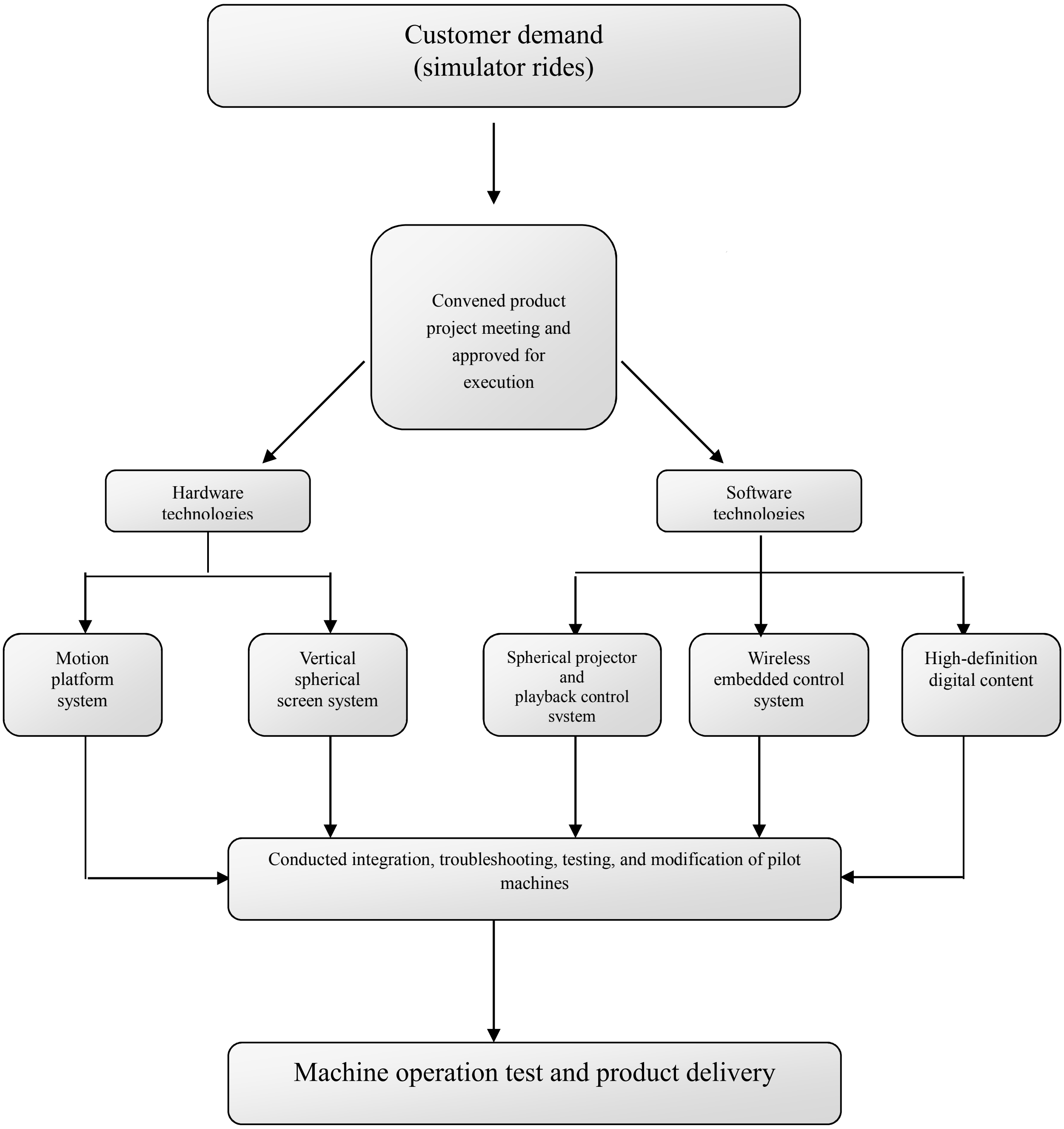
Theme park, museum, exhibition hall, shopping center, and indoor professional experience center afford entertainment and educational training functions to diversify Brogent's client base, provide adventurous experiences, and elicit sense of excitement.

2. Manufacturing process

A. Small-sized Rides :



B. Simulator rides:



3. State of supply of chief raw materials

Primary spare parts	Supply condition
1.Stewart six-axis platform	Good, stable
2.Structure of ride carriers	Good, stable
3.Spherical screen	Good, stable
4.Servo valve, motor	Good, stable
5.Projector	Good, stable
6.Acoustic equipment	Good, stable
7.Digital content contractor	Good, stable

The hardware and software systems of the simulator rides are designed and developed by the Company. Regarding the mechanical hardware parts, the Company cooperates with its vendor and commissions contractors for assistance. The Company and its suppliers have a stable cooperative relationship, facilitating the stable material supply. Therefore, there were no incidences of supply interruption.

4. Major buying and selling vendors/customer information

(1) Names of customers who accounted for more than 10% of the sales in the last two years, sales as a percentage of total sales, and reasons of change.

Unit: NT$ thousands

	2018				2019			
Item	Name	Amount	Percentage of net sales (%)	Relationship with issuer	Name	Amount	Percentage of net sales (%)	Relationship with issuer
1	CHN0016	381,562	23.30	None.	CHN0016	511,067	24.57	None.
2	CHN0014	286,258	17.48	None.	CHN0014	247,752	11.91	None.
3	CHN0015	284,385	17.37	None.	CHN0005	237,608	11.42	None.
4	AUS0001	195,435	11.94	None.	-	-	-	None.
	Others	489,798	29.91		Others	1,084,014	52.10	
	Total	1,637,438	100.00		Total	2,080,441	100.00	

Note:The year to date March 31. 2020 financial results has not yet been reviewed by a CPA.

Reasons for changes:

The Company's chief products are simulator rides. Customers who accounted for more than 10% of the sales in 2019 are same buyers of the Company’s 2018 customer orders. The major projects were under construction and the revenues were received according to the percentage of completion. In 2019, the Company successfully extended its reach into the overseas market. The export amount and customer order have grown steadily.

To increase its market share in the global market, the Company continues to work with international vendors and Taiwanese vendors, actively vie for their cooperation, and devoted to seeking new client base to disperse sources of customer order and maintain robust growth.

(2) Names vendors who accounted for more than 10% of the purchases in the last two years, purchases as a percentage of total purchase, and reasons of change

Unit: NT$ thousands

	2018				2019			
Item	Name	Amount	Percentage of total purchase (%)	Relationship with issuer	Name	Amount	Percentage of total purchase (%)	Relationship with issuer
1	A0000012	58,598	17.50	None.	A0000008	70,233	15.16	None.
2	A0000008	39,720	11.86	None.	–	-	-	-
3	–	-	-	None.	–	-	-	-
	Others	236,593	70.64		Others	392,998	84.84	-
		334,911	100.00			463,231	100.00	

Note:The year to date March 31. 2020 financial results has not yet been reviewed by a CPA.

Reasons for changes:

To develop simulator rides, the Company adequately uses the technical strength, flexibility, and willingness of small and medium enterprises to cooperate. In addition, the Company plans, designs, and collects the various technical and production information of international companies, commissioning contractors to manufacture our products. Furthermore, the Company cooperates with small and medium enterprises to construct the supply chain system of simulator ride facilities. The Company primarily procures six-axis platform, ride carriers, spherical screens, servo valve, and projector and acoustic equipment. Except for when customers designate their preferred suppliers, the Company's suppliers are selected according to their quality, stability, delivery date, and price.

A000008 is the Company's first largest supplier of steel structures and push carriers from whom we made a total purchase of NT$70,223 thousand.A0000012 is the Company's second largest supplier of the spherical screen manufacturer, from whom the Company made a total purchase of NT$44,152 thousand in 2019. Overall, the changes in the primary suppliers of the Company in the past two years were based on the project scale and job completion progression. There were no major abnormalities.

5. Output volume and value during the most recent two years

The Company's primary business involved the R&D and sales of simulator rides. Since 2008 when the Company started the development and selling of simulator ride facilities, these facilities, including their hardware and software systems and automated control system, were designed and developed by the Company. The mechanical body engineering part was commissioned to external contractors, and the Company purchases the final product from the supplier and therefore is not a manufacturing industry. Thus, the Company is not associated with output volume and value.

6. Sales volume and value during most recent two years

Unit: NT$1,000

Primary products	2018				2019			
	Domestic sales		Exports		Domestic sales		Exports	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Simulator rides	-	-	-	1,588,776	-	-	-	1,975,221
Others (Note)	-	41,304	-	7,358	-	63,450	-	41,770
Total	-	41,304	-	1,596,134	-	63,450	-	2,016,991

Note: Others refer to repair and maintenance and income generated sales (gaming machines) and labor affairs.

Reasons for changes:

The primary products simulator ride, the amount and ratio of exports are comparable to those of 2019, and there have been no major changes. All of them are mainly for export, and there have been no major changes.

III. Employee Information in the Past 2 Years to the Date of the Annual Report

Year		End of 2018	End of 2019	Up to March 31, 2020
Number of employees	Managerial officer	24	23	23
	R&D personnel	64	77	74
	General employee	68	73	72
	Total	156	173	169
Average age		38.4	38.1	38.1
Average years of service (year)		4.25	4.2	4.3
Education distribution (%)	Ph.D	1.9	1.7	1.2
	Master's	53.2	55.5	55
	University	39.7	38.2	39.1
	College	4.5	4	4.1
	Senior high school	0.6	0.6	0.6

IV. Environmental protection expenditure information

(1) The Company primarily engages digital content development and selling of simulator rides, the production of which is entirely outsourced to external contractors. Therefore, the Company is not associated with pollution concerns.

1. According to laws and regulations if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made: Not applicable.

2. Setting forth the company's investment in the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced: None.

3. Describe the process undertaken by the company on environmental pollution improvement for the most recent 2 fiscal years and up to the publishing date of the annual report. If there had been any pollution dispute, its handling process shall also be described: None.

4. Describe the loss (including damage compensations paid) suffered by the company due to environmental pollution incidents occurred in the most recent 2 fiscal years and up to the annual report publishing date, the total penalty/fine amount, as well as disclosing its future preventive policies (including improvement measures) and possible expenses to be incurred (including possible loss if no preventive measures are taken, and the penalties and estimated damage compensation amount; if reasonable estimation cannot be made, explanation on the facts why it cannot be made shall be stated): None.

5. Explain the current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the company, as well as the projected major environment-related capital expenses to be made for the coming 2 fiscal years: None.

(2) The 2nd stage of R&D and experience center was completed in 2016 and awared the green building certificate issued by Ministry of the Interior (Certification No. GB-BC-01-00164 on 105.12.16) The related green power arrangement is explained as followings:

1.Installation of solar power-Using the roof space to install solar electric power generation can output electricity without any pollution, noise and danger ; Besides, the solar panels are able to beautify the roof, resist the irradiatioh of sun, and reduce indoor temperature in summer for energy saving and carbon reduction

2. Installation of central air-conditioning control system-The air-conditioning is operated by the central air-conditioning control system. It can monitor the situation of all air-conditionings for avoiding unnecessary waste

3. Installation of all heat exchangers-All heat exchangers, as a part of the central air-conditioning control system, it achieves increasing the air convection, improving indoor air quality(reduce CO_2 concentration), decreasing the electricity fee and energy loss made by air exchange

4. Build up rain storage and recycle irrigation systems-We recycle rain and

store it after filtering, in order to irrigate the plants. In this way, we can reuse the resource and cut down the waste of water resource

5.Use LED lightening system-All of office area and the test area of factory building are equipped with LED lighting. Additionally, we have the switch schedule to every illumination area for energy saving and carbon reduction

6.Set up indoor air quality supervisory system-We regularly supervise the indoor pollutants, and ensure air quality with the current National and International Standards.

(3) Brogent is a general office building instead of the manufacturing industry in Kaohsiung Software Technology Park. We collaborated with government policy in promoting the energy saving measures in 2019. We were awarded a certificate of appreciation.

(4) We make effort to develop every energy saving measures aggressively. We take measures to use the office supplies with energy saving mark, increase the usage rate by managing the classification of waste, and strengthen indoor greening to improve air quality

(5) Brogent technologies INC. belongs to cultural and creative industry and our producs are mostly made by subcontractors. We enact the safe policy and irregularly execute the training of labor safety. Our secuity system and environment maintenance are both responsible by the professional subcontractors. All of the fire equipments are regurly maintained and declared by the related departments; In addition, the access control is restricted by the identification card. For safety, everyone has to swipe the identification card to get in each entrance.

V. Labor Relations

1. Set forth all employee benefits, continuing education, training, retirement systems, and the status of their implementation, as well as the status of agreements between labor and management, and all measures aimed at preserving the rights and interests of employees:

(1) Employee welfare measures and implementation status

The Company offers the following welfare to its employees: labor and health insurance, employee group insurance, business travel accident insurance, employee health examination, holiday bonus, year-end bonus, employee stock option bonus, and allowances for marriage, bereavement, and maternity as well as year-end party.

In addition, the Company has also set up an Employee Welfare Committee that handles employees' various welfare affairs, including employee marriage, funeral, sick leave, and maternal leave subsidies, annual employee travel benefit, three-festival bonuses (Dragon Boat Festival, Moon Festival, and Chinese New Year), birthday bonus, seasonal gatherings and family days.

(2) Employee continuing education, training, and status of their implementation

To enhance employee quality and their work efficiency and quality, the Company requires all its new recruits to receive immediate training and guidance on their job content. During their period of employment, employees must regularly undergo professional training, both internal and external, on employee job duties. Internal training courses entail exchanging internal professional technologies and improving employee productivity; external courses depend on company requirements. Employees may be dispatched to attend external seminars and courses. Thus, the Company's employees are provided with opportunities to receive professional training. Actual training attendance is registered and managed with the hope of fostering professional talent and effectively nurture and utilize talent.

(3) Employee pension system and status of implementation

The Company regulates employee pension system according to the Labor Standard Act, formulates Employee Retirement Regulation, and establishes labor pension account with the Central Trust of China to which a labor pension reserve equivalent to 2%~15% of employees' monthly salary is contributed. As of July 1, 2005, when the new labor pension system was implemented by the government, the Company asks its employees whether they wish to adopt the new or old labor pension systems. Employees who prefer the new pension system shall have 6% of their monthly salary contributed to their personal pension account and shall retain their seniority status as required by the Labor Standard Act, to ensure their living needs after they retire. No employees have retired since the Company's establishment.

(4) Labor negotiations

The Company is subject to the Labor Standard Act, operating its business in accordance with the Labor Standard Act. Generally, the Company emphasizes the importance of employee welfares and communication with its employees; therefore, it has maintained a harmonious relation with its employees. In addition, to maintain positive labor relation, the Company attaches increased importance on employee opinions, which can be communicated by the employees via email. Since its establishment, the Company has not been involved in labor disputes. However, the Company will still strengthen its labor communication protocols and endeavor to formulate effective welfare measures for its employees so that a more harmonious labor relationship can be sustained to prevent any possibilities of labor disputes from occurring.

(5) Measures for protecting employee rights and interests

The Company has a complete document management system that specifies various management regulations, employee rights and obligations and their welfares, to protect employee rights and interests.

(6) Preventive measures taken to ensure a safe working environment and maintain employees' personal safety:

The Company hires designated personnel to plant flowers and trees in vacant spaces surrounding the Company. By applying the practice of landscape greening, the Company creates a comfortable, safe working environment and plans an effective parking space. The Company constructs a safe, healthy working environment and regularly provides employee health examination to maintain employee physical and mental health. In addition, a Labor Safety and Health Committee is established to engage in promotion efforts for environmental protection and labor safety and health. The Company also offers employee safety and health training programs to help employees enhance their health and safety related knowledge and skills.

2. Describe the loss suffered by the company due to labor disputes occurring in the most recent 2 fiscal years and up to the annual report publishing date, and disclose the estimated amount expected to be incurred for the present and future as well as the preventive measures:

The Company maintains a harmonious relationship with its employees. There were no losses incurred from incidences of labor disputes during the most recent 2 years up to the publishing date of the annual report. The Company upholds the principle of maintaining a reciprocal relationship and sharing profits with its employees. There is minimum likelihood of losses due to labor disputes occurring in the future.

VI. Important contracts

Nature of contract	Contracting parties	Date of contract start and end	Content	Restriction clauses
Sales	Malaysia MYS0002	2019.01.08~May terminate the contract according to agreement	Simulator rides (Q-Ride)	None
	United States USA0007	2019.01.30~May terminate the contract according to agreement	Simulator rides (i-Ride)	Not Applicable
	Vietnam VNM001	2019.02.27~May terminate the contract according to agreement	Simulator rides (v-Ride)	None
	China CHN0015	2019.04.15~May terminate the contract according to agreement	Simulator rides (v-Ride)	None
	China CHN0015	2019.04.19~May terminate the contract according to agreement	Simulator rides (v-Ride)	None
	China CHN0015	2019.05.20~May terminate the contract according to agreement	Simulator rides (m-Ride)	None
		2019.05.20~May terminate the contract according to agreement	Simulator rides (m-Ride)	None
		2019.05.20~May terminate the contract according to agreement	Simulator rides (m-Ride)	None
	Denmark DNK0001	2019.06.28~May terminate the contract according to agreement	Simulator rides (m-Ride)	Not Applicable
	United States GBR0001	2019.07.31~May terminate the contract according to agreement	Simulator rides (m-Ride)	Not Applicable
	China CNH0019	2019.08.10~May terminate the contract according to agreement	Simulator rides (m-Ride & v-Ride)	None
	Japan JPN0008	2019.09.06~May terminate the contract according to agreement	Simulator rides (i-Ride)	None
	Canada CAN0005	2019.12.20~May terminate the contract according to agreement	Simulator rides (m-Ride)	Not Applicable
	Netherlands NLD0005	2019.12.27~May terminate the contract according to agreement	Simulator rides (i-Ride Ma'anshan)	None
	Hong Kong CHN0022	2019.12.31~May terminate the contract according to agreement	Simulator rides (m-Ride)	None
Equipment Rental	Brogent Global Inc.	2019.01.10~2029.01.09	Simulator rides (i-Ride)	None

Nature of contract	Contracting parties	Date of contract start and end	Content	Restriction clauses
Land Rental	Export Processing Zone Administration, MOEA	2012.3.14 - 2032.3.13	Renting of Kaohsiung Software Park Land	None
Loan	Taiwan Cooperative Bank	2016.04.11 - 2031.10.13	Long-term collateral-based loan application	None

VI. Financial Overview

1. Condensed balance sheets and statement of income (2015 - 2019)

(1) Condensed balance sheets

1. Condensed balance sheets- International Financial Reporting Standards (IFRS)- Consolidated

Unit: NT$ thousands

Item \ Year		Financial information: FY2015 - FY2019					As of March 31, 2020 (Note 3)
		2015	2016	2017	2018	2019	
Current assets		2,341,930	2,238,894	2,203,637	2,673,862	3,056,839	-
Property, plant and equipment		557,047	804,714	951,441	1,066,459	1,045,007	-
Intangible assets		13,987	149,155	120,157	166,597	232,299	-
Other assets		235,074	98,081	199,667	308,893	814,435	-
Total Assets		3,148,038	3,290,844	3,474,902	4,215,811	5,148,580	-
Current liabilities	Before Distribution	566,592	307,270	313,143	532,823	943,231	-
	After Distribution	677,202	417,880	490,119	745,194	(Note 2)	-
Non-current liabilities		88,140	336,388	356,039	783,516	1,164,219	-
Total liabilities	Before Distribution	654,732	643,658	669,182	1,316,339	2,107,450	-
	After Distribution	765,342	754,268	846,158	1,528,710	(Note 2)	-
Equity attributable to owners of parent		2,444,938	2,594,050	2,746,998	2,836,176	2,967,957	-
Capital Stock	Before Distribution	446,780	446,780	446,780	530,928	557,474	-
	After Distribution	446,780	446,780	535,268	557,474	(Note 2)	
Capital Surplus	Before Distribution	2,043,087	2,052,669	2,053,485	2,027,723	1,968,156	-
	After Distribution	2,043,087	2,052,669	2,053,485	1,968,259	(Note 2)	
Retained earnings	Before Distribution	220,459	211,682	366,258	270,513	457,184	-
	After Distribution	109,849	101,072	100,794	91,060	(Note 2)	-
Other equity		684	(1,605)	(4,049)	7,012	(14,857)	-
Treasury shares		(266,072)	(115,476)	(115,476)	—	—	-
Non-controlling interests		48,368	53,136	58,722	63,296	73,173	-
Total Equity	Before Distribution	2,493,306	2,647,186	2,805,720	2,899,472	3,041,130	-
	After Distribution	2,382,696	2,536,576	2,628,744	2,687,101	(Note 2)	-

Note 1: Financial information from 2015 to 2019 was audited by CPA.

Note 2: The 2019 Earnings distribution proposal has not been resolved in the shareholders' meeting

Note 3: The year to date March 31. 2020 financial results has not yet been reviewed by CPA.

2. Condensed balance sheets- International Financial Reporting Standards (IFRS)- Individual

Unit: NT$ thousands

Item \ Year		2015	2016	2017	2018	2019	As of March 31, 2020 (Note 3)
		Financial information: FY2015 - FY2019					
Current assets		1,967,995	1,939,408	1,881,423	1,888,931	2,832,402	-
Property, plant and equipment		551,001	617,103	704,900	852,130	831,525	-
Intangible assets		13,934	146,666	117,987	102,946	85,303	-
Other assets		594,044	437,806	543,585	1,008,906	755,674	-
Total Assets		3,126,974	3,140,983	3,247,895	3,852,913	4,504,904	-
Current liabilities	Before Distribution	593,896	322,545	289,921	356,515	747,403	-
	After Distribution	704,506	433,155	466,897	568,886	(Note 2)	
Non-current liabilities		88,140	224,388	210,976	660,222	789,544	-
Total liabilities	Before Distribution	682,036	546,933	500,897	1,016,737	1,536,947	-
	After Distribution	792,646	657,543	677,873	1,229,108	(Note 2)	
Equity attributable to owners of parent		2,444,938	2,594,050	2,746,998	2,836,176	2,967,957	-
Capital Stock	Before Distribution	446,780	446,780	446,780	530,928	557,474	
	After Distribution	446,780	446,780	535,268	557,474	(Note 2)	
Capital Surplus	Before Distribution	2,043,087	2,052,669	2,053,485	2,027,723	1,968,156	-
	After Distribution	2,043,087	2,052,669	2,053,485	1,968,259	(Note 2)	-
Retained earnings	Before Distribution	220,459	211,682	366,258	270,513	457,184	-
	After Distribution	109,849	101,072	100,794	91,060	(Note 2)	
Other equity		684	(1,605)	(4,049)	7,012	(14,857)	-
Treasury shares		(266,072)	(115,476)	(115,476)	-	-	-
Non-controlling interests		-	-	-	-	-	-
Total Equity	Before Distribution	2,444,938	2,594,050	2,746,998	2,836,176	2,967,957	-
	After Distribution	2,334,328	2,483,440	2,570,022	2,623,805	(Note 2)	-

Note 1: Financial information from 2015 to 2019 was audited by CPA.

Note 2: The 2019 Earnings distribution proposal has not been resolved in the shareholders' meeting

Note 3: The year to date March 31. 2020 financial results has not yet been reviewed by CPA.

(2) Condensed statements of income

1. Condensed statements of income- International Financial Reporting Standards (IFRS)-Consolidated (Note 1)

Unit: NT$ thousands

Item \ Year	Financial information: FY2015 - FY2019					As of March 31, 2020 (Note 2)
	2015	2016	2017	2018	2019	
Sales revenue	705,424	881,670	1,514,469	1,637,438	2,080,441	-
Gross profit	333,961	444,937	725,335	721,242	1,002,360	-
Operating income (loss)	130,412	108,508	340,734	289,512	420,809	-
Non-operating income and expense	21,815	21,076	(13,171)	31,615	51,092	-
Net income (loss) before tax	152,227	129,584	327,563	321,127	471,901	
Continuing operations Net income	119,769	106,112	271,181	258,418	383,810	-
Profit and loss of discontinuing operations	-	-	-	-	-	-
Net income (loss)	119,769	106,112	271,181	258,418	383,810	-
Other comprehensive income (net of income Tax)	619	(1,810)	(2,928)	10,899	(22,242)	-
Total comprehensive income	120,388	104,302	268,253	269,317	361,568	-
Net income belongs to the parent company	112,384	101,354	265,670	257,168	366,525	-
Net income belongs to non-controlling interests	7,385	4,758	5,511	1,250	17,285	-
Total comprehensive income belongs to the parent company	113,003	99,544	262,742	268,032	344,255	-
Total comprehensive income belongs to the non-controlling interests	7,385	4,758	5,511	1,285	17,313	-
Earnings per share	2.57	2.30	6.00	4.84	6.57	-

Note 1: Financial information from 2015 to 2019 was audited by CPA.

Note 2: The year to date March 31. 2020 financial results has not yet been reviewed by CPA.

2. Condensed statements of income- International Financial Reporting Standards (IFRS)-Individual

Unit: NT$ thousands

Year / Item	Financial information: FY2015 - FY2019					As of March 31, 2020 (Note 2)
	2015	2016	2017	2018	2019	
Sales revenue	690,617	865,220	1,202,199	1,325,599	1,550,841	-
Gross profit	304,396	390,441	540,111	551,358	757,606	-
Operating income (loss)	110,586	110,972	219,061	214,768	323,710	-
Non-operating income and expense	30,730	10,463	81,036	86,841	103,576	-
Net income (loss) before tax	141,316	121,435	300,097	301,609	427,286	-
Continuing operations Net income	112,384	101,354	265,670	257,168	366,525	-
Profit and loss of discontinuing operations	-	-	-	-	-	-
Net income (loss)	112,384	101,354	265,670	257,168	366,525	-
Other comprehensive income (net of income Tax)	619	(1,810)	(2,928)	10,864	(22,270)	-
Total comprehensive income	113,003	99,544	262,742	268,032	344,255	-
Net income belongs to the parent company	112,384	101,354	265,670	257,168	366,525	-
Net income belongs to non-controlling interests	-	-	-	-	-	-
Total comprehensive income belongs to the parent company	113,003	99,544	262,742	268,032	344,255	-
Total comprehensive income belongs to the non-controlling interests	-	-	-	-	-	-
Earnings per share	2.57	2.30	6.00	4.84	6.57	-

Note 1: Financial information from 2015 to 2019 was audited by CPA.

Note 2: The year to date March 31. 2020 financial results has not yet been reviewed by CPA

3. The 2015 - 2019 Names of auditors and audit opinions

Year	Name of accounting firm	CPA	Audit opinion
2015	Grant Thornton Taiwan	Yi-Shun Chang, Yu-Chieh Lo	Unqualified opinion
2016	Grant Thornton Taiwan	Yi-Shun Chang, Yu-Chieh Lo	Unqualified opinion
2017	Grant Thornton Taiwan	Yu-Chieh Lo HuiPing Liu	Unqualified Opionoin (Emphasis of Matter or Other Matters)
2018	Grant Thornton Taiwan	Yu-Chieh Lo HuiPing Liu	Unqualified Opionoin (Emphasis of Matter or Other Matters)
2019	Grant Thornton Taiwan	Yao-Ting Li Yi-Shun Chang	Unqualified Opionoin (Emphasis of Matter or Other Matters)

2. Financial Analysis

(1) Financial analysis (2015 - 2019)

1. Financial Analysis- International Financial Reporting Standards (IFRSs)-Consolidated(Note 1)

Item \ Year		Financial analysis (2015 - 2019)					As of March 31, 2020 (Note 2)
		2015	2016	2017	2018	2019	
Financial structure (%)	Debt-to-assets ratio	20.80	19.56	19.26	31.22	40.93	-
	Long-term fund to property, plant and equipment (fixed assets) ratio	463.42	370.76	332.31	345.35	402.42	-
Solvency (%)	Current ratio	413.34	728.64	703.72	501.83	324.08	-
	Quick ratio	361.30	537.88	451.84	334.46	275.27	-
	Times interest earned	31,358.11	2,615.71	5,351.09	3,097.55	2,088.88	-
Operating ability	Receivables turnover ratio (times)	4.05	3.29	5.37	4.85	7.76	-
	Average days of collection	90.12	110.94	67.97	75.25	47.04	-
	Inventory turnover ratio (times) (Note 2)	-	-	-	-	-	-
	Payables turnover ratio (times)	3.74	3.52	7.33	3.52	9.81	-
	Average days of sales	-	-	-	-	-	-
	Property, plant and equipment (fixed assets) turnover ratio (times)	1.36	1.10	1.72	1.58	1.97	-
	Total assets turnover ratio (times)	0.23	0.28	0.45	0.40	0.44	-
Profitability	Return on assets (%)	3.89	3.45	8.17	6.47	8.60	-
	Return on equity (%)	6.47	4.02	9.95	9.21	12.63	-
	Paid-in capital to income before tax (%) (Note 8)	34.07	29.00	73.32	60.48	84.65	-
	Net profit margin (%)	16.98	12.04	17.91	15.78	18.45	-
	Earnings per share (NT$)	2.57	2.3	6.00	4.84	6.57	-
Cash flows	Cash flow ratio (%)	(52.84)	(44.9)	55.05	9.50	31.12	-
	Cash flow adequacy ratio (%)	24.42	23.47	11.59	49.40	4.40	-
	Cash reinvestment ratio (%)	(14.91)	(8.74)	2.00	(3.65)	2.34	-
Leverage	Operating leverage	1.27	1.75	1.29	1.75	1.40	-
	Financial leverage	1.00	1.05	1.02	1.05	1.06	-

Reasons for changes in financial ratios in the most recent 2 years. (Can be left blank of the increase or decrease is less than 20%)

1. Financial structure: Mainly due to the increase in long-term borrowings.
2. Solvency : This is mainly due to the increase in long-term borrowings resulting in increased interest expenses.
3. Operating ability: Mainly to recover multiple project accounts.
4. Profitability : Products continue to improve and profitability keeps improving.
5. Cash flows: The previous period is negative, so it will not be analyzed.
6. Leverage: The increase was mainly due to the increase in production capacity, which dilutes the impact of fixed costs.

Note 1: Financial information from 2015 to 2019 was audited by CPA.

Note 2: The year to date March 31. 2020 financial results has not yet been reviewed by CPA

2. Financial Analysis- International Financial Reporting Standards (IFRSs)-Individual(Note 1)

Item	Year	Financial analysis (2015-2019)					As of March 31, 2020 (Note2)
		2015	2016	2017	2018	2019	
Financial structure (%)	Debt-to-assets ratio	21.81	17.41	15.42	26.39	34.12	-
	Long-term fund to property, plant and equipment (fixed assets) ratio	459.72	456.72	419.63	410.31	451.88	-
Solvency (%)	Current ratio	331.37	601.28	648.94	529.83	318.76	-
	Quick ratio	280.17	509.64	563.3	455.67	273.83	-
	Times interest earned	29,117.66	4202.53	8020.22	4,110.22	2,901.88	-
Operating ability	Receivables turnover ratio (times)	4.03	2.78	3.22	3.23	3.97	-
	Average days of collection	90.57	131.29	113.35	113.00	91.94	-
	Inventory turnover ratio (times) (Note 2)	-	-	-	-	-	-
	Payables turnover ratio (times)	3.55	3.09	4.17	8.26	10.14	-
	Average days of sales	-	-	-	-	-	-
	Property, plant and equipment (fixed assets) turnover ratio (times)	1.33	1.48	1.82	1.70	1.84	-
	Total assets turnover ratio (times)	0.22	0.28	37.63	37.34	37.11	-
Profitability	Return on assets (%)	3.66	3.31	8.42	7.42	9.06	-
	Return on equity (%)	6.47	4.02	9.95	9.21	12.63	-
	Paid-in capital to income before tax (%) (Note 8)	31.63	27.18	67.17	56.18	76.65	-
	Net profit margin (%)	16.27	11.71	22.1	19.40	23.63	-
	Earnings per share (NT$)	2.57	2.30	6.00	4.84	6.57	-
Cash flows	Cash flow ratio (%)	(50.73)	(7.61)	11.83	36.86	24.66	-
	Cash flow adequacy ratio (%)	25.92	15.78	16.15	11.89	0.79	-
	Cash reinvestment ratio (%)	(17.96)	(5.80)	(3.10)	(1.80)	(0.76)	-
Leverage	Operating leverage	1.37	1.66	1.41	1.46	1.43	-
	Financial leverage	1.00	1.03	1.02	1.04	1.05	-

Reasons for changes in financial ratios in the most recent 2 years. (Can be left blank of the increase or decrease is less than 20%)

1. Financial structure: Mainly due to the increase in long-term borrowings.
2. Solvency : This is mainly due to the increase in long-term borrowings resulting in increased interest expenses.
3. Operating ability: Mainly to recover multiple project accounts.
4. Profitability : Products continue to improve and profitability keeps improving.
5. Cash flows: The previous period is negative, so it will not be analyzed.

Note 1: The 2015-2019 Financial Reports of the Company have been reviewed by the CPA.
Note 2: The year to date March 31. 2020 financial results has not yet been reviewed by CPA
Note 3: The Company primarily focuses on the R&D and design of simulator rides by using its design, R&D, and system integration capabilities as well as the hardware equipment of outsourced vendors. Because the Company's core value is its design, R&D, and system integration capabilities, its business characteristic differs from general manufacturing industries in that the Company manufactures and sells physical products. Therefore, inventory turnover ratio is not calculated.
Note 4: The following calculation formulas shall be displayed at the end of the tables of the annual report.

1. Financial structure
   (1) Debt-to-asset ratio = total liabilities / total assets.
   (2) Long-term fund to property, plant and equipment ratio = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expense) / current liabilities.
   (3) Times interest earned = net income before income tax and interest expense / current interest expense.
3. Operating ability
   (1) Receivable (including accounts receivable and business-related notes receivable) turnover ratio = net operating revenue / average balance of receivable of the period (including accounts receivable and business-related notes receivable).
   (2) Average days of collection = 365 / receivables turnover ratio.
   (3) Inventory turnover ratio = cost of goods sold / average amount of inventory.
   (4) Payable (including accounts payable and business-related notes payable) turnover ratio = cost of goods sold / average balance of payable of the period (including accounts payable and business-related notes payable).
   (5) Average days of sales = 365 / inventory turnover ratio.
   (6) Property, plant and equipment turnover ratio = net sales / net average property, plant and equipment.
   (7) Total assets turnover ratio = net sales / total average assets.
4. Profitability
   (1) Return on assets = [net income + interest expense (1 - tax rate)] / average total assets.
   (2) Return on equity = after-tax profit /total average equity.
   (3) Net profit margin = net income / net sales.
   (4) Earnings per share = (income attributable to owners of parent - dividend to preferred stock) / weighted average of shares issued. (Note 4)
5. Cash flows
   (1) Cash flow ratio = new cash flows from operating activities / current liabilities.
   (2) Cash flow adequacy ratio = net cash flows from operating activities in the past five years / (capital expenditure + increase in inventory + cash dividend) in the past five years.
   (3) Cash reinvestment ratio = (net cash flows from operating activities - cash dividend) / (gross margin of property, plant and equipment + long-term investment + other non-current assets + working capital). (Note 5)
6. Leverage:
   (1) Operating leverage = (net operating income - variable operating cost and expenses) / operating income (Note 6).
   (2) Financial leverage = operating income / (operating income - interest expense).

3. Supervisor Review Report

Refer to Appendix 2.

4. Financial Report and CPA Review Report

Refer to Appendix 3.

5. Individual financial report reviewed by CPA

Refer to Appendix 3 of the company’s Chinese version 2019 annual report.

6. Financial difficulties and corporate events encountered by the Company and affiliates in the past two years and up to the date of report that have material impact on the financial status of the Company: None.

VII. Precautions of Review and Analysis of Financial Status and Business Performance

1. Financial status

(1) Consolidated

Unit: NT$ thousands

Item \ Year	2018	2019	Variation	
			Amount	%
Current assets	2,673,862	3,056,839	382,977	14
Property,plantand equipment	1,066,459	1,045,007	(21,452)	(2)
Other assets	475,490	814,435	338,945	71
Total Assets	4,215,811	5,148,580	932,769	22
Current liabilities	532,823	943,231	410,408	77
Non-current liabilities	783,516	1,164,219	380,703	49
Total liabilities	1,316,339	2,107,450	791,111	60
Capital Stock	530,928	557,474	26,546	5
Capital Surplus	2,027,723	1,968,156	(59,567)	(3)
Retained earnings	270,513	457,184	186,671	69
Other equity	7,012	(14,857)	(21,869)	(312)
Non-controlling interests	63,296	73,173	9,877	16
Total Euity	2,899,472	3,041,130	141,658	5

Analysis and explanation of changes:

(1)The increase in other assets was mainly due to the increase in the right-of-use assets applicable to IFRS16 this year.

(2)The increase in current liabilities was mainly due to the increase in short-term borrowings.

(3)The increase in non-current liabilities was mainly due to the increase in lease liabilities applicable to IFRS16 during the year.

(4)The increase in retained earnings was mainly due to the increase in profit for the period.

(5)The decrease in other equity was mainly due to the exchange differences arising on translation of foreign operating.

(2) Induvidual

Unit: NT$ thousands

Item \ Year	2018	2019	Variation	
			Amount	%
Current assets	1,888,931	2,382,402	493,471	26
Property,plantand equipment	852,130	831,525	(20,605)	(2)
Other assets	1,111,852	1,290,977	179,125	16
Total Assets	3,852,913	4,504,904	651,991	17
Current liabilities	356,515	747,403	390,888	110
Non-current liabilities	660,222	789,544	129,322	20
Total liabilities	1,016,737	1,536,947	520,210	51
Capital Stock	530,928	557,474	26,546	5
Capital Surplus	2,027,723	1,968,156	(59,567)	(3)

Retained earnings	270,513	457,184	186,671	69
Other equity	7,012	(14,857)	(21,869)	(312)
Non-controlling interests	0	0	0	0
Total Euity	2,836,176	2,967,957	131,781	5

Analysis and explanation of changes:
(1)The increase in other assets was mainly due to the increase in the right-of-use assets applicable to IFRS16 this year
(2)The increase in current liabilities was mainly due to the increase in short-term borrowings.
(3)The increase in non-current liabilities was mainly due to the increase in lease liabilities applicable to IFRS16 during the year.
(4)The increase in retained earnings was mainly due to the increase in profit for the period.
(5)The decrease in other equity was mainly due to the exchange differences arising on translation of foreign operating.

2. Financial performance

(1) Comparative analysis of business performance- Consolidate

Unit: NT$ thousands

Year / Item	2018	2019	Change (amount)	Variation as a percentage (%)
Sales revenue	1,637,438	2,080,441	443,003	27
Operating cost	916,196	1,078,081	161,885	18
Unrealized Gross Profit on Sales to Associates	0	0	0	0
Gross profit	721,242	1,002,360	281,118	39
Operating expenses	431,730	581,551	149,821	35
Operating income	289,512	420,809	131,297	45
Non-operating income and expense	31,615	51,092	19,477	62
Income (loss) before tax	321,127	471,901	150,774	47
Income tax expenses	62,709	88,091	25,382	40
Continuing operations Net income	258,418	383,810	125,392	49
Other comprehensive income (net of income Tax)	10,899	(22,242)	(33,141)	(304)
Total comprehensive income	269,317	361,568	92,251	34
Net income belongs to the parent company	257,168	366,525	109,357	43
Total comprehensive income belongs to the parent company	268,032	344,255	76,223	28

Analysis and explanation of changes:
(1)The increase in sales revenue was mainly due to the increase in revenue contribution of more intermediate products.
(2)The increase in operating expenses was mainly due to the increase in revenue and the increase in related expenses.
(3)The increase in non-operating income and expense was mainly due to increased interest in financial asset evaluation.
(4)The increase in Income tax expense was mainly due to the increase in profits in the current period.
(5)The decrease in other comprehensive income was mainly due to the exchange differences arising on translation of foreign operating.

(2) Comparative analysis of business performance- Individual

Unit: NT$ thousands

Item / Year	2018	2019	Change (amount)	Variation as a percentage (%)
Sales revenue	1,325,599	1,550,841	225,242	17
Operating cost	774,241	793,235	18,994	2
Unrealized Gross Profit on Sales to Associates	(79)	18	97	(123)
Gross profit	551,279	757,624	206,345	37
Operating expenses	336,511	433,914	97,403	29
Operating income	214,768	323,710	108,942	51
Non-operating income and expense	86,841	103,576	16,735	19
Income (loss) before tax	301,609	427,286	125,677	42
Income tax expenses	44,441	60,761	16,320	37
Continuing operations Net income	257,168	366,525	109,357	43
Other comprehensive income (net of income Tax)	10,864	(22,270)	(33,134)	(305)
Total comprehensive income	268,032	344,255	76,223	28
Net income belongs to the parent company	257,168	366,525	109,357	43
Total comprehensive income belongs to the parent company	268,032	344,255	76,223	28

Analysis and explanation of changes:
(1)The increase in sales revenue was mainly due to the increase in revenue contribution of more intermediate products.
(2)The increase in operating expenses was mainly due to the increase in revenue and the increase in related expenses.
(3)The increase in Income tax expense was mainly due to the increase in profits in the current period.
(4)The decrease in other comprehensive income was mainly due to the exchange differences arising on translation of foreign operating.

(3) Expected Sales Volume and Criteria

On the basis of current industrial environment and future market supply and demand, as well as information relevant to R&D schedule and business development, the Company expects its business to growth steadily in 2020.

3. Cash flows

(1) Analysis on the cash flow changes - Consolidated

Unit: NT$ thousands

Item	2018	2019	Changes (increase/decrease)
Net cash inflow (outflow) from operating activities	50,600	293,572	242,972
Net cash inflow (outflow) from investing activities	(415,587)	(274,393)	141,194
Net cash inflow (outflow) from financing activities	302,915	116,963	(185,952)

Analysis and explanation of changes:
(1) In 2019, net business cash intflow increased primarily because of the change of net income and depreciation and amortization expenses do not affect cash flow income expenses.
(2)In 2019, net investment cash outflow increased primarily because of capital expenditures and net purchases of financial instruments.
(3) In 2019, the net financing cash intflow increased because of the borrowing.

(2) Analysis on the cash flow changes - Individual

Unit: NT$ thousands

Item	2018	2019	Changes (increase/decrease)
Net cash inflow (outflow) from operating activities	131,407	184,315	52,908
Net cash inflow (outflow) from investing activities	(667,853)	14,066	681,919
Net cash inflow (outflow) from financing activities	301,600	47,710	(253,890)

Analysis on the cash flow changes of in these two years:
(1) In 2019, net business cash intflow increased primarily because of the change of net income and depreciation and amortization expenses do not affect cash flow income expenses.
(2)In 2019, net investment cash intflow increased primarily because of selling financial instruments.
(3) In 2019, the net financing cash intflow increased because of the borrowing..

(3) Improvement plan for inadequate liquidity: None.

(4) Cash flow analysis for the coming year

Unit: NT$ thousands

Cash balance, beginning	Expected cash flow from operating activities	Expected cash flow from investment and financing activities	Expected cash surplus (deficit) + -	Remedial measures for expected cash deficit	
				Investment plan	Financing plan
774,817	298,845	(273,421)	800,241	-	-

Analysis on the cash flow for the coming year:
(1) operating activities: Cash inflow increased primarily because of the change of net income and depreciation and amortization expenses do not affect cash flow income expenses.
(2) investment and financing activities: Cash outflow increased primarily because of the net purchases of financial instruments.
(3) Remedial measures for expected cash deficit: Not applicable

4. Effect of major capital spending on financial position and business operation

(1) Major capital spending and sources of funds

None

(2) Anticipated benefit

(1) Enhance R&D testing capacity to increase corporate competitiveness

(2) Integrate office and plant to raise operational efficiency

(3) Improve working environment to increase employee commitment

5. Investment policy in the past year, profit/loss analysis, improvement plan, and investment plan for the coming year

(1) Investment transfer policy

The Company currently focuses its investment transfer policy on business investment related targets and does not invest in other businesses. Related executing department handles affairs according to the Investment Circulation regulations of its internal control system and Procedure for Processing the Acquisition and Disposal of Assets, both of which have been reviewed and approved by the Board of Directors.

(2) Reasons for investment profit or loss in recent years

In accordance with the Company's business expansion and future development, Brogent's subsidiaries were set up in 2015 ~ 2019.

In 2019, the Company's Operational Highlights of Subsidiaries, please item VIII. Important Notices (2) Operational Highlights of Subsidiaries.

(3) Investment plan for the next year

The Company will review and evaluate our investment plant from a long-term strategic perspective to strengthen the channel-content management strategy and continue to strengthen our global competitiveness.

6. Analysis of risks in recent years up to the publishing date of the annual report

(1) Impact of interest rate and exchange rate changes and inflation on Company's profit and response measures:

(A) Impact of interest rate on Company's profit and response measures

The Company uses its funds conservatively and steadily; the operation-generated funds are stored as time deposits and current deposits. The interests earned in 2018 and 2019 were respectively

NT$11,368 thousand and 10,331 thousand. The bank loan interest expenses were respectively NT$10,713thousand and NT$23,727 thousand. The interest earned and ratio of expenditure as a percentage of operating income and net income before tax was low. Because the Company is increasing its business scale and building the R&D Testing and Experience Center, it is expected that the Company will need more loans in NTD. The Company will remain vigilant at changes in the banks' interest rate and maintain a good relationship with its cooperating banks so that the Company can acquire preferential interest rate to reduce the effects of interest rate variations on the Company operation.

(B) During recent years up to the annual report publishing date, the effects of exchange rate variations on the Company's profit and its future response measures

The business focus of the Company is simulator rides; the downstream customers are major as well as developers of theme parks. The simulator rides are priced in either NTD or foreign currency depending on the region of sale. Therefore, foreign currency assets are generated. The net foreign exchange gain was NT$11,047 thousand accounting for 0.67% and 3.44% of the operating income and net profit margin before tax of 2018 ; he net foreign exchange loss was (NT$28,733) thousand accounting for (1.38%) and (6.09%) of the operating income and net profit margin before tax of 2019. Because exchange rate changes influence the profits of the Company, the Company's management authorities pay close attention to the exchange rate trends and reinforce the management of risks in exchange rate fluctuations. The corresponding measures adopted are as follows:

①Because of the gradual increase in export sales, the Company attempts to mitigate the effects of exchange rate changes by setting up a foreign currency savings account to manage foreign currencies. The Company assigns designated personnel from the finance department to sell excess foreign currencies under optimal conditions according to the daily foreign currency balance and monthly fund estimates, to reduce the impact of exchange rate changes on the profit.

②When giving quotes to foreign customers, the business department considers the effects of exchange rate variations on product prices and refers to the prices adjusted according to the changing exchange rates, or negotiates a new price in NTD with the customer, thereby mitigating the effects of exchange rate variations on the profit of the Company.

③Our finance department personnel maintains a close contact with the foreign exchange departments of frequent interacting banks to adequately acquire market information and use such information to forecast the long- and short-term trends of the exchange rage and sell or buy in foreign currencies in a timely manner. Thus, the effects of exchange rate variations on the profitability of the Company can be reduced.

④At the appropriate timing, the Company will have its finance department personnel to review the changes in the foreign exchange market and consider foreign exchange fund requirements and balances to determine whether hedging derivative financial instrument operating strategies should be used in accordance with the Procedure for Processing the Acquisition and Disposal of Assets, such as buying forwards in advance to avert exchange rate risks, thereby minimizing the effects of exchange rate variations on the profit of the Company.

(C) During recent years up to the annual report publishing date, the effects of inflation on the Company's profit and its future response measures:

The Company profits have not experienced material influence from inflation; it is predicted that such effect remains limited on the Company's profits. The Company will continue to monitor the inflation situation and adequately adjust its product prices accordingly.

(2) Policies of engaging in high-risk, high-leverage investments, lending to others, providing endorsement and guarantee, and derivatives transactions, profit/loss analysis, and future response measures:

(A) The Company has always focused on its main business activities and upheld the practical principle of managing a business. Our financial policy is based on the principle of robustness and conservativeness, and thus the Company does not engage in high-risk, high-leveraging investment as well as derivative instrument transactions.

(B) From 2018 to 2019 and up to the annual report publishing date, the Company has not engaged in providing endorsement and guarantee, lending to others, and derivatives transactions. If such engagements are required in the future, it shall be executed in accordance with the "Operating Procedure for Endorsements and Guarantees," "Operating Procedure for Fund Lending," and "Procedure for Acquisition or Disposal of Assets" and relevant transaction information shall be announced in accordance with laws and regulations.

(3) Future R&D projects and estimated R&D expenditure:

To continuously enhance the Company’s competitiveness, the Company has always actively invested in R&D efforts. In 2018 and 2019, it has expended a total of NT$118,370 thousand and NT$172,403 thousand in R&D, respectively accounting for 7.23% and 8.29% of the net operating income. It is expected that a total of NT$225,164 thousand will be expended in R&D in 2020, and the Company's future R&D projects are as follows:

Unit	New products under development
Product Development Center	A.The Integration of Interactive Games (1).Interactive game combining motion simulation and technology (2).Sensory interactive game combining augmented reality and related 3D imaging technologies

Unit	New products under development
	(3).d-Ride interactive shooting game B.Diversified Application (1).Motion simulation reality combing 5G technology and remote control server (2).Digital content and real-time motion simulation intergration (3).Virtual motion simulation application C.Product design (1).Small rides platform-carrier technological model design (2).Virtual and real-time motion simulation research (3).Appearance optimization
Technical center	A.Verticle platform product design B.Rotating simulation carrier producing and optimization C.Platform-controlled technological optimization D.Mechanical design optimization E.Arts appearance design refinement F.Equipment miniaturization G.LED screen development

(4) Major changes in government policies and laws at home and broad and the impact on Company finance and business and response measures:

During recent years up to the annual report publishing date, major changes in government policies and laws at home and broad exerted no material effect on Company finance and business. The Company will acquire relevant information in a timely manner and formulate necessary response measures to meet company operation requirements.

(5) Impact of recent technological and market changes during recent years up to the annual report publishing date on the Company's finance and business, and response measures:

The Company has constantly paid attention to technological and market changes and designated personnel to search for information regarding industry-related technologies and trend variations to provide a reference for decision-making at the management level. The information can facilitate adjusting operational strategies and devise response measures. Therefore, there were no impact of recent technological and market changes on the Company's finance and business.

(6) Impact of corporate image change on risk management and response measures:

Since its inception, the Company actively strengthens its internal management, focusing on the management of its main business activities. In addition, it endeavors to maintain corporate image and compliance with relevant laws and regulations. To date, there have been no changes to the Company's image that would cause risks to company operation. In future, the Company will continue to comply with and implement corporate governance requirement, and consult relevant experts in a timely manner, to reduce the effects of such risk on the Company's finance and business.

(7) Expected benefits and potential risks of merger and acquisition and response measures:

During recent years up to the annual report publishing date, the Company has not undertaken merger and acquisition plans. In the future, when evaluating and implementing relevant plans, the Company shall handle related matters according to laws and regulations and the Company's internal management regulations.

(8) Expected benefits and potential risks of capacity expansion and response measures:

The Company has relocated to the newly constructed R&D Testing Center in January 2013, as a response to prepare for the Company's future expansion, increase its R&D and testing capacities, and raise its operational efficiency requirements. After relocating to the new plant, the Company's image, ability to receive orders, and management efficiency have improved, which is conducive to its business expansion. Because of the currently accepted and expected projects, the Company's R&D testing capacity is inadequate. The Company has started the construction of a R&D Testing and Experience Center in the lower half of 2014 and completed construction in 2016. The R&D Testing and Experience Center not only facilitates determining consumers' entertainment needs regarding simulator rides, but also improves product development, testing and production capacity, increases the capacity to receive more orders and market share, and magnify the gap between the Company and its competitors in competitive advantage. The Company has carefully evaluated the funding requirement for business expansion and properly planned the use of the funds. The Company will raise funds in a capital market to support the construction works. However, if market fund-raising fails, the Company has a low credit limit remaining in bank loans and thus it will apply for construction financing loans from the bank. In addition, the Company's cash flow from operating activities should be enough to support the expansion requirement; therefore, the Company is not subject to the risk of shortage of funds caused by the construction of the R&D Testing and Experience Center.

(9) Risks associated with over-concentration in purchase or sale and response measures:

(A) Purchases

The Company is a professional manufacturer of simulator rides, purchasing stocks according to the project designs of various simulator rides. The Company also commissions manufacturers to undergo hardware processing. In the past 2 years, purchases exceeding 15% of a single manufacturer were made for precision mechanical products, in addition to the intensive shipments in year 2019. Therefore, the Company is not associated with risks of overly concentrating stock purchases.

(B) Sales

Because simulator rides involve high manufacturing cost, the Company primarily receives income from selling simulator rides since our entry into the simulator ride market. The proportion of sales to simulator ride customers is also demonstrating an increasing trend annually. Following the successful operation of the FlyOver Taiwan project, the Company has attracted the attention of global amusement park and tourist attraction operators, and these operators have visited the Company to engage in negotiations and experience the products themselves. According to customer demand, the Company designs and integrates upstream software and hardware systems and technologies, selling them to downstream operators, including theme parks, museums, shopping malls, and urban experience center. With the increasing popularity and word of mouth of the Company as well as partnering with internationally well-known companies, the Company has expanded from the domestic market to China, North American regions, and Euroasian regions, effectively reducing its reliance on a single customer, thereby mitigating the risk of sales concentration.The upstream industries associated with the simulator ride equipment comprise the hardware section, including precision machinery industry and manufacturers of spherical screens and projectors, and the software section, including wireless embedded control system, spherical projector and playback control systems, and digital contents.

(10) Impact of mass transfer of equity by or change of directors, supervisors, or shareholders holding more than 10% interests on the Company, associated risks and response measures:

During recent years up to the annual report publishing date, there were no mass transfers of equity by or change of directors, supervisors, or shareholders holding more than 10% interests on the Company.

(11) Impact of change of management rights on the Company, associated risk and response measures:

In 2018 and 2019 up to the annual report publishing date, there were no negative impacts from changes in management rights.

(12) Litigation or non-litigation events

(A) Disclose the litigation facts, target amount, litigation start date, main parties involved, and current progress regarding concluded or pending litigious, non-litigious, or administrative litigation events, the potential effects of the outcomes on shareholder equity or security prices during the recent two years up to the annual report publishing date: None.

(B) The outcome of concluded or pending litigious, non-litigious, or administrative litigation events involving the director, supervisor, president, de facto responsible person, major shareholders holding more than 10% interest, or subsidiary of the Company during the recent two years up to the annual report publishing date: Refer to the company's Chinese version 2019 annual report.

(C) The involvement of the director, supervisor, president, and major shareholders holding more than 10% interest in events regulated in Article 157 of the Securities and Exchange Act during the recent two years up to the annual report publishing date, and the Company's current progress in handling such events: None.

(13) Risks Associated with IT Security:

The Company has not found any significant information security incidents in the 2018 and 2019 of the annual report. It has or may have a material adverse effect on the company's business and operations, and has not been involved in any legal cases or supervision related to this. survey. In the future, we will continue to review and evaluate its information security regulations and procedures annually to ensure its appropriateness and effectiveness to control or maintain the functions of important business operations such as the company's operations and accounting.

(14) Other significant risks and response measures: None.

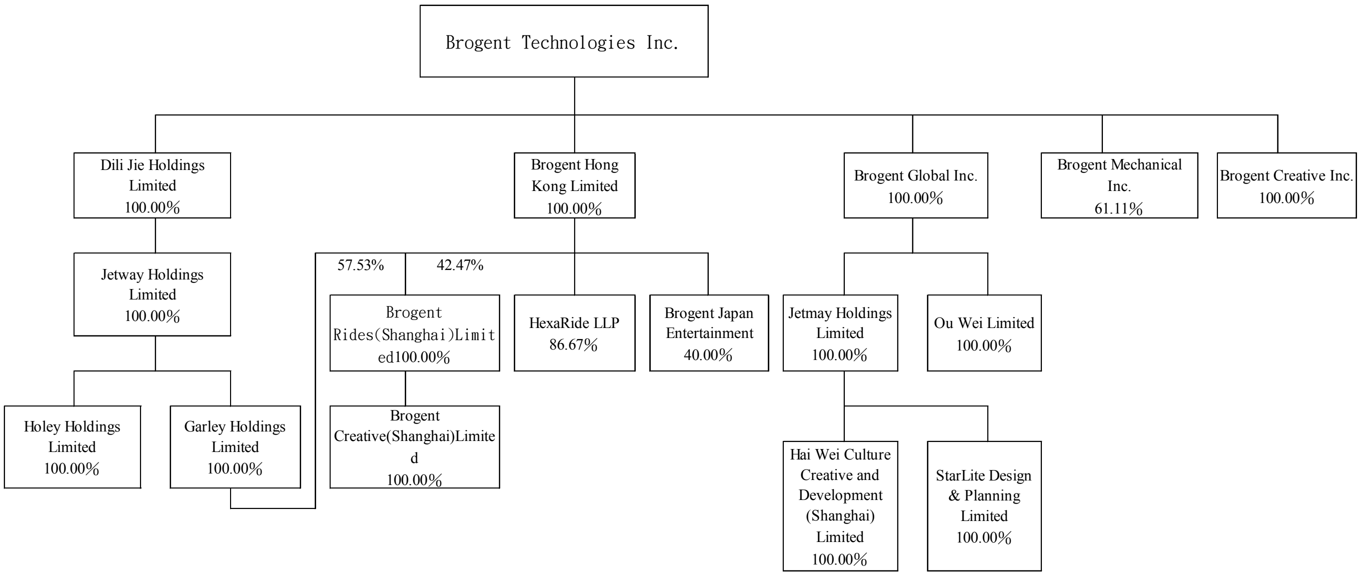
7.Other important events: None.

VIII. Important Notices

1. Profile on affiliates and subsidiaries

(1) Subsidiaries Iperation Report

A. Subsidiary Chart



B. Business Scope of each subsidiary

Investee Company	Date of Establishment	Location	Investment Amount	Business Scope
Brogent Mechanical Inc.	May, 2015	Taoyuan, Taiwan	NTD 55,000,000	Manufacture and sales of the simulator rides and its key components
Brogent Creative Inc.	April, 2015	Kaohsiung, Taiwan	NTD 9,000,000	Development and sales of the peripheral products of simulator rides
Brogent Global Inc.	September, 2015	Kaohsiung, Taiwan	NTD 300,000,000	Development and management business of self-operated outlets
Brogent Hong Kong Limited	June, 2015	Kowloon, Hong Kong	USD 6,700,000	Reinvestment and trading business

Investee Company	Date of Establishment	Location	Investment Amount	Business Scope
Brogent Rides (Shanghai) Limited	July, 2015	Shanghai, China	USD 7,300,000	Import and export business
Brogent Creative (Shanghai) Limited	September, 2015	Shanghai, China	RMB 13,000,000	Development and management business of self-operated outlets
Brogent Japan Entertainment Joint-Stock Corporation	August, 2016	Tokyo, Japan	JPY 35,000,000	Management business and development and sales of the peripheral products of simulator rides in Japan
Dili Jie Holdings Limited	January, 2018	British Virgin Islands	USD 8,900,000	Reinvestment and trading business
Jetway Holdings Limited	March, 2018	Cayman Islands.	USD 8,900,000	Reinvestment and trading business
Garlay Holdings Limited	March, 2018	British Virgin Islands	USD 4,300,000	Reinvestment and trading business
hexaRide the first LLP	September, 2018	Tokyo, Japan	JPY 130,000,000	Management business of self-operated outlets
Holey Holdings Limited	November, 2018	British Virgin Islands	USD 4,550,000	Reinvestment and trading business
Jetmay Holdings Limited	November, 2018	British Virgin Islands	USD1,986,780	Reinvestment and trading business
Starlite Design & Planning Limited	December, 2018	Richmond, Canada	CAD650,000	Management business of self-operated outlets
Hai Wei Culture Creative and Development (Shanghai) Limited	January, 2019	Shanghai, China	RMB 10,000,000	Management business of self-operated outlets
Ou Wei Limited	May, 2019	Hong Kong	USD600,000	Reinvestment and trading business

C. Shareholders in Common of Brogent and Its Subsidiaries with Deemed Control and Subordination: **None.**

D. Rosters of Directors, Supervisors, and Presidents of Brogent's Subsidiaries

Investee	Title	Name or Representative	Shares Held	
			Shares	Percentatge
Brogent Creative Inc.	Chairman	Brogent Technologies Inc. Representative：Chun-Hao Cheng	1,500,000	100 %
	Supervisor	Fei-Hsiu Hsu	-	-
Brogent Mechanical Inc.	Chairman	Brogent Technologies Inc. Representative：Chih-Hung Ouyang	7,696,266	61.11%
	Director	Sunny Enterprises Co., Ltd. Representative：Wen-Hsiang Kao	4,897,623	38.89%
	Director	Brogent Technologies Inc. Representative：Teng-Hung Lai	7,696,266	61.11%
	Supervisor	Fei-Hsiu Hsu	-	-
Brogent Hong Kong Limited	Chairman	Brogent Technologies Inc. Representative：Pei-Chi Ho	-	100%
	Director	Brogent Technologies Inc. Representative：Chih-Hung Ouyang	-	100%
	Director	Brogent Technologies Inc. Representative：Chun-Hao Cheng	-	100%
Brogent Rides (Shanghai) Limited	Chairman	Brogent Technologies Inc. Representative：Pei-Chi Ho	-	100%
	Supervisor	Brogent Technologies Inc. Representative：Pei-Kuan Lee	-	100%
Brogent Creative (Shanghai) Limited	Chairman	Brogent Technologies Inc. Representative：Pei-Chi Ho	-	100%
	Supervisor	Brogent Technologies Inc. Representative：Pei-Kuan Lee	-	100%
Brogent Global Inc.	Chairman	Brogent Technologies Inc. Representative：Chih-Hung Ouyang	30,870,000	100%
	Director	Brogent Technologies Inc. Representative：Pei-Chi Ho	30,870,000	100%
	Director	Brogent Technologies Inc. Representative：Ming-Chi Chang	30,870,000	100%
	Supervisor	Brogent Technologies Inc. Representative：Sui-Chuan Lin	30,870,000	100%
Brogent Japan Entertainment Joint-Stock Corporation	Chairman	Kodansha Company, Limited Representative：Kohei Furukawa	800	45.71%
	Director	Kodansha Company, Limited Representative：Shohei Yoshida	800	45.71%
	Director	Brogent Hong Kong Limited Representative：Chih-Hung Ouyang	700	40%
	Director	Brogent Hong Kong Limited Representative：Chun-Hao Cheng	700	40%
	Director	DAISAKU SONODA	-	-
	Director	Kodansha Company, Limited Representative：Hiroshi Nakada	800	45.71%

Investee	Title	Name or Representative	Shares Held	
			Shares	Percentatge
	Director	DENTSU INC. Representative：Toru Kimpara	250	14.29%
	Supervisor	Kodansha Company, Limited Representative：Mitusyuki Shiraishi	800	45.71%
	Supervisor	Brogent Hong Kong Limited Representative：Sen-Hao Cheng	700	40%
Dili Jie Holdings Limited	Chairman	Brogent Technologies Inc. Representative：Pei-Chi Ho	-	100%
Jetway Holdings Limited	Chairman	Brogent Technologies Inc. Representative：Pei-Chi Ho	-	100%
Garlay Holdings Limited	Chairman	Brogent Technologies Inc. Representative：Pei-Chi Ho	-	100%
hexaRide the first LLP	Chairman	Brogent Hong Kong Limited Representative：Chun-Hao Cheng	-	86.67%
	Director	Movic Co. Ltd. Representative：Gonohe Kota	-	10.00%
	Director	Brogent Japan Entertainment Joint-Stock Corporation Representative：Daisaku Sonoda	-	3.33%
Holey Holdings Limited	Chairman	Brogent Technologies Inc. Representative：Pei-Chi Ho	-	100%
Jetmay Holdings Limited	Chairman	Brogent Global Inc. Representative：Pei-Kuan Lee	-	100%
Starlite Design & Planning Limited	Chairman	Jetmay Holdings Limited Representative：Pei-Kuan Lee	-	100%
Hai Wei Culture Creative and Development (Shanghai) Limited	Chairman	Jetmay Holdings Limited Representative：Pei-Kuan Lee	-	100%
Ou Wei Limited	Chairman	Brogent Global Inc. Representative：Pei-Chi Ho	-	100%

(2) Operational Highlights of Subsidiaries

Unit: NT$1,000 As of Dec. 31, 2019

Investee	Capital	Total Asset	Total Liabilities	Net Value	Revenue	Profit	Net Income (After Tax)	EPS (NTD)
Brogent Creative Inc	15,000	13,078	69	13,639		(209)	(208)	(0.14)
Brogent Mechanical Inc.	125,939	376236	194,928	181,308	230,821	63,097	49,485	3.93
Brogent Global Inc.	308,700	897,435	526,738	370,697	281,923	(22,398)	27,655	0.81
Brogent Hong Kong Limited	200,338	446,042	238,478	207,564	55,756	(3,543)	18,636	-
BrogentRides	222,712	506,554	219,616	286,938	308,958	25,076	5,390	-

Investee	Capital	Total Asset	Total Liabilities	Net Value	Revenue	Profit	Net Income (After Tax)	EPS (NTD)
Limited(Shanghai)								
Brogent Creative (Shanghai) Limited	59,397	255,872	182,451	73,421	(278,552)	(27,522)	(20,245)	-
Brogent Japan Entertainment Joint-Stock Corporation	25,403	9,079	1,507	7,572	4,787	(6,637)	(6,964)	-
hexaRide the first LLP	41,328	28,642	8,659	19,983	(14,956)	(14,013)	(14,660)	-
Dili Jie Holdings Limited	267,955	334,619	-	334,619	-	(29)	31,950	-
Jetway Holdings Limited	270,020	334,587	-	334,587	-	(399)	31,975	-
Garlay Holdings Limited	131,258	168,024	-	168,024	-	(92)	3,026	-
Holey Holdings Limited	139,753	165,400	-	165,400	-	(91)	29,340	-
Jetmay Holdings Limited	61,489	107,610	-	107,610	-	(87)	50,665	-
Ou Wei Limited	18,635	14,419	-	14,419	-	(3,734)	(3,731)	-
Hai Wei Culture Creative and Development (Shanghai) Limited	46,226	202,417	98,310	104,107	525,031	79,988	63,089	-
Starlite Design & Planning Limited	15,054	12,735	9,326	3,409	3,605	(11,755)	(11,706)	-

(3) Consolidated Financial Statements: Please refer to Appendix 3.

(4) Consolidated Report: Not applicable.

2. Private placement of corporate bonds in the past years to the date of the annual report:
   Not applicable.

3. Holding or disposal of stocks of the Company by subsidiaries in the past year and up to the date of report:
   Not applicable.

4. Other supplemental information
   Items of Commitment: The Company has executed or signed letter of understanding regarding items of commitment to listing and trading over the counter.

IX. Items of impact of interests of shareholders or stock price

None.

Appendix

Appendix 1：Statement of Internal Control System

Brogent Technologies Inc.

Statement of Internal Control System

Date: March 9, 2020

Based on the findings of a self-assessment, Brogent Technologies Inc. (Brogent) states the following with regard to its internal control system during the year of 2019：

1. Brogent's Board of Directors and Management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Brogent takes immediate remedial actions in response to any identified deficiencies.
3. Brogent evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. Brogent has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, Brogent believes that, on December 31, 2019, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement will be an integral part of Brogent's Annual Report for the year 2019 and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement has been passed by the Board of Directors in their meeting held on March 9, 2020, with the six attending directors all affirming the content of this Statement.

Brogent Technologies Inc.

Chairman：Chih-Chuan Chen

President： Chih-Hung Ouyang

Appendix 2：Supervisor’s Review Report

Brogent Technologies Inc.
Supervisors' Audit Report

The 2019 Financial Statements compiled and delivered by the Board of Directors have been audited by Hui-Ping Liu and Jay Lo, certified public accountants practicing at Grant Thornton Taiwan. The Financial Statements, along with the Business Report and Earnings Distribution Table, have been reviewed by the Supervisors who have found them to be compliant with regulations. The Audit Report is therefore provided in accordance with the provisions stipulated in Article 219 of the Company Act and filed for approval.

To

2020 Annual Shareholders Meeting of Brogent Technologies Inc.

Brogent Technologies Inc.

Supervisor: Yi-Hsiang Huang

Supervisor: Yung-Liang Huang

Supervisor: Gen-Huang Lin

March 09, 2020

Appendix 3：Consolidated Financial Statements and Independent Auditors' Report

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Brogent Technologies Inc. as of and for the year ended December 31, 2019, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards No.10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Brogent Technologies Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

BROGENT TECHNOLOGIES INC.

By

CHEN,CHIH-CHUAN
Chairman
March 9, 2020

正大聯合會計師事務所
Grant Thornton

高雄所
80661 高雄市前鎮區中山二路91號13樓之2.之3
TEL: +886 7 537 2589 FAX: +886 7 537 3589

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Brogent Technologies Inc.

Opinion

We have audited the accompanying consolidated financial statements of Brogent Technologies Inc. and subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audit and the report of the other independent accountants, (please refer to the paragraph of Other Matters) the accompanying consolidated financial statements present fairly, in all material respects, the consolidated balance sheets of the Group as of December 31, 2019 and 2018, and its consolidated statements of comprehensive income 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 the 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 in Taiwan.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in Taiwan. 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 Taiwan 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, 2019. 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. Key audit matters in this auditors' report are stated as follows:

Impairment of Accounts Receivable

Whether accounts receivable are impaired is subject to management's subjective judgment by determining the recoverable amount of overdue receivables with credit risk. The carrying amount is reduced through the use of an allowance account, and bad debts are recognized by reference to the assessment of the customers' credit quality. Therefore, we focus on the receivables with significant delays in the collection, and the reasonableness of the amount of bad debts recognized by management.

Grant Thornton

The Group's main business is the design, production and sales of the simulation entertainment equipment. In the past two years, the construction contract revenue accounts for more than94.94% of the annual net revenue. The carrying amount of accounts receivable as of December 31, 2019 accounts for approximately 10.35% of current assets. The amount is significant and represents the major cash inflows provided by the operating activities of the Group. These involve the identification and subjective judgment for the construction contract, as a result, construction contract revenue and related receivable has been identified as a key audit matter.

Please refer to Note 4(16) to the consolidated financial statements for the related accounting policy. For the carrying amount of accounts receivable, please refer to Note 6(4) to the consolidated financial statements.

In relation to the key audit matter above, our principal audit procedures included to obtain the aging analysis of accounts receivable, calculate the aging intervals, and sample the original vouchers to examine whether the receivables are allocated in the aging analysis table appropriately; sample and deliver confirmation requests; test the collection subsequent to the reporting period to evaluate the reasonableness of allowance for impairment losses of accounts receivable; and obtain management's assessment on allowance for doubtful receivables to examine whether it is in accordance with the Group's accounting policy, and review the completeness and accuracy of related disclosures made by management.

Construction Contracts - Total Cost Estimates and the Recognition of the Stage of Completion

The Group estimates total costs of the construction contract for each project and measures the stage of completion according to the proportion of actual construction working hours to recognize its revenue and costs of the construction contract, which is the Group's main business. Total estimated costs, total estimated working hours required and actual working progress of the contract involve the effective implementation of the project contract and management's subjective judgment, which contain uncertainty for accounting estimates. Considering that the recognition of the Group's construction contract revenue and costs has a significant impact on the consolidated financial statements, this subject has been identified as a key audit matter.

Please refer to Note 4(8) to the consolidated financial statements for the accounting policy in regard to construction contracts. For net amount for the construction contract and the recognition of revenue and costs, please refer to Notes 6(5) and 6(23) of the consolidated financial statements.

In relation to the key audit matter above, our principal audit procedures included evaluation on whether the project construction contract is established in accordance with its relevant internal control operations; obtain the project cost list and project schedule to examine whether total cost and working hours are reasonably estimated based on management's accumulated experience and the current optimal situation; review expected changes of significant estimates; sample the original vouchers to examine whether the actual construction costs incurred have been listed in the appropriate period; confirm whether the actual stage of completion of the project plan has been reviewed by the appropriate authorized personnel and whether the construction schedule has been met; and evaluate the reasonableness of revenue and costs recognized according to the proportion of actual working progress.

Impairment of Property, Plant and Equipment and Intangible Assets

The value of property, plant and equipment and intangible assets is the future recoverable amount generating from related assets which have not been depreciated or amortized under the situation of management's continued operation. Management should evaluate whether there is any indication that assets may be impaired on each balance sheet date. If such indication exists, the recoverable amount of the asset should be estimated. When it is not possible to estimate the recoverable amount of an individual asset, management should estimate the recoverable amount of the cash-generating unit to which the asset belongs. Whether assets have been impaired and the calculations of the amount of the impairment loss involve multiple assumptions and accounting estimates, it is important to verify that the Group is in compliance with IAS 36 and that the carrying amount of above assets does not exceed the recoverable amount.

Please refer to Notes 4(10), (12) and (13) of the consolidated financial statements for related accounting policies. For the carrying amount of related assets, please refer to Notes 6(8) and (10) of the consolidated financial statements.

In relation to the key audit matter mentioned above, our principal audit procedures included to understand the design and implementation of the method of assessing impairment and its relevant control system; obtain the impairment assessment made by management on the basis of the cash-generating unit, and verify the reasonableness of the identification of the impairment as well as the appropriateness of assumptions used by management in relation to cash-generating unit division, cash flow forecast, discount rate, etc.

Other Matters – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of a wholly-owned consolidated subsidiary whose statements are based solely on the reports of other auditors that is included in the consolidated financial statements. Total assets of the subsidiary amounted to NT$376,236 thousand and NT$353,841 thousand, which constituting 7.31% and 8.39% of consolidated total assets as of December 31, 2019 and 2018, respectively, and operating income was NT$230,821 thousand and NT$91,970 thousand, which constituting 11.09% and 5.62% of consolidated total operating income for the years ended December 31, 2019 and 2018, respectively.

We have also audited the individual financial statements of Brogent Technologies Inc. for the years ended December 31, 2019 and 2018 on which we have issued an unqualified opinion with other matter paragraph, as reference.

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, IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission in Taiwan, the Republic of China, and for such internal control as management determines is necessary to enable the preparation of the 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 supervisors, 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 is in accordance with generally accepted auditing standards of in Taiwan, the Republic of China, and will detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, are 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 generally accepted auditing standards of Taiwan, the Republic of China, we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition, 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 those 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 assessment on Group's ability to continue as a going concern. Based on the audit evidence obtained, determine 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 truly capture all underlying transactions and events in a manner that achieve the fair presentation of the Group's financial performance and operation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the 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 in 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 in charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with those in charged with governance with 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, 2019 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.

Grant Thornton.

Grant Thornton
March 9, 2020
Kaohsiung, Taiwan
(File No. B002.20F0010)

The accompanying consolidated financial statements are not intended to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than those other than Taiwan. The standards, procedures and practices in Taiwan governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than those of Taiwan. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in Taiwan and their applications in practice.
As the financial statements are the responsibility of the management, Grant Thornton will not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation of Group's consolidated financial statements, including notes to the consolidated financial statements.

BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

Items	December 31, 2019		December 31, 2018	
	Amount	%	Amount	%
Current Assets				
Cash and cash equivalents (Note 6(1))	$774,817	16	$660,349	16
Financial assets at fair value through profit or loss-current (Note 6(2))	253,176	5	459,056	11
Financial assets at amortized cost-current (Notes 6(3) and 8)	277,637	5	304,864	7
Notes and accounts receivable, net (Note 6(4))	310,299	6	326,625	8
Construction receipts receivable (Note 6(5))	943,550	18	529,353	12
Income tax assets	24	-	61	-
Inventories (Note 6(6))	232,958	5	200,016	5
Prepayments	227,425	4	162,390	4
Other current assets (Notes 6(12) and 8)	36,953	1	31,148	1
Total current assets	3,056,839	60	2,673,862	64
Noncurrent Assets				
Financial assets at fair value through profit or loss-noncurrent (Note 6(2))	297,964	6	134,530	3
Financial assets at amortized cost-noncurrent (Notes 6(3) and 8)	65,160	1	59,175	2
Investments accounted for using equity method (Note 6(7))	3,029	-	5,772	-
Property, plant and equipment (Notes 6(8) and 8)	1,045,007	20	1,066,459	25
Right-of-use assets (Note 6(9))	340,051	7	-	-
Intangible assets (Note 6(10))	232,299	5	166,597	4
Deferred income tax assets (Note 6(26))	20,814	-	12,618	-
Refundable deposits	12,725	-	11,719	-
Prepayments for Long-Term Investments in Stocks	4,537	-	-	-
Other noncurrent assets (Notes 6(12) and 8)	70,155	1	85,079	2
Total noncurrent assets	2,091,741	40	1,541,949	36
Total Assets	$5,148,580	100	$4,215,811	100

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

(Continued)

BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

Items	December 31, 2019 Amount	%	December 31, 2018 Amount	%
Current Liabilities				
Short-term loans (Note 6(13))	$191,340	4	$-	-
Notes payable	14,001	-	11,328	-
Accounts payable	84,711	2	109,690	3
Construction receipts payable (Note 6(5))	134,295	3	74,294	2
Other payables (Note 6(14))	145,056	3	110,080	3
Income tax payable	53,952	1	39,319	1
Lease liabilities, current	37,135	1	-	-
Long-term liabilities-current portion (Note 6(15))	252,626	5	108,927	3
Other current liabilities	30,115	-	79,185	2
Total current liabilities	943,231	19	532,823	14
Noncurrent Liabilities				
Long-term bank loans (Note 6(15))	815,541	16	759,343	18
Deferred income tax liabilities (Note 6(26))	32,949	-	16,008	-
Lease liabilities, noncurrent	306,990	6	-	-
Net defined benefit liabilities-noncurrent (Note 6(16))	8,739	-	8,165	-
Total noncurrent liabilities	1,164,219	22	783,516	18
Total Liabilities	2,107,450	41	1,316,339	32
Equity Attributable To Shareholders of the Parent				
Capital stock				
Common stock (Note 6(17))	557,474	11	530,928	13
Capital surplus				
Additional paid-in capital	1,719,817	33	1,779,281	42
From convertible bonds (Note 6(20))	247,223	5	247,223	6
From others	1,116	-	1,219	-
Total capital surplus (Notes 6(18) and (19))	1,968,156	38	2,027,723	48
Retained earnings				
Legal reserve	90,809	2	73,817	2
Special reserve	-	-	4,049	-
Unappropriated earnings (Note 6(19))	366,375	7	192,647	4
Total retained earnings	457,184	9	270,513	6
Other equity				
Foreign Currenty Transation Reserve-subsidiaries accounted for using equity method	(14,280)	-	7,631	-
Foreign Currenty Transation Reserve-associates and joint ventures accounted for using equity method	(577)	-	(619)	-
Total other equity	(14,857)	-	7,012	-
Equity Attributable To Shareholders of The Parent	2,967,957	58	2,836,176	67
Non-controlling Interests (Note 6(21))	73,173	1	63,296	1
Total Equity	3,041,130	59	2,899,472	68
Total Liabilities and Equity	$5,148,580	100	$4,215,811	100

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

BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings per Share)

	2019		2018	
Items	Amount	%	Amount	%
Net Revenue (Note 6(23))	$2,080,441	100	$1,637,438	100
Cost of Revenue (Note 6(25))	(1,078,081)	(52)	(916,196)	(56)
Gross Profit	1,002,360	48	721,242	44
Operating Expenses				
Selling and marketing	(99,922)	(5)	(56,277)	(3)
General and administrative	(299,924)	(14)	(257,083)	(16)
Research and development	(172,403)	(8)	(118,370)	(7)
Expected credit losses	(9,302)	(1)	-	-
Total operating expenses (Notes 6(25) and 7)	(581,551)	(28)	(431,730)	(26)
Operating Income	420,809	20	289,512	14
Non-operating Income and Losses				
Other gains and losses (Notes 6(24) and 7)	70,023	3	33,657	1
Interest income	10,331	-	11,368	-
Interest expense	(23,727)	(1)	(10,713)	-
Loss from investment in associates and joint ventures accounted for using equity method (Note 6(7))	(5,535)	-	(2,697)	-
Total non-operating income and loss	51,092	2	31,615	1
Income Before Income Tax	471,901	22	321,127	19
Income Tax Expenses (Note 6(26))	(88,091)	(4)	(62,709)	(4)
Net Income	383,810	18	258,418	15
Other Comprehensive Income (Loss)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(501)	-	(249)	-
Income tax benefit related to components of other comprehensive income that will not be reclassified subsequently	100	-	52	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences arising on translation of foreign operations	(21,883)	(1)	11,075	1
Exchange differences arising on translation of foreign operations of associates and joint ventures accounted for using equity method(Note 6(7))	42	-	21	-
Income tax expense related to components of other comprehensive income that may be reclassified subsequently (Note 6(26))	-	-	-	-
Other comprehensive income (loss) for the year, net of income tax	(22,242)	(1)	10,899	1
Total Comprehensive Income(Loss) For The Year	$361,568	17	$269,317	16
Net Income Attributable To :				
Shareholders of the parent	$366,525	17	$257,168	15
Non-controlling interests	17,285	1	1,250	-
	$383,810	18	$258,418	15
Total Comprehensive Income (loss) Attributable To :				
Shareholders of the parent	$344,255	16	$268,032	16
Non-controlling interests	17,313	1	1,285	-
	$361,568	17	$269,317	16
Basic earnings per share (Note 6(27))	$6.57		$4.61	
Diluted earnings per share (Note 6(27))	$6.57		$4.61	

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

BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent									
	Capital Stock		Retained Earnings			Other Equity				
Items	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Foreign Currency Transation Reserve	Treasury Shares	Equity Attributable to Shareholders of the Parent	Non-controlling Interests	Total Equity
Balance at January 1, 2019	$530,928	$2,027,723	$73,817	$4,049	$192,647	$7,012	$-	$2,836,176	$63,296	$2,899,472
Appropriations of prior year's earnings										
Legal reserve	-	-	16,992	-	(16,992)	-	-	-	-	-
Cash dividends	-	(32,918)	-	-	(179,453)	-	-	(212,371)		(212,371)
Stock dividends	26,546	(26,546)	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(4,049)	4,049	-	-	-	-	-
Net income in 2019	-	-	-	-	366,525	-	-	366,525	17,285	383,810
Other comprehensive income (loss) in 2019	-	-	-	-	(401)	(21,869)	-	(22,270)	28	(22,242)
Total comprehensive income in 2019	-	-	-	-	366,124	(21,869)	-	344,255	17,313	361,568
From differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	-	(372)	-	-	-	-	-	(372)	(5,167)	(5,539)
Share-based payment transactions	-	269	-	-	-	-	-	269	66	335
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(2,335)	(2,335)
Balance at December 31, 2019	$557,474	$1,968,156	$90,809	$-	$366,375	($14,857)	$-	$2,967,957	$73,173	$3,041,130
Balance at January 1, 2018	$446,780	$2,053,485	$47,250	$751	$318,257	($4,049)	($115,476)	$2,746,998	$58,722	$2,805,720
Effect of retrospective application	-	-	-	-	(2,248)	-	-	(2,248)	-	(2,248)
Adjusted balance at January 1, 2018	446,780	2,053,485	47,250	751	316,009	(4,049)	(115,476)	2,744,750	58,722	2,803,472
Appropriations of prior year's earnings										
Legal reserve	-	-	26,567	-	(26,567)	-	-	-	-	-
Special reserve	-	-	-	4,049	(4,049)	-	-	-	-	-
Cash dividends	-	-	-	-	(176,976)	-	-	(176,976)	-	(176,976)
Stock dividends	88,488	-	-	-	(88,488)	-	-	-	-	-
Reversal of special reserve	-	-	-	(751)	751	-	-	-	-	-
Adjustments to share of changes in equities of associates and joint ventures	-	(100)	-	-	-	-	-	(100)	-	(100)
Net income in 2018	-	-	-	-	257,168	-	-	257,168	1,250	258,418
Other comprehensive income (loss) in 2018	-	-	-	-	(197)	11,061	-	10,864	35	10,899
Total comprehensive income in 2018	-	-	-	-	256,971	11,061	-	268,032	1,285	269,317
Retirement of treasury shares	(4,340)	(26,132)	-	-	(85,004)	-	115,476	-	-	-
Share-based payment transactions	-	470	-	-	-	-	-	470	69	539
Increase in non-controlling interests	-	-	-	-	-	-	-	-	5,511	5,511
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(2,291)	(2,291)
Balance at December 31, 2018	$530,928	$2,027,723	$73,817	$4,049	$192,647	$7,012	$-	$2,836,176	$63,296	$2,899,472

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

BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

Items	2019	2018
Cash Flows From Operating Activities		
Income Before Income Tax	$471,901	$321,127
Adjustments for:		
The items of gains and losses:		
Depreciation	111,161	55,338
Amortization	42,170	38,393
Expected credit losses	9,302	-
Loss on financial assets at fair value through profit or loss	(55,727)	276
Interest expense	23,727	10,713
Interest income	(10,331)	(11,368)
Compensation cost of share-based payment transactions	335	539
Loss on investment in associates and joint ventures accounted for using equity method	5,535	2,697
Loss on disposal of property, plant and equipment	(554)	-
Property, plant and equipment transferred to expense	1,476	-
Unrealized currency exchange gains or loss	23,364	(13,886)
Total adjustments for the items of gains and losses	150,458	82,702
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at fair value through profit or loss	225,594	(233,239)
Decrease (increase) in notes and accounts receivable	10,086	(85,599)
Decrease (increase) in construction receipts receivable	(423,499)	(89,332)
Decrease (increase) in inventories	(30,742)	(10,901)
Decrease (increase) in prepayments	(66,486)	(2,803)
Decrease (increase) in other current assets	(5,959)	(25,090)
Increase (decrease) in notes payable	2,673	(4,484)
Increase (decrease) in accounts payable	(24,979)	74,579
Increase (decrease) in construction receipts payable	60,001	(19,247)
Increase (decrease) in other payables	38,096	7,311
Increase (decrease) in other current liabilities	(49,070)	76,578
Increase (decrease) in net defined benefit liabilities-noncurrent	74	81
Net changes in operating assets and liabilities	(264,211)	(312,146)
Total adjustments	(113,753)	(229,444)
Cash generated from (used in) operations	358,148	91,683
Income taxes paid	(64,576)	(41,083)
Net cash provided by (used in) operating activities	293,572	50,600

(Continued)

BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

Items	2019	2018
Cash Flows From Investing Activities		
Acquisitions of financial assets at fair value through profit or loss-noncurrent	(138,690)	(114,048)
Acquisitions of financial assets at amortized cost-current	20,138	(66,305)
Acquisitions of financial assets at amortized cost-noncurrent	(7,645)	(2,817)
Acquisitions of investments accounted for using equity method	(5,539)	-
Acquisitions of property, plant and equipment	(58,420)	(166,438)
Disposals of property, plant and equipment	1,249	-
Decrease (increase) in refundable deposits	(1,006)	(926)
Acquisitions of intangible assets	(50,730)	(72,875)
Decrease (increase) in other non-current assets	(39,698)	(3,270)
Decrease (increase) in prepayments for Long-Term Investments in Stocks	(4,537)	-
Interest received	10,485	11,092
Net cash generated from (used in) investing activities	(274,393)	(415,587)
Cash Flows From Financing Activities		
Increase (decrease) in short-term bank loans	191,340	-
Proceeds from long-term bank loans	320,050	520,000
Repayments of long-term bank loans	(120,153)	(32,780)
Cash payments for the principal portion of the lease liability	(43,275)	-
Cash dividends paid	(212,371)	(176,976)
Interest paid	(16,293)	(10,549)
Cash dividend paid to noncontrolling interests	(2,335)	(2,291)
Increase (decrease) in noncontrolling interests	-	5,511
Net cash (used in) provided by financing activities	116,963	302,915
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(21,674)	11,774
Net Increase (Decrease) in Cash and Cash Equivalents	114,468	(50,298)
Cash and Cash Equivalents, Beginning of Year	660,349	710,647
Cash and Cash Equivalents, End of Year	$774,817	$660,349

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

BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

Brogent Technologies Inc. (the "Brogent" or the "Company") was incorporated under the Company Law of Taiwan, the Republic of China (R.O.C.) in October, 2001. On December 18, 2012, the Company's shares were traded on the Taipei Exchange (TPEx). The Company and its subsidiaries (collectively as the "Group") are primarily engaged in the research, development, design, production and sales of the simulation entertainment equipment and its key components and peripheral products, embedded/mobile software, streaming media/video, real-time rendering (3D above), interactive multimedia network, and multi-screen seamless integration systems.

The address of the Group's registered office and principal place of business is No.9, Fuxing 4th Rd., Qianzhen Dist., Kaohsiung City, Taiwan.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 9, 2020.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(1) Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have a significant effect on the Group's accounting policies:

A. IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. On the consolidated statements of comprehensive income, the Company should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. On the consolidated statements of cash flows, cash payments for both the principal and interest portion of the lease liability are classified within financing activities.

When IFRS 16 becomes effective, it is expected that there will be no significant impact on the accounting treatment of the Group as a lessor. For leases that are lessees, the Group may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application. The Group chooses to retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application, and it applies consistently to all leases of the Group that are lessees, and does not retroactively re-compile comparative information from previous reporting periods. For leases previously classified as operating leases, the lease liability is measured based on the present value of the remaining lease payments (discounted by the lessee's incremental borrowing rate of interest on the initial application date), and the right-of-use asset is measured by the amount of the lease liability. There is no material impact on the rights at the date of initial application.

The Group applies the following practical expedients:

a. The Group will apply a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

b. The Group will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

Adjustment of assets, liabilities and equity for initial application on January 1, 2019 as follows

	Carrying Amount as of December 31, 2018	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2019
Right-of-use asset-noncurrent	$ -	$ 370,352	$ 370,352
Total effect on assets	$ -	$ 370,352	$ 370,352

Lease liability-current	$ -	$ 38,098	$ 38,098
Lease liability-noncurrent	-	337,254	337,254
Total effect on liabilities	$ -	$ 370,352	$ 370,352

(2) The IFRSs endorsed by FSC with effective date starting 2020

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020

Except for the following items, the Group believes that the adoption of aforementioned standards or interpretations will not have a significant effect on the Group's accounting policies.

A. IFRS 3 "Definition of a Business"

The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The definitions of outputs focus on goods and services provided to customers and by removing the reference to an ability to reduce costs. Simultaneously, removing the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs.

The amendments add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

B. IAS 1 and IAS 8 "Definition of Material"

The main amendment is to clarify new definition of material. It states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

C. IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"

The amendments include a number of exceptions, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is directly affected if the interest rate benchmark reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. Hence, the entity shall apply the exceptions to all hedging relationships directly affected by the interest rate benchmark reform.

Except for the aforementioned impact, as of the date the accompanying consolidated financial statements were authorized for issue, the Group continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the other standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

(3) The IFRSs issued by IASB but not yet endorsed and issued into effect by FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

The Group believes that the adoption of aforementioned standards or interpretations will not have a significant effect on the Group’s accounting policies in the future.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations endorsed and issued into effect by the FSC.

(2) Basis of Preparation

The accompanying consolidated financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value and defined benefit assets or liabilities. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The Group applied the IFRS 16 for the first time on January 1, 2019, and didn’t restate the financial statements and notes of 2018, which were prepared in accordance with IAS 17 and its interpretations.

(3) **Basis of Consolidation**

A. Basis for preparation of consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where Brogent has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Group; and they are de-consolidated from the date when control ceases.

Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if this results in a deficit balance in non-controlling interests. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Company.

All significant intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount of 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 shareholders of the parent.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss, and is calculated as the difference of: (a) the aggregate fair value of consideration received and the fair value of any retained interest at the date when control is lost; and (b) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interest. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment in an associate. The Group shall account for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as if the Group had directly disposed of the related assets and liabilities. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss.

B. Subsidiaries included in the consolidated financial statements

The detail information of the subsidiaries at the end of reporting period was as follows:

Name of Investor	Name of Investee	Business Scope	Location	Percentage of Ownership		Note
				December 31, 2019	December 31, 2018	
Brogent Technologies Inc.	Brogent Mechanical Inc.	Manufacture and sales of the simulator rides and related key components	May, 2015 Taoyuan City	61.11%	61.11%	1
	Brogent Creative Inc.	Development and sales of simulator rides and related peripheral products	April, 2015 Kaohsiung City	100%	60.00%	-
	Brogent Hong Kong Limited	Reinvestment and trading business	June, 2015 Hong Kong	100%	100%	-
	Brogent Global Inc.	Development and management business of self-operated outlets	September, 2015 Kaohsiung City	100%	100%	-
	Dili Jie Holdings Limited	Reinvestment and trading business	March, 2018 British Virgin Islands	100%	100%	-
Dili Jie Holdings Limited	Jetway Holdings Limited	Reinvestment and trading business	May, 2018 Cayman Islands	100%	100%	-
Jetway Holdings Limited	Garley Holdings Limited	Reinvestment and trading business	July, 2018 British Virgin Islands	100%	100%	-
	Holey Holdings Limited	Reinvestment and trading business	November, 2018 British Virgin Islands	100%	100%	-
Garley Holdings Limited	Brogent Rides (Shanghai) Limited	Import and export business	July, 2015 Shanghai	57.53%	57.53%	2
Brogent Hong Kong Limited	Brogent Rides (Shanghai) Limited	Import and export business	July, 2015 Shanghai	42.47%	42.47%	2
	hexaRide the first LLP	Development and management business of self-operated outlets	September, 2018 Tokyo	86.67%	86.67%	-

Brogent Rides (Shanghai) Limited	Brogent Creative (Shanghai) Limited	Development and management business of self-operated outlets	September, 2015 Shanghai	100%	100%	-
Brogent Global Inc.	Jetmay Holdings Limited	Reinvestment and trading business	November, 2018 British Virgin Islands	100%	-	-
	Ou Wei Limited	Reinvestment and trading business	May, 2019 Hong Kong	100%	-	-
Jetmay Holdings Limited	Hai Wei Culture Creative and Development (Shanghai) Limited	Development and management business of self-operated outlets	January, 2019 Shanghai	100%	-	-
	StarLite Design & Planning Limited	Development and management business of self-operated outlets	December, 2018 Richmond	100%	-	-

Note 1: The 2019 and 2018 financial statements of Brogent Mechanical Inc. are audited by the other auditors.

Note2: The group reorganized on July 18, 2018. Garley Holdings Limited invest USD4,200 thousand in Brogent Rides (Shanghai) Limited with 57.53% ownership in July 2018.

C. Subsidiaries not included in the consolidated financial statements: None.

(4) Foreign Currency Translation

Foreign currency transactions of each of the Group's entities are expressed in the functional currency. Monetary assets and liabilities denominated in foreign currencies are recognized using the exchange rates at the dates of the transactions. Exchange differences arise when monetary items are settled or when monetary items are translated at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognized in profit or loss in the period in which they arise.

Financial statements for all foreign subsidiaries are translated into the functional currency as follows: assets and liabilities are translated using the closing exchange rate at the balance sheet date; income and expenses are translated at the average exchange rates of that period; opening retained earnings carryforward from prior period are translated using the historical exchange rates; dividends are translated using the exchange rates at the declaration date; and items in other comprehensive income are translated using the rate at the balance sheet date. Cumulative amount of the exchange differences relating to a suspending foreign operation are recognized in other comprehensive income and accumulated in a separate component of equity. Such amount is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss shall be recognized in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss shall be recognized in profit or loss.

(5) Classification of Current and Noncurrent Assets and Liabilities

Current assets include: (a) unrestricted cash or cash equivalents; (b) assets held mainly for trading purposes; (c) assets that are expected to be realized within twelve months from the balance sheet date; and (d) assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle. Current liabilities include: (a) liabilities that are to be paid off within twelve months from the balance sheet date; and (b) liabilities that are expected to be paid off within the normal operating cycle. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

As the operating cycle for construction contracts usually exceeds one year, the Group uses the operating cycle as its criteria for classifying current and noncurrent assets and liabilities related to construction contracts. For other assets and liabilities, the criterion is one year.

(6) Cash Equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the above criteria and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(7) Inventories

Inventories mainly include materials of simulation entertainment equipment. Inventories are accounted for on a perpetual basis, and are stated at cost at the time of acquisition or initial measurement. Cost is determined using the weighted average method. Except for allowance for obsolescence, inventories are subsequently measured at the lower of cost and net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. Write-downs of inventories and any reversal of write-downs are recorded as cost of goods sold for the period.

(8) Construction Contracts

If the outcome of a construction contract can be estimated reliably and it is probable that this contract would make a profit, contract revenue and costs should be recognized by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion of a contract is measured by the percentage-of-completion method. Contract revenue should include the revenue arising from variations in contract work, claims and incentive payments as long as it is probable that they will result in revenue and can be measured reliably.

If the outcome of a construction contract cannot be estimated reliably, contract revenue should be recognized only to the extent of which the related contract costs incurred are recognized

If it is probable that total contract costs will exceed total contract revenue, the expected loss should be recognized as an expense immediately.

The excess of the cumulative costs incurred plus recognized profits (less recognized losses) over the progress billings on each construction contract is presented as an asset as "Construction receipts receivable". While, the excess of the progress billings over the cumulative costs incurred plus recognized profits (less recognized losses) on each construction contract is presented as a liability as "Construction receipts payable".

(9) <u>Investments Accounted for Using Equity Method</u>

Investments accounted for using the equity method include investments in associates and interests in joint ventures.

An associate is an entity over which the Group has significant influence. It is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not control or joint control over those policies.

A joint venture is a joint arrangement established between the Group and other parties to have joint control over the net assets of the joint arrangement. The operating results and assets and liabilities of associates and joint venture are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of profit or loss and other comprehensive income of the associate and joint venture as well as the distribution received. The Group also recognizes its share in the changes in the equities of associates and joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate or a joint venture recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of the value in use or the fair value less costs to sell) with its carrying amount. Impairment loss is recognized when the recoverable amount exceeds 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.

The Group discontinues the use of the equity method from the date when the Group ceases to have significant influence over an associate. When the Group retains an interest in the former associate, the Group measures the retained interest at fair value. The difference between the carrying amount of the associate at the date the equity method was discontinued and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group shall account for all amounts recognized in other comprehensive income in relation to that associate on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. If the Group's ownership interest in an associate is reduced as a result of disposal, but the investment continues to be an associate, the Group should reclassify only a proportionate amount of the gain or loss previously recognized in other comprehensive income to profit or loss.

When the Group subscribes to additional shares in an associate or a joint venture 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 net assets of the associate or joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription to the shares of associate or joint venture by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate or joint venture shall be reclassified to profit or loss on the same basis as would be required if the associate or joint venture had directly disposed of the related assets or liabilities.

When a consolidated entity transacts with an associate or a joint venture, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not owned by the Group.

(10) Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Costs include any incremental costs that are directly attributable to the construction or acquisition of property, plant and equipment.

Depreciation is computed using the straight-line method over the following estimated useful lives: buildings – 5 to 50 years; machinery and equipment – 3 to 10 years; transportation equipment – 5 years; office equipment – 3 to 6 years; and other equipment – 3 to 15 years. The estimated useful lives, residual values and depreciation method are reviewed at the end of each financial year, with the effect of any changes in estimates accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset; and is recognized in profit or loss.

(11) Leases

2019

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

A. The Group as lessor

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

B. The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made on 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. With respect to the recognition and measurement of right-of-use assets that meet the definition of investment properties.

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

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or 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.

2018

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.

A. The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

B. The Group as lessee

Operating lease payments are recognized as expenses on a straight-line basis over the lease term.

(12) Intangible Assets

Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction.

Computer software and franchise is amortized on an average basis over its estimated useful life of 3 to 5 years. Patents is amortized on an average basis over its estimated useful life of 20 years. A film is amortized on an average basis over its estimated useful life of 5 to 10 years. The exchange of simulation entertainment equipment for profit-sharing right of ticket sales is amortized on an average basis over its estimated useful life of 5 to 10 years. The trade-in asset is measured at fair value. If the fair value of the asset received cannot be measured reliably, its cost is measured at the carrying amount of the asset given up.

The estimated useful life and amortization method are reviewed at the end of each financial year, with the effect of any changes in estimate being accounted for on a prospective basis.

(13) Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate which reflects the current market assessments of (a) the time value of money, and (b) the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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. An impairment loss is recognized immediately in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount; however, the increased carrying amount shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. Any reversal of an impairment loss is recognized immediately in profit or loss.

(14) Provisions

Provisions are recognized when: (a) the Group has a present legal or constructive obligation as a result of a past event; (b) it is probable that the Group will be required to settle the obligation; and (c) a reliable estimate can be made on the amount of the obligation.

The amount recognized as a provision is the best estimate 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. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(15) Employee Benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when service is rendered.

For defined contribution plan, payments to the benefit plan are recognized as an expense when the employees have rendered service that entitling them to the contribution. For defined benefit plan, the cost of providing benefit is recognized based on actuarial calculations.

Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive upon retirement for services provided to the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The discount rate is referencing to government bonds interest rates (at the balance sheet date).

Re-measurement under a defined benefit plan recognized in other comprehensive income is reflected immediately in retained earnings. Past service costs are recognized immediately in profit or loss.

(16) Financial Instruments

Financial assets and liabilities shall be recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized the transaction costs that are fair value added directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss). The transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities at fair value through profit or loss is recognized immediately in profit or loss.

Financial assets are classified as “Financial assets at fair value through profit or loss,” “Investment in debt instruments and equity instruments at fair value through other comprehensive income” and “Financial assets at amortized cost”:

A. Financial Assets

Ordinary purchases or sales of financial assets are recognized and derecognized on a settlement date basis.

a. Measurement category

Financial asset that the group hold are financial assets at fair value through profit or loss and financial assets at amortized cost.

i. Financial assets at fair value through profit or loss

For certain financial assets which include debt instrument that do not meet the criteria of amortized cost or fair value through other comprehensive income, it is mandatorily required to measure them at fair value through profit and loss.

Financial assets at fair value through profit and loss are measured at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. Please refer to Note 12(1) for the method of determining the fair value.

ii. Financial assets at amortized cost

Financial assets are measured at amortized cost if both of the following conditions are met.

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 measured at amortized cost, including cash and cash equivalents, notes and accounts receivable (including related parties) and other receivables (including related parties) are measured at amortized cost, which equals to carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Cash equivalents including the time deposits which are meeting short-time cash commitments highly liquid and readily convertible to known amounts of cash that are subject to an insignificant risk of changes in value.

b. Impairment of financial assets

At the end of each reporting period, the Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The loss allowance for accounts receivable is measured at an amount equal to lifetime expected credit losses. For all other financial assets, the Group evaluates whether the credit risk has increased significantly since initial recognition. When the credit risk has not increased significantly, a loss allowance is recognized at an amount equal to expected credit loss within 12 months. If, on the other hand, there has been a significant increase in credit risk, a loss allowance is recognized at an amount equal to lifetime expected credit loss.

The expected credit loss is the weighted average credit loss weighted by the risk of default. The expected credit loss within 12 months is the expected credit loss resulting from possible default events of a financial instrument within 12 months after reporting date. The lifetime expected credit loss is the expected credit loss resulting from all possible default events over the expected life of a financial instrument.

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

c. Derecognition of financial assets

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

When derecognizing a financial asset, the difference between the asset’s carrying amount and the sum of the consideration received, receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

B. Financial Liabilities and Equity Instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

Repurchase of the Group's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities are measured at amortized cost using the effective interest method except that financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss.

(17) Share-based Payment

For the equity-settled share-based payment arrangements, the equity instruments are measured at the fair value on the grant date, and are recognized as compensation cost over the vesting period with a corresponding adjustment to equity. The fair value of the equity instruments is measured by an appropriate pricing model.

(18) Employees' Compensation and Directors' and Supervisors' Remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be estimated reliably. However, if the accrued amounts for employees' compensation and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved subsequently by the board of directors, the differences shall be recognized based on the accounting for changes in estimates.

(19) Income Tax

Income tax expense (benefit) for the period comprises current and deferred tax.

A. Current tax

The tax expense for the period comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

The current tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

B. Deferred tax

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rate (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available to offset against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

C. Others

Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, where the tax is also recognized in other comprehensive income or directly in equity, respectively.

Research and development expenses are recognized as income tax credits, which lead to a tax privilege for the Group.

(20) Government Grants

Government grants are recognized at the fair value only when there is reasonable assurance that (a) the Group will comply with any conditions attached to the grants and (b) the grants will be received.

Government grants related to income should be recognized as revenue in a rational and systematic way over the periods when the related costs are expected to be incurred. However, the government grants that are not yet realized should be presented as deferred revenue. If no rational evaluating approach is available to recognize such government grants, then the amount of government grants should be recognized in full when received.

Government grants related to assets should be recognized as deferred revenue. If the government grants are related to depreciable assets, they should be recognized as revenue over the useful lives in proportions to which depreciation expenses on those assets are charged. If the government grants are not related to depreciable assets and if the government grants require certain obligations to be fulfilled, the enterprise should recognize such government grants over the periods in proportions to which the related costs are incurred by the enterprise to fulfill these obligations.

If the government grants are intended to compensate for expenses or losses that have already incurred, or are intended to give immediate financial support with no future related costs, the amount of government grants should be recognized in full when there is reasonable assurance that the grants will be received.

(21) Revenue Recognition

A. Revenue from Contracts with Customers

The Company recognizes revenue from contracts with customers by applying the following steps of IFRS 15:

(1) Identify the contract with the customer;
(2) Identify the performance obligations in the contract;
(3) Determine the transaction price;
(4) Allocate the transaction price to the performance obligations in the contract; and
(5) Recognize revenue when or as the entity satisfies a performance obligation.

B. Interest Income

For financial asset at amortized cost and financial assets at fair value through profit or loss, interest income is recorded using the effective interest method and is recognized in profit or loss.

(22) Earnings Per Share

Basic earnings per share are calculated as net income divided by the weighted average number of common shares outstanding. Basic earnings per share are retrospectively adjusted to reflect the effect of the capitalization of stock dividends from capital reserve and retained earnings. For the purpose of calculating the diluted earnings per share, potentially dilutive common shares are deemed to have been converted into common stock at the beginning of the period, and the effect on the net income attributable to additional common shares outstanding is considered accordingly.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgments in applying International Financial Reporting Standards endorsed by the FSC and make critical assumptions and estimates concerning future events. Judgments and estimates are continually evaluated and adjusted based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The following are information on key assumptions about the future and other key sources of estimation and uncertainty at the end of the reporting period. Such assumptions and estimates may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(1) Allowance for bad debts on receivables

The Group assesses the recoverable receivables and estimates its allowance for bad debts based on the credit quality of customers, the collectivity of accounts, and the past history on actual bad debt incurred. When there is an indication for potential uncollectible, an allowance for bad debts will be made. The identification of allowance for doubtful debts requires an estimate. If the expected future cash flow is differs from the original estimate, the difference will create a change in the carrying amount of accounts receivable and bad debts expenses for the year when change in estimate is made.

(2) **Valuation of Inventory**

Inventories are stated at the lower of cost or net realizable value, and the Group uses judgments and estimates to determine the net realizable value of inventory at the end of the reporting period.

Due to the rapid technological changes, the Group estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of each reporting period. Impairment is recognized when cost of inventories is lower than its net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon.

(3) **Impairment of Tangible and Intangible Assets**

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Group is required to make subjective judgments in determining the independent cash flows, useful lives, expected future revenue and expenses related to the specific asset groups with the consideration of the nature of industry. Any changes in these estimates based on changed in economic conditions or business strategies could result in significant impairment charges or reversal in future years.

(4) **Realization of Deferred Income Tax Assets**

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires the Group's subjective judgments and estimates, including the future revenue growth and profitability, tax holidays, the amount of tax credits can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets.

(5) **Recognition of profits and losses from construction contract project**

When the outcome of a construction contract can be reliably estimated, the contract revenue and costs associated with the construction contract should be recognized as income and expenses at the end of the reporting period using the percentage of completion method. Transactions can be reliably estimated only when all of the following criteria is met:

A. The amount of income can be reliably measured.

B. It is probably that the economic benefits associated with the transaction will flow into the Group.

C. The cost and the project completion percentage can be reliably estimated at the end of the reporting period.

D. The costs attributable to the contract can be clearly identified and reliably measured.

Most of the construction contracts entered by the Group are fixed in contract prices. However, depending on customer's request, change in scope and prices may be required. Any changes in project scope or prices will affect the determination of the revenue, contract cost attribution, and the estimated cost expected to complete, including changes in software, equipment, testing and labor costs, and estimates of total number of workweeks calculated based on the percentage of completion. All these factors will affect the Group's recognition of the profit or loss of a construction contract project.

(6) Lease Liabilities

A. The term of the lease

When the Group determined the term of the lease, consider relevant all facts and circumstances that will obtain economics benefits to exercise the option, including the expected changes from the start of the lease to the date of the exercise . When a significant event or change occurs out of the Group's control range, the lease period will be reassessed.

B. Lessees' incremental borrowing rates

When the Group determined the discounting rate of lease payment, used the risk-free interest rate of appropriate duration and currency as basic and considered estimates for lessee's credit risk premium and specific adjustment in lease the lease.

(7) The Fair Value of Level 3 Financial Instruments

Where the fair values of the level 3 financial assets and financial liabilities recorded on the balance sheet cannot be derived from active markets, they are determined by the application of an appropriate valuation method including the income approach and market approach. The valuation of these financial assets involves significant judgment in the preparation of cash flow forecasts, a selection of comparable companies or equity transaction prices, as well as the application of assumptions such as discount rates, discounts for lack of marketability, and valuation multiples, etc. Changes in assumptions about these factors could affect the reported fair value of the financial assets.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and Cash Equivalents

	December 31, 2019	December 31, 2018
Cash	$ 973	$ 974
Checking accounts	2,174	5,608
Demand deposits	275,212	399,887
Foreign currency demand deposits	174,949	121,663
Cash equivalents	321,509	132,217
Total	$ 774,817	$ 660,349

Cash equivalents, for the purpose of meeting short-term cash commitments, consist of highly liquid time deposits and short-term investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of changes in value.

(2) Financial Assets at Fair Value through Profit or Loss-Current

	December 31, 2019		December 31, 2018	
Beneficiary certificates	$	248,751	$	454,631
Non-publicly traded stocks		302,389		138,955
	$	551,140	$	593,586
Current portion	$	253,176	$	459,056
Noncurrent portion		297,964		134,530
	$	551,140	$	593,586

(3) Financial Assets at Amortized Cost

	December 31, 2019		December 31, 2018	
Time deposits	$	6,317	$	190,788
Pledged time deposits		302,940		134,051
Restricted assets-reserve account		-		4,000
Non-publicly traded stock-preferred shares		33,540		35,200
	$	342,797	$	364,039
Current portion	$	277,637	$	304,864
Noncurrent portion		65,160		59,175
	$	342,797	$	364,039

The condition of guarantee to Financial Assets at Amortized Cost refer to Note 8.

(4) Bonds Receivables, Accounts Receivables and Long-term Accounts Receivables

	December 31, 2019		December 31, 2018	
Bonds receivables and accounts receivable-current	$	310,299	$	326,625
Less：Allowance for doubtful receivables		-		-
Bonds receivables and accounts receivable, net	$	310,299	$	326,625

	December 31, 2019		December 31, 2018	
Long-term accounts receivable	$	18,559	$	18,559

Less：Allowance for doubtful receivables	(18,559)	(18,559)
Long-term accounts receivable, net	$ -	$ -

In principle, the payment term granted to customers is normally 60 days from the invoice date. The allowance for bad debts is assessed by reference to the collectability of receivables, taking into account of account aging analysis, historical collection experience and current financial condition of customers.

Except for the impaired balances, for the rest of accounts receivable, the account aging analysis at the end of the reporting period is summarized in the following table. For those accounts receivable that are past due but no allowance for doubtful receivable was recognized, there is no doubt that the receivable can still be collected after the evaluation of customer's credit. As of the date of balance sheets, the Group does not hold any collateral for accounts receivable.

Aging analysis of accounts receivable

	December 31, 2019	December 31, 2018
Neither past due nor impaired	$ 109,642	$ 126,397
Past due but not impaired		
within 30 days	540	301
31-90 days	3,566	15,646
91-180 days	42,529	29,092
over 181 days	154,022	155,189
Total	$ 310,299	$ 326,625

Movements of the allowance for doubtful receivables

	2019	2018
Balance at January 1	$ (18,559)	$ (18,559)
Amount written off during the year	-	-
Balance transfer to revenue during the year	-	-
Balance at December 31	$ (18,559)	$ (18,559)

(5) Construction Receipts Receivable (Payable)

	December 31, 2019	December 31, 2018
Aggregate costs incurred plus recognized profits	$ 2,979,617	$ 1,839,233
Less：Progress billings	(2,161,060)	(1,384,174)
Less：Loss allowance	(9,302)	-
Net balance sheet position for construction in progress	$ 809,255	$ 455,059
Presented as:		
Construction Receipts Receivable	$ 943,550	$ 529,353
Construction Receipts Payable	(134,295)	(74,294)
	$ 809,255	$ 455,059

(6) Inventories

	December 31, 2019	December 31, 2018
Raw materials	$ 352	$ 264
Supplies	67,286	90,726
Work in process	41,374	8,903
Finished goods	8,889	5,373
Simulator ride materials	111,894	91,500
Merchandise	3,163	3,250
Less：Allowance for valuation loss	-	-
Total	$ 232,958	$ 200,016

(7) Investments Accounted for Using Equity Method

A. There is no material joint venture and associate of the Group. The carrying amount of the Group's interests in all individually immaterial associates and related share of the operating results are summarized below :

			Carrying Amount		% of Ownership and Voting Rights Held by the Group	
Name of Associate	Principal Activities	Place of Incorporation and Operation	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Brogent Japan Entertainment Corporation	Development and sales of simulator rides and related peripheral	August 2016 Tokyo, Japan	$ 3,029	$ 5,772	40%	40%

products in Japan

	2019	2018
Net Income (Loss)	$ (5,535)	$ (2,697)
Other comprehensive income (loss) for the year, net of income tax	$ 42	$ 21
Total Comprehensive Income (Loss) For The Year	$ (5,493)	$ (2,676)

B. The Group increased the investment to Discover NY Project Company, LLC by using equity method which percentage of ownership is 21.43% in the three month periods ended June 30, 2019. Discover NY Project Company, LLC increased Registered capital in September, 2019, so that the Group's percentage of ownership decreased to 19.44%. The Company transferred the amount which is recognized in investments accounted for using equity method to financial assets at fair value through profit or loss-noncurrent since lost the significant influence.

(8) Property, Plant and Equipment

	2019							
	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Equipment Under Installation and Construction in Progress	Total
Cost								
Balance at January 1	$139,868	$667,506	$13,301	$1,878	$34,054	$161,037	$211,966	$1,229,610
Additions	-	2,976	1,695	283	8,707	26,182	14,240	54,083
Disposals	-	-	-	(280)	-	(838)	(48)	(1,166)
Reclassifications	-	15,682	-	-	545	77,593	(97,448)	(3,628)
Effect of exchange rate changes	-	(67)	-	-	(1)	(169)	-	(237)
Balance at December 31	139,868	686,097	14,996	1,881	43,305	263,805	128,710	1,278,662
Accumulated Depreciation and Impairment								
Balance at January 1	-	94,749	7,576	795	19,243	40,788	-	163,151
Depreciation	-	29,097	1,508	389	7,830	32,224	-	71,048
Disposals	-	-	-	(229)	-	(194)	-	(423)
Reclassifications	-	-	-	-	-	-	-	-
Effect of exchange rate changes	-	(43)	-	-	(5)	(73)	-	(121)
Balance at December 31	-	123,803	9,084	955	27,068	72,745	-	233,655
Balance at December 31, net	$139,868	$562,294	$5,912	$926	$16,237	$191,060	$128,710	$1,045,007
Balance at January 1, net	$139,868	$572,757	$5,725	$1,083	$14,811	$120,249	$211,966	$1,066,459

	2018							
	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Equipment Under Installation and Construction in Progress	Total
Cost								
Balance at January 1	$139,868	$633,590	$18,954	$1,199	$40,992	$72,421	$175,343	$1,082,367
Additions	-	22,540	170	679	8,791	50,174	88,002	170,356
Disposals	-	(400)	(5,823)	-	(15,729)	(1,161)	-	(23,113)
Reclassifications	-	11,776	-	-	-	39,603	(51,379)	-
Balance at December 31	139,868	667,506	13,301	1,878	34,054	161,037	211,966	1,229,610
Accumulated Depreciation and Impairment								
Balance at January 1	-	69,192	10,687	525	26,684	23,838	-	130,926
Depreciation	-	25,957	2,712	270	8,288	18,111	-	55,338
Disposals	-	(400)	(5,823)	-	(15,729)	(1,161)	-	(23,113)
Balance at December 31	-	94,749	7,576	795	19,243	40,788	-	163,151
Balance at December 31, net	$139,868	$572,757	$5,725	$1,083	$14,811	$120,249	$211,966	$1,066,459
Balance at January 1, net	$139,868	$564,398	$8,267	$674	$14,308	$48,583	$175,343	$951,441

A. As of December 31, 2019, the company has reclassified equipment under installation and construction in progress from prepayment for the amount of NT$127,242 thousand. And the Group has decided to transfer the materials for self-use after assembly test at the right place.

B. The significant components of the Group's buildings include main plants, electricity, decoration, plumbing and drainage, extinguishing protection and air conditioning equipment. The related depreciation for Group's building components is calculated using the estimated useful lives of 50 years, 20 years,10 years, 10 years and 8 years, respectively.

C. Part of the land owns by Brogent Mechanical Inc. which locates in Zhongshan Rd., Xinwu Dist., Taoyuan City is used solely for farming purpose. In accordance with the regulations, the farmland is owned and registered in the name of an individual. However, Brogent Mechanical Inc. has obtained the agreement of the counterparty that at any time as the request of Brogent Mechanical Inc., the counterparty shall change the registration of the land to Brogent Mechanical Inc. or other person designated by Brogent Mechanical Inc., without any consideration. As of December 31, 2019, the farmland amounting to NT$2,202 thousand was mainly used for plants, was accounted for 1.6% of the total land areas of the Group.

D. Please refer to Note 8 for details note disclosure for topics of pledged property, plant and equipment.

(9) Leasing Arrangements－Lessee

Effective 2019

A. The Group leases various assets including land, buildings, machinery and equipment, etc.. Rental contracts are typically made for periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Right-of-use assets as follows:

	2019			
	Land	Buildings	Transportation Equipment	Total
Cost				
Balance at January 1	$ 138,156	$ 222,079	$ 10,117	$ 370,352
Additions	2,367	-	7,409	9,776
Disposals	-	-	-	-
Effect of exchange rate changes	-	(16)	-	(16)
Balance at December 31	140,523	222,063	17,526	380,112
Accumulated Depreciation and Impairment				
Balance at January 1	-	-	-	-
Depreciation	10,578	24,111	5,424	40,113
Disposals	-	-	-	-
Effect of exchange rate changes	-	(52)	-	(52)
Balance at December 31	10,578	24,059	5,424	40,061
Balance at December 31, net	$ 129,945	$ 198,004	$ 12,102	$ 340,051
Balance at January 1, net	$ 138,156	$ 222,079	$ 10,117	$ 370,352

C. The information on income and expense accounts relating to lease contracts is as follows:.

		2019
Items affecting profit or loss		
Interest expense on lease liabilities	$	6,484
Expenses relating to short-term leases and low-value asset leases		23,705
	$	30,189

D. For the year ended December 31, 2019, the Group's total cash outflow for leases was NT$66,980 thousand.

E. Some of the Group's lease contracts contain variable lease payment terms that are linked to sales generated from a department store counter or announced land values. For the above-mentioned stores, up to 96% of lease payments are on the basis of variable payment terms and are accrued based on the sales amount. Variable payment terms are used for a variety of reasons. Various lease payments that depend on sales are recognized in profit or loss in the period in which the event or condition that triggers those payments occurs.

(10) Intangible Assets

	2019					
	Computer Software	Patent	Franchise	Profit sharing right	Film	Total
Cost						
Balance at January 1	$ 74,602	$ 3,274	$ 15,735	$ 113,037	$ 59,822	$ 266,470
Additions	7,825	1,076	-	-	98,957	107,858
Disposals	-	-	-	-	-	-
Effect of exchange rate change	(147)	-	(3)	-	(14)	(164)
Balance at December 31	82,280	4,350	15,732	113,037	158,765	374,164
Accumulated amortization and impairment						
Balance at January 1	49,659	317	14,209	32,969	2,719	99,873
Amortization	12,843	272	520	11,304	17,231	42,170
Disposals	-	-	-	-	-	-
Effect of exchange rate change	(57)	-	(2)	-	(119)	(178)
Balance at December 31	62,445	589	14,727	44,273	19,831	141,865

Balance at December 31, net	$ 19,835	$ 3,761	$ 1,005	$ 68,764	$ 138,934	$ 232,299
Balance at January 1, net	$ 24,943	$ 2,957	$ 1,526	$ 80,068	$ 57,103	$ 166,597

	2018					
	Computer Software	Patent	Franchise	Profit sharing right	Film	Total
Cost						
Balance at January 1	$ 66,343	$ 627	$ 14,775	$ 113,037	$ -	$ 194,782
Additions	21,396	2,655	960	-	59,822	84,833
Disposals	(13,137)	(8)	-	-	-	(13,145)
Effect of exchange rate change	-	-	-	-	-	-
Balance at December 31	74,602	3,274	15,735	113,037	59,822	266,470
Accumulated amortization and impairment						
Balance at January 1	43,420	160	9,380	21,665	-	74,625
Amortization	19,376	165	4,829	11,304	2,719	38,393
Disposals	(13,137)	(8)	-	-	-	(13,145)
Effect of exchange rate change	-	-	-	-	-	-
Balance at December 31	49,659	317	14,209	32,969	2,719	99,873
Balance at December 31, net	$ 24,943	$ 2,957	$ 1,526	$ 80,068	$ 57,103	$ 166,597
Balance at January 1, net	$ 22,923	$ $467	$ 5,395	$ 91,372	$ -	$ 120,157

The Company has entered into a construction contract for indoor playground equipment of a theme park. As stated in the contract, the Company has agreed to exchange the simulation entertainment equipment for the right to share profits generated from sales of the theme part tickets (“profit sharing right”). The cost of profit sharing right was measured at the carrying amount of the simulation entertainment equipment given up.

Since February 2016, profit sharing right was amortized on an average basis over simulation entertainment equipment’s estimated useful life of 10 years. Refer to Note 6(23) for the details note disclosure on profit sharing right, and Notes 9(4) and 9(5) for details note disclosure in relation to the related contract commitments.

(11) Prepayments for Long-Term Investments in Stocks

For expanding the market of Mainland China, the Group increased investment through Brogent Rides (Shanghai) Limited to Beijing Huaway Global Cultural Development Co. at

January, 2019. According to the Article of incorporation, the Group subscribed the amount of contribution of CNY$3,500 thousand and obtained 35% ownership by three times. The Group have subscribed the first amount of contribution of CNY$1,050 thousand (NT$4,537 thousand) and capital verification doesn't be finished.

(12) Other Current and Noncurrent Assets

	December 31, 2019		December 31, 2018	
Tax refund receivable	$	20,108	$	9,142
Other prepayment-noncurrent		10,797		85,079
Others		76,203		22,006
Total	$	107,108	$	116,227

	December 31, 2019		December 31, 2018	
Current portion	$	36,953	$	31,148
Noncurrent portion		70,155		85,079
Total	$	107,108	$	116,227

(13) Short-Term Loans

	December 31, 2019		December 31, 2018	
Unsecured loans	$	75,000	$	-
Secured loans		116,340		-
Total	$	191,340	$	-
Annual interest rate		1.05%~1.77%		-

Short term loans are used to short term working capital need of the Group, details are summarized in Note 8.

(14) Other Payables

	December 31, 2019		December 31, 2018	
Accrued payroll	$	93,479	$	78,306
Payables on equipment		4,385		7,309
Accrued insurance		3,547		2,981
Accrued professional fee		1,602		2,031
Accrued pension		1,437		908
Others		40,606		18,545
Total	$	145,056	$	110,080

(15) Long-term Bank Loans

	December 31, 2019	December 31, 2018
Secured Loans		
Taiwan Cooperative Bank：		
Loan period from April 2016 to October 2031; monthly repayment of interest at an annual rate of 1.57%~1.82% effective in April 2016, with monthly repayment of principal.	$ 188,697	$ 202,984
Loan period from March 2018 to March 2025; monthly repayment of interest at an annual rate of 1.68%~1.80% effective in April 2019, with monthly repayment of principal.	576,470	500,000
CTBC Bank：		
Loan period from January 2016 to January 2032; monthly payment of interest at an annual rate of 1.81% ~1.87% effective in April 2017, with quarterly repayment of principal.	98,000	106,000
Loan period from November 2017 to November 2020; monthly payment of interest at an annual rate of 1.908% effective in September 2018, with half-yearly repayment of principal.	35,000	45,000
Loan period from March 2019 to March 2022; monthly payment of interest at an annual rate of 1.914% effective in January 2020, with monthly repayment of principal.	70,000	-
JihSun Bank：		
Loan period from April 2018 to April 2022; monthly payment of interest at an annual rate of 1.89% effective in July 2018, with quarterly repayment of principal.	-	14,286

(continue)

(continue)

	December 31, 2019	December 31, 2018
Unsecured Loans		
Yuanta Commercial Bank：		
Loan period from November 2019 to February 2020; monthly payment of interest at an annual rate of 1.05% effective in November 2019, with quarterly repayment of principal.	100,000	-
	1,068,167	868,270
Less：Current portion	(252,626)	(108,927)
Noncurrent liabilities	$ 815,541	$ 759,343

The Group's land and buildings were used as first-priority mortgage collateral is securing the loans. Details are summarized in Note 8.

(16) Pensions

	2019	2018
Defined benefit pension costs	$ 6,509	$ 322
Defined contribution pensions	3,557	8,100
Total	$ 10,066	$ 8,422

A. The Company has a defined benefit plan under the Labor Standards Law that provides benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Company makes monthly contributions to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is insufficient to pay-off retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government's designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds. As of December 31, 2019 and 2018, the Company's pension account balance was NT$2,099 thousand and NT$1,783 thousand, respectively.

B. Reconciliation on the present value of defined benefit obligation and the fair value of plan assets were as follows:

	December 31, 2019	December 31, 2018
Present value of defined benefit obligation	$ 10,851	$ 9,959
Fair value of plan assets	(2,112)	(1,794)
Accrued pension liabilities	$ 8,739	$ 8,165

C. Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability(Asset)
Balance at January 1, 2019	$ 9,959	$ (1,794)	$ 8,165
Service cost	213	-	213
Net interest expense (income)	124	(24)	100
Recognized in profit or loss	337	(24)	313
Re-measurement			
Actuarial loss (gain) of return on plan assets	-	(54)	(54)
Actuarial loss (gain) from changes in financial assumptions	700	-	700
Actuarial loss (gain) from experience adjustments	(145)	-	(145)
Recognized in other comprehensive income	555	(54)	501
Contributions by the Company	-	(240)	(240)
Balance at December 31, 2019	$ 10,851	$ (2,112)	$ 8,739
Balance at January 1, 2018	$ 9,331	$ (1,496)	$ 7,835
Service cost	206	-	206
Net interest expense (income)	140	(25)	115
Recognized in profit or loss	346	(25)	321
Re-measurement			
Actuarial loss (gain) of return on plan assets	-	(33)	(33)
Actuarial loss (gain) from changes in financial assumptions	343	-	343
Actuarial loss (gain) from experience adjustments	(61)	-	(61)
Recognized in other comprehensive income	282	(33)	249
Contributions by the Company	-	(240)	(240)

	Present Value of the Defined Benefit Obligation		Fair Value of the Plan Assets		Net Defined Benefit Liability(Asset)	
Balance at December 31, 2018	$	9,959	$	(1,794)	$	8,165

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

(1) Investment risk: The pension funds are invested in equity and debt securities, bank deposits, and etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks; the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.

(2) Interest risk: A decrease in the government 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 debt investments of the plan assets.

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

D. Actuarial assumptions:

	December 31, 2019	December 31, 2018
Discount rate	1.00%	1.25%
Future salary increase rate	2.25%	2.00%

In scenario where a reasonable fluctuation in each of the significant actuarial assumptions occur, considering all other assumptions remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31, 2019		December 31, 2018	
Discount rate				
0.25% increase	$	(357)	$	(343)
0.25% decrease	$	370	$	358
Future salary increase rate				
1% increase	$	1,551	$	1,501
1% decrease	$	(1,354)	$	(1,300)

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

	December 31, 2019	December 31, 2018
The expected contributions to the plan for the next year	$ 240	$ 240
The average duration	15.8years	16.5years

E. The new pension plan under the Labor Pension Act which became effective on July 1, 2005, is deemed a defined contribution plan. The employees with R.O.C. nationality can choose to continue to use the Labor Standards Law's pension regulations, or be subject to the pension mechanism under the Labor Pension Act, and their seniority prior to the enforcement of this Act shall be maintained. The Company and its domestic subsidiaries have made monthly contributions equal to 6% of each employee's monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. For defined contribution plan, payments to the benefit plan are recognized as an expense.

(17) Capital Stock

	December 31, 2019	December 31, 2018
Authorized capital	$ 900,000	$ 900,000
Issued capital	$ 557,474	$ 530,928

As of December 31, 2019, the authorized shares were 90,000 thousand shares, including 2,000 thousand shares reserved for employee stock options. A holder of issued shares with par value of NT$10 per share is entitled to vote and to receive dividends. The issued and paid shares were 55,747 thousand shares as of the date of the consolidated financial statements.

On May 29, 2019, the general shareholders' meeting resolved to increase the capital with capital surplus of NT$26,546 thousand. The aforementioned issuance of new shares had already been registered on July 2, 2019, and the record date determined by the resolution of the Board of Directors which authorized by the shareholder's meeting was July 26, 2019.

(18) Additional Paid-in Capital

Under the R.O.C. Company Law, except for covering accumulated deficit or issuing new shares or cash to shareholders, the additional capital reserve shall not be used for any other purpose. Unless the legal reserve is insufficient, the capital reserve should not be used to cover accumulated deficit.

The capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to issue new shares or cash to shareholders by the special resolution of the shareholders' meeting, provided that the Company has no accumulated deficit.

Further, the amount of capital reserve to be capitalized mentioned above should not exceed 10% of the paid-in capital each year.

(19) Retained Earnings and Dividend Policy

A. If there are net profits of each fiscal year, the Company shall set aside 5% to15% of the profits as employees' compensations and no more than 2% as directors' and supervisors' remuneration; however, the Company shall first offset the accumulated deficits, if any. The employees' compensations referred above are able be paid in stocks or cash, and the employees include the employees of affiliated companies, who are qualified for certain conditions set by Board of Directors.

When allocating the net profits for each fiscal year, the Company shall first pay all taxes, offset its losses in previous years, and set aside a legal capital reserve at 10% of the profits left over, until the accumulated legal capital reserve has equaled the total capital of the Company. The remainder together with undistributed earnings accrued from prior years ("Accumulated Distributable Earnings") shall be set aside or reverse special capital reserve in accordance with relevant laws or regulations, or reserve for specific business purpose. And the remaining is distributed as dividends and the appropriation proposed by the Board of Directors and to be approved by the shareholders' meeting.

As the Company operates in a volatile business environment and is in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's operation expansion, working capital and long-term financial planning. The Company measures future capital needs through future capital budgeting, then use retained earnings to fund its capital needs. The remainder will be distributed by way of cash dividend or stock dividend, and the cash dividend shall not be less than 10% of total dividends.

B. Under the R.O.C. Company Law, the Company shall not pay dividends or bonuses when there is no profit. Except for covering accumulated deficit or issuing new shares or cash to shareholders, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

C. Pursuant to existing regulations, the Company is required to set aside additional special capital reserve equivalent to the net debit balance of the other components of stockholders' equity. For the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

D. The appropriations of earnings for 2018 had been resolved at the shareholders' meeting on May 29, 2019. The appropriations were as follows:

	2018	
	Amount	Dividends Per Share (NT$)
Legal reserve	$ 16,992	
Special reserve	179,454	$ 3.38
Cash dividends	32,918	0.62

Stock dividend	26,546	0.50
Total	$ 255,910	

E. The appropriations of earnings for 2019 had been approved in the meeting of the Board of Directors held on March 09, 2020 and are to be presented for approval in the shareholders' meeting. The appropriations were as follows:

	2019	
	Amount	Dividends Per Share (NT$)
Legal reserve	$ 36,612	
Cash dividends	312,186	$ 5.6
Special reserve	14,857	
Total	$ 363,655	

(20) Treasury Shares

In order to retain and recruit talents, motivate employees and enhance their centripetal force, the Company has repurchased 1,000 thousand shares at the price of NT$249.5 to NT$283 per share during the period from July 23 to September 1, 2015 for the total amount of NT$266,072 thousand.

Since the company held 434 thousand shares for three years without transfer to employees till September 1, 2018, the Board of Directors resolved to retire all of them according to the R.O.C. Company Law. The Board of Directors determined the reduction date as at September 1, 2018. The company reduce NT$4,340 thousand of common stock by per value NT$10 per share, and by the proportion of capital reduction, the capital surplus-additional paid-in capital, capital surplus-from convertible bonds and capital surplus-from treasury shares had decreased by NT$14,545 thousand, NT$2,021 thousand and NT$9,566 thousand, respectively. Besides, the difference amounts between the aforementioned decrease amounts and the purchase cost of the treasury shares of NT$115,476 thousand was offset by the retained earnings of NT$85,004 thousand. The aforementioned retirement of treasury shares had already been registered on September 20, 2018.

No treasury shares transactions were occurred for the years ended December 31, 2019 and 2018.

(21) Non-controlling Interests

	2019	2018
Beginning balance	$ 63,296	$ 58,722
Attributable-to non-controlling interests :		
Net income	17,285	1,250
Other comprehensive income (loss)	28	35
The consideration paid from acquiring subsidiaries	(5,167)	5,511

Cash dividends received by non-controlling interests	(2,335)	(2,291)
Share-based payment transactions	66	69
Ending balance	$ 73,173	$ 63,296

(22) **Share-based Payment**

A.Brogent Global Inc.

(1) As of 31 December, 2019, Brogent Global Inc. has issued the following employee share options:

Items	Grant Date	Units	Option lifetime	Exercise price
2017 Employee stock option	2017.02.20	500	2017.02.20~ 2027.02.20	NT $10

(2) Due to the above issued employee stock option, Brogent Global Inc. has recognized its employee share options as an operating expense, with related additional paid-in capital amounting for the ended December 31, 2019 and 2018 at NT$165 thousand and NT$361 thousand, respectively.

(3) Brogent Global Inc. estimated the fair value of employee stock option using Binomial Option Pricing Model with the follows assumptions:

	2017 Employee share option plan
Dividend ratio	-%
Expected volatility	38.06%
Risk-free interest rate	1.1214%
Expected life	10 years
Fair value at grant date	NT$ 1.82

B.Brogent Mechanical Inc.

(1) As of 31 December, 2019, Brogent Mechanical Inc. has issued the following employee share option:

Items	Grant Date	Units	Option lifetime	Exercise price
2016 Employee stock option	2016.11.10	250	2016.11.10~ 2026.11.10	NT $10

(2) Due to the above issued employee stock option, Brogent Mechanical Inc. has recognized its employee share options as an operating expense, with related additional paid-in capital amounting for the ended December 31, 2019 and 2018 at NT$170 thousand and NT$178 thousand, respectively.

(3) Brogent Mechanical Inc. estimated the fair value of employee stock option using Binomial Option Pricing Model with the follows assumptions:

	2016 Employee share option plan
Dividend ratio	-%
Expected volatility	38.17%
Risk-free interest rate	1.0692%
Expected life	10 years
Fair value at grant date	NT$ 1.97

(23) Net Revenue

Items	2019	2018
Construction contract revenue	$ 1,975,221	$ 1,588,776
Royalty revenue	1,194	-
Service and maintenance revenue	28,398	16,580
Sales revenue	14,558	10,406
Profit sharing of ticket sales	61,070	21,676
Total	$ 2,080,441	$ 1,637,438

(24) Other Gains and Losses

	2019	2018
Gain (loss) on financial assets at fair value through profit or loss	$ 55,727	$ 2,408
Net currency exchange gain (loss)	(28,733)	11,047
Loss on disposal of property, plant and equipment	554	-
Other gains	43,178	21,686
Other losses	(703)	(1,484)
Total	$ 70,023	$ 33,657

(25) Additional Information of Expenses by Nature

Items	2019		
	Cost of Revenue	Operating Expenses	Total
Employee benefit expense			
Salaries and wages	$ 47,629	$ 217,197	$ 264,826
Labor/Health insurance expenses	5,234	14,584	19,818
Pension costs	2,752	7,342	10,094
Other employee benefit expenses	2,283	14,177	16,460
Total	$ 57,898	$ 253,300	$ 311,198
Depreciation expense	$ 40,410	$ 70,751	$ 111,161
Amortization expense	$ 12,339	$ 29,831	$ 42,170

Items	2018 Cost of Revenue		2018 Operating Expenses		2018 Total	
Employee benefit expense						
Salaries and wages	$	36,422	$	178,417	$	214,839
Labor/Health insurance expenses		3,810		11,846		15,656
Pension costs		2,074		6,348		8,422
Other employee benefit expenses		1,991		10,782		12,773
Total	$	44,297	$	207,393	$	251,690
Depreciation expense	$	13,460	$	41,878	$	55,338
Amortization expense	$	25,048	$	13,345	$	38,393

As of December 31, 2019 and 2018, the number of the Company's employees was 289 and 314, respectively. The headcount is consistent with the calculation basis of employee benefit expense recognized above.

The accrued amounts of employees' compensation and directors' and supervisors' remuneration for 2019 and 2018 based on income before employees' compensation and directors' and supervisors' were estimated by a pre-determined ratio. The Board of Directors has decided to issue compensation of employees and remuneration of directors and supervisors amounting to NT$34,599 thousand and NT$7,595 thousand on March 9, 2020, and NT$28,268 thousand and NT$5,976 thousand on March 12, 2019, for year ended December 31, 2019 and 2018, respectively. There is no material difference between the aforesaid amounts to be allocated and the amount has been respectively recognized as expenses in the year incurred.

The accrued amounts of employees' compensation and directors' and supervisors' remuneration were recognized as expenses. If the actual distribution amounts that are subsequently resolved by the Board of Directors differ from the accrued amounts, the differences should be recognized in profit or loss in next year. The information about the appropriations of employees' compensation and directors' and supervisors' remuneration as proposed by the Board of Directors and resolved by the shareholders' meeting will be posted in the "Market Observation Post System" at the website of Taiwan Stock Exchange.

(26) Income Tax

A. Income tax expense recognized in profit or loss consisted of the following:

	2019	2018
Current tax:		
Current tax on profits for the period	$ 80,960	$ 61,900
Additional income tax on unappropriated earnings	7	-
Current adjustments on prior years tax estimation	(2,779)	(3,562)
Total current tax	78,188	58,338
Deferred tax:		
The origination and reversal of temporary differences	13,247	7,787
Effect of tax rate changes	-	(3,410)
Unused income tax credits carryforwards	(4,015)	(6)
Use loss carry-forward	671	-
Total deferred tax	9,903	4,371
Income tax expense	$ 88,091	$ 62,709

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	2019	2018
Income before income tax	$ 471,902	$ 321,127
Income tax expense at the statutory rate	$ 96,247	$ 67,161
Tax-exempt income and non- exempt expense in taxable purposes		
Tax-exempt income	(2,514)	789
Non- exempt expense	796	2,323
Movement of unrecognized temporary differences	-	(2,835)
Unrecognized loss carryforwards	41	184
Loss carryforwards	1	(50)

Income tax adjustments on prior years	(2,779)	(3,512)
Additional income tax on unappropriated earnings	7	236
Effect of tax rate changes	-	(1,126)
Other income tax adjustments	(3,708)	(461)
Income tax expense recognized in profit or loss	$ 88,091	$ 62,709

According to the Income Tax Act revised in January 2018, income tax ratio for profit-seeking enterprise has been adjusted from 17% to 20%. In addition, additional income tax ratio on unappropriated earnings has been adjusted from 10% to 5%.

B. Income tax expense recognized in other comprehensive income:

	2019	2018
Deferred income tax expense (benefit)		
Re-measurement of defined benefit plans	$ (100)	$ (50)
Effect of tax rate changes	-	(2)
	$ (100)	$ (52)

C. Changes in deferred income tax assets or liabilities due to temporary differences and loss carryforwards:

	2019				
	January 1,2019	Recognize in profit or loss	Recognize in other comprehensive profit or loss	Foreign exchange adjustments	December 31,2019
Temporary differences					
Unrealized defined benefit pensions	$ 614	$ 15	$ -	$ -	$ 629
Unrealized exchange loss (gains)	972	4,839	-	-	5,811
Unrealized gain on financial instruments	343	(343)	-	-	-
Unrealized depreciation expense	1,902	(28)	-	-	1,874
Unrealized gain from sale	16	(1)	-	-	15
Unrealized warranty expense	819	(354)	-	-	465
Re-measurement of defined benefit plans	66	-	100	-	166
Non-leaving pay	26	12	-	-	38
Deferred revenue	2,561	(1,612)	-	-	949
Allowance for doubtful accounts	2,855	75	-	-	2,930
Expected credit losses	-	1,860	-	-	1,860
Others	-	-	-	-	-
Loss carryforward	2,444	3,705	-	(72)	6,077
Deferred income tax assets	$ 12,618	$ 8,168	$ 100	$ (72)	$ 20,814
Deferred net profit	$ (15,614)	$ (17,349)	$ -	$ 1,130	$ (31,833)
Unrealized exchange loss (gains)	(18)	18	-	-	-
Unrealized gain on financial instruments	(376)	(740)	-	-	(1,116)
Deferred income tax liabilities	$ (16,008)	$ (18,071)	$ -	$ 1,130	$ (32,949)

	2018				
	January 1,2018	Recognize in profit or loss	Recognize in other comprehensive profit or loss	Foreign exchange adjustments	December 31,2018
Temporary differences					
Unrealized defined benefit pensions	$ 508	$ 106	$ -	$ -	$ 614
Loss on valuation of accounts receivable	926	(926)	-	-	-
Unrealized exchange loss (gains)	2,446	(1,474)	-	-	972
Unrealized gain on financial instruments	-	343	-	-	343
Unrealized depreciation expense	1,642	260	-	-	1,902
Unrealized gain from sale	-	16	-	-	16
Unrealized warranty expense	855	(36)	-	-	819
Re-measurement of defined benefit plans	14	-	52	-	66
Non-leaving pay	-	26	-	-	26
Deferred revenue	-	2,561	-	-	2,561
Allowance for doubtful accounts	-	2,855	-	-	2,855
Others	1	(1)	-	-	-
Loss carryforward	-	2,492	-	(48)	2,444
Total Deferred income tax assets	$ 6,392	$ 6,222	$ 52	$ (48)	$ 12,618
Deferred net profit	$ (5,730)	$ (10,199)	$ -	$ 315	$ (15,614)
Unrealized exchange loss (gains)	-	(18)	-	-	(18)
Unrealized gain on financial instruments	-	(376)	-	-	(376)
Total Deferred income tax liabilities	$ (5,730)	$ (10,593)	$ -	$ 315	$ (16,008)

D. Unrecognized deductible temporary difference amount of deferred income tax assets:

	December 31,2019	December 31,2018
Deductible temporary difference from investment using the equity method	$ 288	$ 1,235

Unrecognized taxable temporary difference amount of deferred income tax liabilities:

	December 31,2019	December 31,2018
Taxable temporary difference from investment using the equity method	$ 128,657	$ 75,385

E. Unused loss carryforwards as follow

In Taiwan area:

December 31,2019

Year Incurred	Audited/Declared amount	Unused Creditable Amount	Usable Until Year
2019	Estimated amount	$ 208	2029

December 31,2018

Year Incurred	Audited/Declared amount	Unused Creditable Amount	Usable Until Year
2018	Declared amount	$ 793	2028

F. The Company's income tax returns through 2017 have been assessed and approved by the Tax Authority.

(27) Earnings per Share

	2019	2018
Basic earnings per share	$ 6.57	$ 4.61
Diluted earnings per share	$ 6.57	$ 4.61

Earnings per share is computed as follows:

2019	Amount (In Thousands)	Number of Shares (In Thousands)	Earnings Per Share (NT$)
Basic earnings per share			
Net income attributable to common shareholders of the parent	$ 366,525	55,747	$ 6.57
Effect of dilutive potential common shares	-	-	
Diluted earnings per share			

Net income attributable to common shareholders of the parent (including effect of dilutive potential common shares)	$ 366,525	53,747	$ 6.57

2018			
Basic earnings per share			
Net income attributable to common shareholders of the parent	$ 257,168	55,747	$ 4.61
Effect of dilutive potential common shares	-	-	
Diluted earnings per share			
Net income attributable to common shareholders of the parent (including effect of dilutive potential common shares)	$ 257,168	53,747	$ 4.61

7. RELATED PARTY TRANSACTIONS

(1) In preparing the consolidated financial statements, the transaction amounts and balances between the Company and its subsidiaries (the Company's related parties) had been eliminated and were not disclosed in this Note. The significant transactions between the Group and other related parties were as follows:

(2) Related party name and categories:

Related Party Name	Related Party Categories
KODANSHA TAIWAN MEDIA GROUP CO., LTD.	Associates

(3) Significant transactions with related parties

A. Other related parties transactions

Financial Statement Items	Type of Related Parties	2019	2018
Lease revenue	Entities with significant influence over the subsidiary	$ 144	$ 144
Administrative expenses	Entities with significant influence over the subsidiary	$ -	$ 829

The transaction prices and collection conditions between the Group and its related parties are subject to the usual market level. But the transactions without similar classification, prices and terms are determined independently in accordance with terms mutually agreed by both parties.

(4) Key management compensation was as follows:

	2019	2018
Short-term employee benefits	$ 21,280	$ 17,273
Post-employment benefits	529	538
Total	$ 21,809	$ 17,811

8、PLEDGED ASSETS

Pledged Assets	December 31, 2019	December 31, 2018	Purpose
Financial assets at amortized cost-current (Pledged time deposits)	$ 271,320	$ 110,076	Construction performance guarantee, warranty and short-term loans
Financial assets at amortized cost-noncurrent (Pledged time deposits)	31,620	23,975	Lease development guarantee
Financial assets at amortized cost-noncurrent (Restricted assets-reserve account)	-	4,000	Long-term loans
Land	139,868	139,868	Long-term loans
Buildings	509,516	532,443	Long-term loans
Total book value	$ 952,324	$ 810,362	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2019 and 2018, the Group had outstanding notes payable for the purpose of construction performance guarantee and warranty amounting to NT$15,639 thousand and NT$15,468 thousand, respectively.

(2) As of December 31, 2019 and 2018, the Group had outstanding notes payable for the purpose of research and development guarantee amounting to NT$33,600 thousand and NT$36,000 thousand, respectively.

(3) As of December 31, 2019 and 2018, the Group had outstanding refundable deposits for the purpose of construction performance guarantee and warranty amounting to NT$102,598 thousand and NT$290,313 thousand, respectively.

(4) The Group has entered into a construction contract for indoor playground equipment of the theme park amounting to NT$375,000 thousand in July 2014. The buyer shall made an initial payment of NT$150,000 thousand for construction work incurred by the Company ; with the remaining NT$225,000 thousand to be paid off from proceeds from the profit sharing of

ticket sales. Upon completion of full payments of $375,000, the buyer is obligated to continue to share the profit generated from ticket sales.

(5) The Group has entered into a copyright contract including franchise fees amounting to 6,250 thousand yen and guaranteed royalties amounting to 48,000 thousand yen, with the seller in October 2014. The Company shall continue to remitting royalties payments based on the contract provision even through the guaranteed royalties are insufficient during the copyright period.

10. SIGNIFICANT DISASTER LOSS

None

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

None

12. OTHERS

(1) Financial Instruments

A. Categories of financial instruments

Financial Assets	December 31, 2019	December 31, 2018
Cash and cash equivalents	$ 774,817	$ 660,349
Financial assets at fair value through profit or loss -current	253,176	459,056
Financial assets at amortized cost-current	277,637	304,864
Accounts and notes receivable	310,299	326,625
Other receivables	34,680	9,142
Financial assets at fair value through profit or loss -noncurrent	297,964	134,530
Financial assets at amortized cost-noncurrent	65,160	59,175
Refundable deposits	12,725	11,719
Total	$ 2,026,458	$ 1,965,460

Financial Liabilities	December 31, 2019	December 31, 2018
Short-term loans	$ 191,340	$ -
Accounts and notes payable	98,712	121,018
Other payables	145,056	110,080
Long-term bank loans (including current portion)	1,068,167	868,270
Total	$ 1,503,275	$ 1,099,368

B. Financial risk management objectives

The Group manages its exposure to market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

The plans for material financial activities are reviewed by the Board of Directors in accordance with procedures required by relevant regulations and internal controls. During the implementation of such plans, the Group must comply with certain financial procedures that provide guides for overall financial risk management and segregation of duties.

C. Market risk

The Group is exposed to the market risks arising from changes in foreign exchange rates and interest rates.

(a) Foreign currency risk

Majority of the Group's operating activities are denominated in foreign currencies. Consequently, the Group is exposed to foreign currency risk.

The Group's sensitivity analysis to foreign currency risk is mainly focused on the foreign currency monetary items at the end of the reporting period. Assuming an unfavorable (or favorable) 10% movement in the levels of the United States dollar against the New Taiwan dollar, the net income for the years ended December 31, 2019 and 2018 would have decreased (or increased) by NT$283,227 thousand and NT$216,614 thousand, respectively. Assuming an unfavorable (or favorable) 10% movement in the levels of the Canadian dollar against the New Taiwan dollar, the net income for the years ended December 31, 2019 and 2018 would have decreased (or increased) by NT$2,749 thousand and NT$3,025 thousand, respectively. Assuming an unfavorable (or favorable) 10% movement in the levels of the Euro against the New Taiwan dollar, the net income for the years ended December 31, 2019 and 2018 would have decreased (or increased) by NT$26,619 thousand and NT$7,329 thousand, respectively. Assuming an unfavorable (or favorable) 10% movement in the levels of the Chinese Yuan against the New Taiwan dollar, the net income for the years ended December 31, 2019 and 2018 would have decreased (or increased) by NT$109,604 thousand and NT$73,860thousand, respectively.

(b) Interest rate risk

Interest rate risk refers to the changes in market interest rates. Some of the Group's financial assets at amortized cost has fixed interest rates and changes in interest rates would not affect the future cash flows. Interest rate risk arises from bank loans, financial assets at amortized cost at floating interest rates and changes in interest rates would affect the future cash flows but not the value. Please refer to Note 6(15) for the range of interest rates of the bank loans.

The Group's sensitivity analysis to interest rate risk is mainly focused on changes in interest rates of floating-income investments and floating-rate loans at the end of the reporting period. Assuming an increase (or decrease) in interest rates of 10 basis point (0.1%), the net income for the years ended December 31, 2019 and 2018 would have decreased (or increased) by NT$991 thousand and NT$783 thousand, respectively.

(c) Other price risk

The Group is exposed to price risk arising from financial assets and liabilities at fair value through profit or loss.

The Group's sensitivity analysis to price risk is mainly focused on changes in fair value at the end of the reporting period. Assuming an increase (or decrease) of 7% in prices of financial instruments, the net income for the years ended December 31, 2019 and 2018 would have increased (or decreased) by NT$38,580 thousand and NT$45,551 thousand, respectively.

D. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from operating activities, primarily accounts receivables, and from financing activities, primarily bank deposits, fixed-income investments and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

(a) Business related credit risk

The Group has set the procedures for business related credit risk to maintain the quality of accounts receivable. The Group assesses the credit quality of the customers by taking into account their financial position, the credit rating agencies' rating, the Group's internal credit rating, historical trading records, current economic situation and other factors. The Group also uses some credit enhancement instruments such as prepayment for purchases and credit insurance to reduce certain customers' credit risk.

As of December 31, 2019 and 2018, the Group's top three largest customers accounted for 53% and 51% of accounts receivable, respectively. The Group believes the concentration of credit risk is insignificant for the remaining accounts receivable.

(b) Financial credit risk

The Group monitors and reviews credit risk of bank deposits, fixed-income investments and other financial instruments. The counterparties are banks with good credit quality, financial institutions with investment grade or above, corporations and government agencies, so there is no significant compliance concerns and credit risk.

E. Liquidity risk management

The objective of liquidity risk management is to ensure the Group has sufficient cash and cash equivalents, highly liquid securities and adequate bank lines to maintain financial flexibility.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments, including principal and interest.

December 31, 2019	Less than 1 year	2-3 years	4-5 years	Over 5 years	Total
Short-term loans	$ 191,340	$ -	$ -	$ -	$ 191,340
Accounts and notes payable	98,712	-	-	-	98,712
Other payables	145,056	-	-	-	145,056
Lease liabilities	42,942	76,629	72,369	183,385	375,325
Long-term bank loans	268,452	355,347	295,474	211,402	1,130,675
Total	$ 746,502	$ 431,976	$ 367,843	$ 394,787	$ 1,941,108

December 31, 2018	Less than 1 year	2-3 years	4-5 years	Over 5 years	Total
Accounts and notes payable	$ 121,018	$ -	$ -	$ -	$ 121,018
Other payables	110,080	-	-	-	110,080
Long-term bank loans	123,655	255,141	242,810	316,243	937,849
Total	$ 354,753	$ 255,141	$ 242,810	$ 316,243	$ 1,168,947

F. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(a) Valuation techniques and assumptions used in fair value measurement are as follows:

I. The fair values of cash and cash equivalents, accounts receivable, financial assets at amortized cost, short-term loans and accounts payable are approximately equal to the carry amounts due to their short maturity.

II. The fair values of financial assets and financial liabilities with standard terms and trading in active liquid markets are determined with reference to quoted market prices (includes publicly traded stocks and beneficiary certificates).

III. The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

(b) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

I. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

III. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets and liabilities measured at fair value on a recurring basis

The following table presents the Group's financial assets and liabilities measured at fair value on a recurring basis:

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss				
Beneficiary certificates	$ 248,751	$ -	$ -	$ 248,751
Non-publicly traded stocks	-	-	302,389	302,389
	$ 248,751	$ -	$ 302,389	$ 551,140

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss				
Beneficiary certificates	$ 454,631	$ -	$ -	$ 454,631
Non-publicly traded stocks	-	-	138,955	138,955
	$ 454,631	$ -	$ 138,955	$ 593,586

There were no transfers between Level 1 and Level 2 of the fair value hierarchy or assets and liabilities held on December 31, 2019 and 2018 that are measured at fair value on a recurring basis.

Reconciliations for fair value measurement in Level 3 fair value hierarchy were as follows:.

	2019	2018
	Common stock	Common stock
Balance at January 1	$ 138,955	$ -
Recognized in profit (loss)	24,744	8,207
Acquisition	138,690	110,900
Transfer by IFRS9	-	15,608

Transfer to Level 3	-	4,240
Balance at December 31	$ 302,389	$ 138,955

(2) Capital Risk Management

The Group's objective of capital management is to maintain robust credit rating and good capital ratio to support business operations and maximize shareholders' interests. In order to maintain and adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

(3) Information about Foreign Currency Financial Assets and Liabilities with a Significant Impact on the Group

	December 31, 2019			December 31, 2018		
	Foreign Currencies	Exchange Rate	TWD	Foreign Currencies	Exchange Rate	TWD
Financial Assets						
Monetary items						
USD	$ 94,274	30.08	$ 2,835,762	$ 70,518	30.72	$ 2,166,313
CAD	1,191	23.08	27,488	1,283	23.91	30,677
EUR	8,831	33.54	296,191	2,082	35.20	73,286
CNY	253,714	4.32	1,096,045	165,269	4.47	738,752
JPY	10,116	0.28	2,832	2,686	0.28	752
Financial Liabilities						
Monetary items						
USD	$ 116	30.08	$ 3,489	$ 6	30.72	$ 184
CNY	2	4.32	9	36	4.47	161

13. ADDITIONAL DISCLOSURES

(1) Related Information on Significant Transactions

No.	Items	Table
1	Financings provided	1
2	Endorsement/guarantee provided	2
3	Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and jointly controlled entities)	3

4	Market securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital	4
5	Acquisition of individual real estate reaching NT$300 million or 20% of the paid-in capital or more	None
6	Disposal of individual real estate reaching NT$300 million or 20% of the paid-in capital or more	None
7	Total purchases from or sales to related parties reaching NT$100 million or 20% of the paid-in capital or more	5
8	Receivables from related parties reaching NT$100 million or 20% of the paid-in capital or more	None
9	Derivative financial instruments undertaken during the reporting period	None
10	Others: The business relationship between the parent and the subsidiaries and significant transactions between them	6

(2) Information on Investees

Please see Table 7 attached (excluding the investee in Mainland China).

(3) Information on Investments in Mainland China

A. Please see Table 8 attached.

B. Directly or indirectly significant transactions through third regions with the investees in Mainland China: Please refer to Notes 5 and 6 for the Group’s directly significant transactions with the investees in Mainland China and indirectly significant transactions through third regions, including purchases, sales, receivables and payables between Brogent Hong Kong Limited and the investees in Mainland China.

Table 1: Financings provided as of December 31, 2019

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period (Foreign Currencies in Thousands) (Note 3)	Ending Balance (Foreign Currencies in Thousands) (Note 3)	Amount Actually Drawn (Foreign Currencies in Thousands)	Interest Rate	Nature for Financing (Note 4)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 1)
													Item	Value		
0	Brogent Technologies Inc.	Brogent Global Inc.	Other receivables from related parties	Yes	$283,617	$150,000	$-	-	2	$-	Operating capital	$-	-	$-	$296,795	$1,187,182
		Brogent Hong Kong Limited	Other receivables from related parties	Yes	283,617	150,000	46,650	2.5745%	2	-	Operating capital	-	-	-	296,795	1,187,182
		Brogent Mechanical Inc.	Other receivables from related parties	Yes	283,617	150,000	-	-	2	-	Operating capital	-	-	-	296,795	1,187,182

Note 1: The total amount available for lending purpose shall not exceed forty percent (40%) of Brogent Technologies Inc.'s net equity.

Note 2：Subsidy to individual subsidiaries is limited to 10% of its net equity.

Note 3：The amount was determined by the Board of Directors.

Note 4：The nature of the loan, such as: 1. Business 2. The need for short-term financing

Table 2: Endorsement/guarantee provided as of December 31, 2019

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 1 and 2)	Maximum Balance for the Period (Note 3)	Ending Balance- (Note 3)	Amount Actually Drawn (Foreign Currents in Thousands)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by a Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
0	Brogent Technologies Inc.	Brogent Rides (Shanghai) Limited	Investee of Subsidiary	$890,387	$210,180	$-	$-	$-	7.08%	$1,483,979	Yes	No	Yes
		Brogent Creative (Shanghai) Limited	Investee of Subsidiary	890,387	140,120	-	-	-	4.72%	1,483,979	Yes	No	Yes

Note 1：The amount provided to each guaranteed party shall not exceed thirty percent (30%) of Brogent Technologies Inc.'s net equity.
Note 2：The total amount of guarantee provided shall not exceed fifty percent (50%) of Brogent Technologies Inc.'s net equity.
Note 3：The amount was determined by the Board of Directors before and removed at August 9, 2019.

Table 3: Marketable Securities Held as of December 31, 2019 (Excluding Investments in Subsidiaries, Associates and Jointly Controlled Entities)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Held Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Securities Issuer (Note 2)	Financial Statement Account	December 31, 2019				Remark (Note 4)
				Shares/Units (In Thousands)	Carrying Value (Foreign Currencies in Thousands) (Note 3)	Percentage of Ownership (%)	Fair Value (Foreign Currencies in Thousands)	
Brogent Technologies Inc.	Fund							
	Cathay Senior Secured High Yield Bond Fund A USD	None	Financial assets at fair value through profit or loss-current	3,720	USD 1,360	-	USD 1,360	
	JPMorgan Investment Funds - Global Income Fund - USD	None	Financial assets at fair value through profit or loss-current	11	USD 2,189	-	USD 2,189	
	JPMorgan Investment Funds - Global Macro Opportunities Fund (acc.) - USD (hedged)	None	Financial assets at fair value through profit or loss-current	7	USD 1,025	-	USD 1,025	
	Fuh Hwa Olympic II Fund of Funds	None	Financial assets at fair value through profit or loss-current	68	USD 835	-	USD 835	
	Capital RMB Money Market Fund-CNY	None	Financial assets at fair value through profit or loss-current	556	RMB 6,447	-	RMB 6,447	
	Cathay RMB Money Market Fund-RMB	None	Financial assets at fair value through profit or loss-current	424	RMB 5,052		RMB 5,052	
	Prudential Financial US Investment Grade Corporate Bond Fund-CNY(E)	None	Financial assets at fair value through profit or loss-current	550	RMB 5,577		RMB 5,577	
Brogent Global Inc.	Common Stock							
	Jump Media International Co., LTD.	None	Financial assets at fair value through profit or loss-current	264	4,425	0.93%	4,425	
	This is Holland B.V.	None	Financial assets at fair value through profit or loss-noncurrent	100	19,732	10%	19,789	
	Preferred Stock							
	This is Holland B.V.	None	Financial assets at amortized cost-noncurrent	200	33,540	-	33,540	
Holey Holdings Limited	Common Stock							
	Discover NY Project Company, LLC	None	Financial assets at amortized cost-noncurrent	2	USD 5,443	19.44%	USD 5,443	

Held Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Securities Issuer (Note 2)	Financial Statement Account	December 31, 2019				Remark (Note 4)
				Shares/Units (In Thousands)	Carrying Value (Foreign Currencies in Thousands) (Note 3)	Percentage of Ownership (%)	Fair Value (Foreign Currencies in Thousands)	
Brogent Rides (Shanghai) Limited	Fund							
	ICBC-Net Asset Value Fund	None	Financial assets at fair value through profit or loss-current	1,000	RMB 1,444	-	RMB 1,444	
	Common Stock							
	Fly Over The World Cultural Development Co. Ltd	None	Financial assets at fair value through profit or loss-noncurrent	20,000	RMB 26,500	5.00%	RMB 26,500	
Brogent Creative (Shanghai) Limited	Fund							
	ICBC-Net Asset Value Fund	None	Financial assets at fair value through profit or loss-current	500	RMB 528	-	RMB 528	
	NBCB-Net Asset Value Fund (Redeemable)	None	Financial assets at fair value through profit or loss-current	455	RMB 524	-	RMB 524	
	NBCB-Financial Fund (capital protected)	None	Financial assets at fair value through profit or loss-current	500	RMB 500	-	RMB 500	

Note 1：Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9, “Financial instruments.”

Note 2：Leave the column blank if the issuer of marketable securities is non-related party.

Note 3：For items measured at fair value, the carrying value represents fair value adjustments less accumulated impairment. For items that are not measured at fair value, the carrying value represents original cost or amortized cost less accumulated impairment.

Note 4：The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Table 4: Market Securities Acquired and Disposed of at Costs or Prices of at least NT$300 million or 20% of the Paid-in Capital

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Purchases /Sales Company	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units (In Thousands)	Amount (Note)
Holey Holding Limited	Discover NY Project Company, LLC	Financial assets at fair value through profit or loss-noncurrent	Discover NY Project Company, LLC	-	-	$-	2	$138,690	-	$-	$-	$-	2	$138,690

Note: Original cost excluding evaluation amount

Table 5: Total Purchases from or Sales to Related Parties Reaching NT$100 million or 20% of the Paid-in Capital or More

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Purchases /Sales Company	Name of transactions	Nature of Relationship	Transaction Details				Reasons and Situations of Different of Trading Conditions and General Transactions		Notes/Accounts Receivables or (Payables)		Note
			Purchases/Sales	Amounts	Ratio of Total Purchases/Sales	Payment Terms	Unit Price	Payment Terms	Ending Balance	Ratio of Total Notes/Accounts Receivables or Payables	
Brogent Technologies Inc.	Brogent Mechanical Inc.	Investee of Subsidiary	Purchases	$229,809	46%	OA 60 Days	$-	$-	($22,230)	28%	

Table 6: Intercompany Relationships and Significant Intercompany Transactions

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Thousands)

Numbers	Name of transactions	Counterparty	Nature of Relationship (Note1)	Transaction situations			
				Financial Statements Items	Amounts	Transaction Terms (Note2)	Percentage of Consolidated Net Revenue or Total Assets
0	Brogent Technologies Inc.	Brogent Mechanical Inc.	1	Payables to related parties	$22,230	-	-
				Prepayments	47,833	-	1%
				Purchases	229,809	-	11%
		Brogent Global Inc.	1	Advance construction receipt	60,000	-	1%
				Other unearned revenue	23,417	-	-
				Construction contract revenue	96,390	-	5%
		Brogent Hong Kong Limited	1	Receivables to related parties	54,139	-	1%
				Advance construction receipt	133,711	-	3%
				Construction contract revenue	11,847	-	1%
		Brogent Rides (Shanghai) Limited	1	Receivables to related parties	65,748	-	1%
				Advance construction receipt	87,983	-	2%
				Construction contract revenue	82,495	-	4%
1	Brogent Hong Kong Limited	Brogent Creative (Shanghai) Limited	2	Advance construction receipt	185,989	-	4%
				Construction contract revenue	55,600	-	3%
2	Brogent Global Inc.	Hai Wei Culture Creative and Development (Shanghai) Limited	1	Construction contract revenue	70,110	-	3%
				Advance construction receipt	51,380	-	1%
		Brogent Hong Kong Limited	2	Advance construction receipt	43,528	-	1%
				Construction contract revenue	42,035	-	2%
		Brogent Technologies Inc.	3	Lease liabilities	63,953	-	1%

Note1: "1" represents the transactions from parent company to subsidiary.
"2" represents the transactions from subsidiary to subsidiary.
"3" represents the transactions from subsidiary to parent company.

Note2: The sales prices and payment terms of intercompany sales are not significantly different from those to third parties. For other intercompany transactions, prices and terms are determined in accordance with mutual agreements.

Table 7: Information on Investees (Excluding the Investee in Mainland China)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Business Scope	Original Investment Amount: December 31, 2019(Foreign Currencies in Thousands)	Original Investment Amount: December 31, 2018	Balance as of December 31, 2019: Shares (In Thousands)	Balance as of December 31, 2019: Percentage of Ownership	Balance as of December 31, 2019: Carrying Value(Foreign Currencies in Thousands)	Net Income (Loss) of the Investee	Share of Profits/Losses of Investee (Note 1)	Note
Brogent Technologies Inc.	Brogent Mechanical Inc.	Taoyuan City	Manufacture and sales of the simulator rides and its key components	$55,000	$55,000	7,696	61.11%	$110,798	$49,485	$4,043	Subsidiary
	Brogent Creative Inc.	Kaohsiung City	Development and sales of the peripheral products of simulator rides	14,539	9,000	1,500	100.00%	12,745	(208)	(203)	Subsidiary
	Brogent Hong Kong Limited	Hong Kong	Reinvestment and trading business	200,338 (USD 6,700)	200,338 (USD 6,700)	-	100.00%	205,934 (USD 6,900)	(18,636) (USD (603))	(18,601) (USD (603))	Subsidiary
	Brogent Global Inc.	Kaohsiung City	Development and management business of self-operated outlets	300,000	300,000	30,870	100.00%	371,017	27,655	33,392	Subsidiary
	Dili Jie Holdings Limited	British Virgin Islands	Reinvestment and trading business	267,955 (USD 8,900)	267,955 (USD 8,900)	-	100.00%	334,542 (USD 11,124)	31,950 (USD 1,033)	31,950 (USD 1,033)	Subsidiary
Brogent Hong Kong Limited	Brogent Japan Entertainment Joint-Stock Corporation	Tokyo	Management business development and sales of the peripheral products of simulator rides in Japan	10,161 (JPY 35,000)	10,161 (JPY 35,000)	-	40.00%	3,029 (JPY 11,124)	(6,964) (JPY (24,549))	Note 2	Joint Venture
	hexaRide the first LLP	Tokyo	Development and management business of self-operated outlets	35,818 (JPY 130,000)	35,818 (JPY 130,000)	-	86.67%	17,319 (JPY 62,489)	(14,660) (JPY (51,674))	Note 2	Subsidiary
Dili Jie Holdings Limited	Jetway Holdings Limited	Cayman Islands	Reinvestment and trading business	270,020 (USD 8,900)	270,020 (USD 8,900)	-	100.00%	334,587 (USD 11,123)	31,975 (USD 1,034)	Note 2	Subsidiary
Jetway Holdings Limited	Galey Holdings Limited	British Virgin Islands	Reinvestment and trading business	131,258 (USD 4,300)	131,258 (USD 4,300)	-	100.00%	168,024 (USD 5,586)	3,026 (USD 98)	Note 2	Subsidiary
	Holey Holdings Limited	British Virgin Islands	Reinvestment and trading business	139,753 (USD 4,550)	139,753 (USD 4,550)	-	100.00%	165,400 (USD 5,499)	29,340 (USD 949)	Note 2	Subsidiary
Brogent Global Inc.	Jetmay Holdings Limited	British Virgin Islands	Reinvestment and trading business	61,489 (USD 1,987)	-	-	100.00%	107,610 (USD 3,577)	50,665 (USD 1,638)	Note 2	Subsidiary
	Ou Wei Limited	Hong Kong	Reinvestment and trading business	18,635 (USD 600)	-	-	100.00%	14,419 (USD 479)	(3,731) (USD (120))	Note 2	Subsidiary

Investor Company	Investee Company	Location	Business Scope	Original Investment Amount: December 31, 2019(Foreign Currencies in Thousands)	Original Investment Amount: December 31, 2018	Balance as of December 31, 2019: Shares (In Thousands)	Balance as of December 31, 2019: Percentage of Ownership	Balance as of December 31, 2019: Carrying Value(Foreign Currencies in Thousands)	Net Income (Loss) of the Investee	Share of Profits/Losses of Investee (Note 1)	Note
Jetmay Holdings Limited	StarLite Design & Planning Limited	Richmond	Development and management business of self-operated outlets	15,054 (CAD 650)	-	-	100.00%	3,409 (CAD 148)	(11,706) (CAD (502))	Note 2	Subsidiary

Note 1: The share of profits (losses) of investee recognized in current period concludes the components of unrealized profit or loss from intercompany transactions.
Note 2: The share of profits/losses of the investee company is not reflected herein as such amount is already included in the share of profits/losses of the investor company.

Table 8: Information on Investments in Mainland China

(Amounts in Thousands of New Taiwan Dollars/Foreign Currencies in Thousands)

Investee Company	Main Businesses	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee Company	Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of December 31, 2019	Accumulated Inward Remittance of Earnings as of December 31, 2019
					Outflow	Inflow						
Brogent Rides (Shanghai) Limited	Import and export business	$222,712 (USD 7,300)	2	$222,712 (USD 7,300)	$-	$-	$222,712 (USD 7,300)	$5,390 (USD 174)	100%	$5,390	$286,938 (USD 9,539) (Note2)	$-
Brogent Creative (Shanghai) Limited	Development and management business of self-operated outlets	59,397 (RMB 13,000)	3	-	-	-	-	(20,245) (RMB (4,522))	100%	(20,245)	73,421 (RMB 16,992) (Note2)	-
Hai Wei Culture Creative and Development (Shanghai) Limited	Development and management business of self-operated outlets	46,226 (USD 1,500)	2	-	46,226 (USD1,500)	-	46,226 (USD1,500)	63,089 (USD 2,040)	100%	68,089	104,107 (RMB 3,461) (Note2)	-
Beijing Huaway Global Cultural Development Co.	Development and management business of self-operated outlets	-	3	-	-	-	-	-	35%	-	4,537 (RMB 1,050)	-

Accumulated Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$268,938 (USD 8,800)	$268,938 (USD 8,800)	$1,780,774

Note 1：Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area (Brogent Hong Kong Limited, Garley Holdings Limited and Jetmay Holdings Limited), which then invested in the investee in Mainland China.

(3) Others

Note 2：Amount was recognized based on the audited financial statements.

Note 3：Capital verification report haven’t been finished, accounting at prepayments for Long-Term Investments in Stocks, please refer to 6(11).

14. OPERATING SEGMENTS INFORMATION

(1) Operating Segments

The Group's revenues are principally from the research, development, design, production and sales of the media-based attraction (MBA). The Group upholds the concept of sustainable development, and achieve the objective of making profits for the shareholders in the coming years. The Group executes the operating strategy of double C by taking a two-pronged approach ("channel" and "content") to transform into the cooperators of the entertainment industry from a supplier of amusement park facilities. In the meantime, the Group implements the diversification strategy, the profit sharing model, and the integration of the one-time outright sale of equipment to expand the sites of global sales and optimize the product content and value.

The Group's operating decision maker reviews the Groups' overall operating results to make decisions about resource allocation and assess the Groups' overall performance. Therefore, the Group has a single operating segment.

(2) Geographic Information

	Revenue		Noncurrent Assets	
	2019	2018	December 31, 2019	December 31, 2018
Taiwan	$ 63,450	$ 41,304	$ 1,451,160	$ 1,086,321
Asia	1,366,913	1,092,079	97,191	32,265
Europe	292,253	177,394	67,143	114,470
United States	356,333	131,226	1,863	-
Australia	1,492	195,435	-	-
Total	$ 2,080,441	$ 1,637,438	$ 1,617,357	$ 1,233,056

The Group categorized the revenues mainly by region. Noncurrent assets include property, plant and equipment, intangible assets and other assets, except for financial instruments, deferred tax assets and pension assets.

(3) Production and Service Information

Production/Service	2019	2018
Construction contract revenue	$ 1,975,221	$ 1,588,776
Profit sharing of ticket sales	61,070	21,676
Service and maintenance revenue	28,398	16,580
Sales revenue	14,558	10,406
Royalty revenue	1,194	-
Total	$ 2,080,441	$ 1,637,438

(4) Major Customer's Information

Customer	2019		2018	
	Amount	Percentage of Net Revenue	Amount	Percentage of Net Revenue
Customer R	$ 237,608	11.42	$ 46,629	2.97
Customer A	247,752	11.91	286,278	17.48
Customer I	511,067	24.57	381,562	23.30
Customer B	153,222	7.36	284,385	17.37
Customer F	16,084	0.77	122,078	7.46
Customer J	16,333	0.97	80,752	4.93
Customer K	39,217	1.89	30,227	1.85