Stock Code
5263

Brogent Technologies Inc.

2018

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, 2019

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: Yu-Chieh Lo, CPA

HuiPing Liu, 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

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I. Letter to Shareholders

Dear Shareholders,

Thank you very much for supporting Brogent Group and taking time to attend 2019 annual meeting of shareholders.

In 2018, Brogent Group's consolidated revenue amounted to NT$1.637 billion, gross profit NT$721 million, operating income NT$289 million, net income NT$258 million, and earnings per share NT$4.84. The sales of equipment and the amount of the new contracts signed last year reached another new height. In addition to the growth of the sales contracts, the number of the contacts for film production and equipment maintenance also made considerable progress.

Brogent Group has become an emerging corporation in the motion simulation industry since 2010. Our flagship product, i-Ride Flying Theater, has gained the biggest market share in the world. In addition to i-Ride Flying Theater, Brogent Group has striven to develop small and medium rides to expand the market share of these sorts. In 2018, the newly-launched m-Ride Flying Theater in middle-and-low price segments improved the efficiency of passenger loading and satisfied the demands for performance at various venues. This product successfully earned the contracts from well-known international theme parks, such as LEGOLAND. The first facility already came out this year at the LEGOLAND in Florida. This year, the number of the orders of m-Ride has increased stably in the projects related to theme parks, city attractions and technology-oriented pavilions. Brogent Group looks forward to seeing the growth of sales in m-Ride Flying Theater. The sales of hardware equipment have become a necessary and stable income that supports the company's multi-dimensional development in the future.

In the company's strategic layout, the video content authorization that comes with Brogent Group's exclusive specification will become an important source of the company's gross profit margin and long-term revenue. Brogent Group has accumulated a large quantity of original films, including the original and much-loved VR films on *Attack on Titan* and *Ghost in the Shell,* licensed by Kodansha Ltd. With the increase of the company's hardware equipment around the world, the demands for video content will also proliferate. The capital invested in producing the films will lead to high gross profit margin and high-return revenue in the end, and establish brand value and competition barriers. Brogent Group will continue to work with Kodansha Ltd to introduce more popular original Japanese anime films and enhance the group's strength in software content.

With years of experience in the industry of theme parks, Brogent Group will expand the scope of business and set foot in attractions design service by providing a turnkey solution that incorporates rides design, videos content design and sites creative design service. A turnkey solution will help Brogent Group increase the volume of business and receive more orders. Brogent Group may also increase total gross profit margin through design services, ride sales and video content authorization. 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, Chung-Ming Huang

1. Accomplishments in 2018

(1) Business Plan Implementation Outcomes in 2018

Unit: NT$1,000

Item \ Year	2017	2018	Change (amount)	% Change
Sales revenue	1,514,469	1,637,438	122,969	8.12
Gross profit	725,335	721,242	(4,093)	(0.56)
Operating expenses	384,601	431,730	47,129	12.25
Operating income	340,734	289,512	(51,222)	15.03
Net income (loss) before tax	327,563	321,127	(6,436)	1.96
Net income(loss)	271,181	258,418	(12,763)	4.71

(2) 2018 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 2018, and therefore this section is not disclosed.

(3) Analysis of Financial Gains and Losses and Profitability

Unit: NT1,000

Item \ Year		2017	2018
Financial structure (%)	Debt-to-assets ratio	19.26	31.22
	Long-term fund to property, plant and equipment (fixed assets) ratio	332.31	345.35
Solvency (%)	Current ratio	703.72	501.83
	Quick ratio	451.84	334.46
	Times interest earned	5351.09	3097.55
Profitability	Return on assets (%)	8.17	6.47
	Return on equity (%)	9.95	9.10
	Paid-in capital to income before tax (%)	73.32	60.48
	Net profit margin (%)	17.91	15.78
	Earnings per share (NT$)	5.00	4.84

(4) Research and Development

To continuously enhance the Company's competitiveness, the Company has always actively invested in R&D efforts. In 2017 and 2018, it has expended a total of NT$129,949 million and NT$118,370 million in R&D, respectively accounting for 8.58% and 7.23% of the net operating income. Despite an increase in research and development expenses in 2017, mostly from purchasing necessary components of m-Ride. The company had applied for government funding, in order to lower and control the research and development expenses occurred. 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, i.e. down-sized i-Ride, VR/AR products and Q-Ride.

(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 2018, 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 2019

(1) 2019 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 2019, and therefore this section is not disclosed.

3. Future Corporate Development Strategy

(1) Product diversification: We will continue to extend our product line from the current 15 product types.

(2) Market internationalization: The North America and European markets are growing rapidly, with the Chinese market will become the largest single market.

(3) Diversification of revenue models: In addition to the outright selling of our equipment, profit distribution, ventures, peripheral products, themed IP, and content licensing will also be our stable source of income.

(4) Integration of strategic partner resources: Licensing of themed IPs will be strengthened, and more business locations will be established.

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

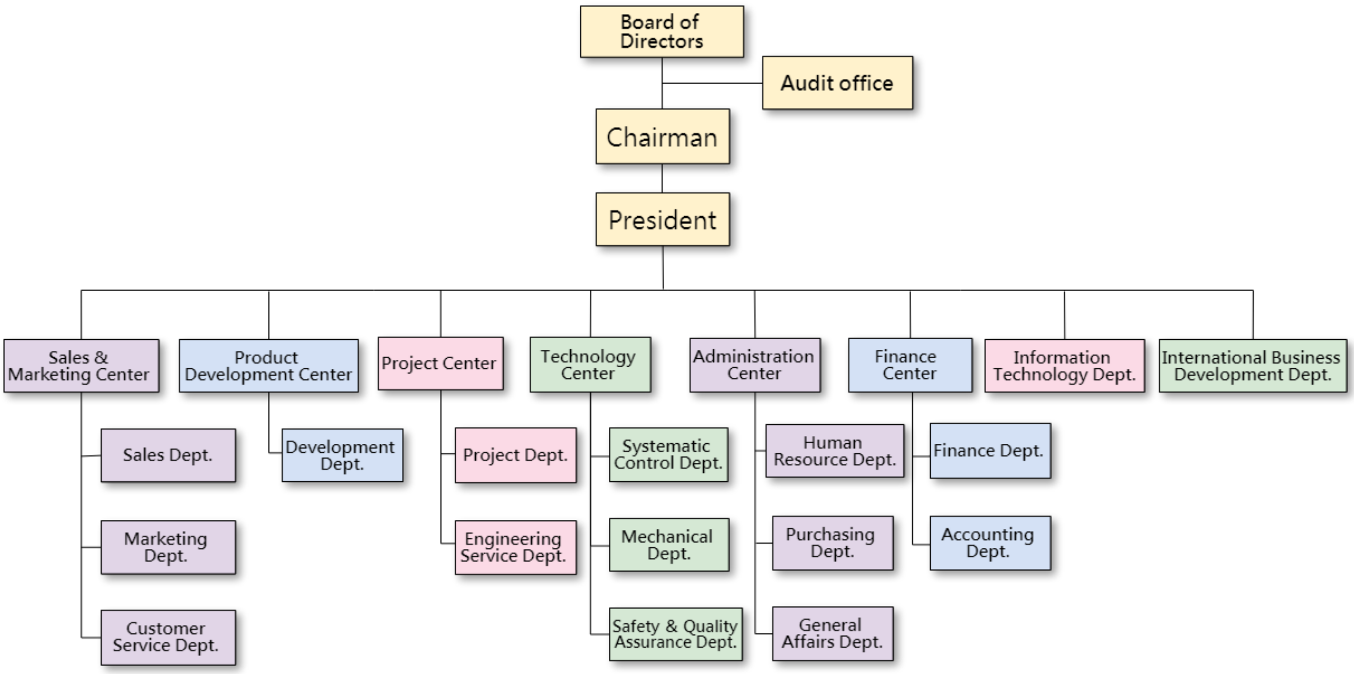
	National Sun Yat-Sen University was established.
July 2016	The Research and Development Center of Somatosensory Content between Brogent and Southern Taiwan University of Science and Technology was established.
September 2016	The Lord Mayor of Brisbane, Australia, Graham Quirk, visited Brogent with the 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 TÜ V SÜ D 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.

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.

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 31, 2019; 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		
						Shares	Share holding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage			Title	Name	Relationship
Chairman	ROC	Chung-Ming Huang	2017.05.31	3 years	2011.10.05	2,381,654	5.33%	2,857,984	5.38%	323,739	0.61%	—	—	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	Chih-Hung Ouyang	2017.05.31	3 years	2011.10.05	2,822,581	6.32%	3,625,897	6.83%	96,369	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.
Director	ROC	Chin-Huo Huang	2017.05.31	3 years	2011.10.05	912,256	2.04%	1,094,707	2.06%	240,925	0.45%	—	—	1.Chang Hua Industrial Vocational High School 2.Director, SANFU Motors Industrial Corp. 3.Director, Chun Ying Metal Industrial Co., Ltd.	1. Chairman, Fu Ying Metal Industrial Co., Ltd. 2. Chairman, Fujing Co., Ltd.	None.	None.	None.
Direcor	ROC	Chang chun Investment Co. Ltd.	2017.05.31	3 years	2016.05.31	1,706,565	3.82%	2,047,878	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.
		Representa-tive: Chih-Chuan Chen				-	0.00%	28,972	0.05%	—	—	—	—					

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		
						Shares	Share holding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage			Title	Name	Relationship
Direcor	ROC	Chun-Hao Cheng	2017.05.31	3 years	2016.05.31	125,781	0.28%	150,937	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.
Independent Director	ROC	Chin-Wen Chuang	2017.05.31	3 years	2016.05.31	—	—	—	—	2,749	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. Consultant at Kaohsiung City Government 2. Vice President, Cheng Shiu University	None.	None.	None.
Supervisor	ROC	Yung-Liang Huang	2017.05.31	3 years	2014.06.11	1,050,466	2.35%	1,260,559	2.37%	—	—	—	—	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	Professor, Department of Finance, National University of Kaohsiung	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		
						Shares	Share holding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage			Title	Name	Relationship
Supervisor	ROC	Ken-Huang Lin	2017.05.31	3 years	2017.05.31	—	—	—	—	4,800	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.

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	
Chung-Ming Huang	✓		✓	✓	✓	-	✓	-	✓	✓	✓	✓	✓	None.
Chih-Hung Ouyang			✓	-	-	-	✓	-	✓	✓	✓	✓	✓	None.
Chin-Huo Huang			✓	✓	✓	-	✓	✓	✓	✓	✓	✓	✓	None.
Chang chun Investment Co. Ltd Representative: Chih-Chuan Chen			✓	✓	✓	-	✓	✓	✓	✓	✓	✓	-	None.
Chun-Hao Cheng	✓		✓	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	None.
Chin-Wen Chuang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None.
Shun-Jen Cheng	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Yung-Liang Huang			✓	✓	✓	-	✓	✓	✓	✓	✓	✓	✓	None.
Yi-Hsiang Huang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None.
Ken-Huang Lin	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None.

Note 1: If a director or supervisor meets any of the following criteria in the two years before being elected or during the term of office, a check "✓" is placed in the 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 unless the person is an Independent Director of the Company or its parent company, or any subsidiary in which the Company holds, directly and indirectly, more than 50% of the voting shares.

(3) Not a natural-person shareholder whose shareholding, together with those of his/her spouse, minor children, and shares held under others' names, exceed 1% of the total number of outstanding shares of the Company, or ranks the person in the top ten shareholders of the Company.

(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.

(5) Not a director, supervisor or employee of a juristic-person shareholder that holds directly 5% or more of the total number of outstanding shares of the Company or ranks in the top five shareholders.

(6) Not a director, supervisor, manager or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company.

(7) Not a professional or an owner, partner, director, supervisor, manager or a spouse of the abovementioned who provides commercial, legal, financial, accounting services or consultation to the Company or an affiliate of the Company. Excluding members of compensation committee who exercise power in accordance with Article 7 of the Regulations Governing the Appointment and Exercise of Powers by the Compensation committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

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

(9) Not corresponding to any of the situations set forth in Article 30 of the Company Act of the R.O.C.

(10) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the R.O.C.

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

March 31, 2019; 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		
				Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage			Title	Name	Relationship
President	ROC	Chih-Hung Ouyang	2001.10	3,625,897	6.83%	96,369	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	204,554	0.39%	27,102	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	26,530	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	23,175	0.04%	-	-	-	-	PhD, Electrical Engineering, National Sun Yat-sen University Chang Gu Construction Inc. Manager, KungYuanInternational Technology	Chairman,Tong Shun Technology Inc.	-	-	-
Senior Manager of Audit Office	ROC	Hui-Ping Li	2008.03	36,092	0.07%	3,600	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.	-	-	-

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

1. Remunerations to Directors (including Independent Directors) in the most recent year (2018)

Unit: NT$1,000

Title	Name	Director's remuneration								Ratio of total A, B, C, and D to after-tax income		Pay received as an employee												Ratio of total A, B, C, D, E, F, and G to after-tax income		Remuneration received from investees other than subsidiaries
		Remuneration (A)		Pension (B)		Earnings appropriation (C)		Business expense (D)				Salary, bonus and special allowance (E)		Pension (F)		Profit sharing & bonus (G)				Shares subscribable under employee stock options (H)		Shares obtained through restricted stock award				
		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	Brogent: Cash bonus	Brogent: Stock bonus	All companies in consolidated statements: Cash bonus	All companies in consolidated statements: Stock bonus	Brogent	All companies in consolidated statements	Brogent	All companies in consolidated statements	Brogent	All companies in consolidated statements	
Chairman	Chung-Ming Huang	3,071	3,071	—	—	996	996	48	48	1.54	1.59	—	—	—	—	—	—	—	—	—	—	—	—	1.54	1.59	None.
Director	Chih-Hung Ouyang	—	1,486	—	—	996	996	48	48	0.94	0.98	3,071	3,071	—	—	—	—	—	—	—	—	—	—	2.09	2.17	None.
Director	Chin-Huo Huang	—	—	—	—	996	996	48	48	0.39	0.40	—	—	—	—	—	—	—	—	—	—	—	—	0.39	0.40	None.
Director	Chang chun Investment Co. Ltd. Representa-tive: Chih-Chuan Chen	—	—	—	—	996	996	42	42	0.39	0.40	—	—	—	—	—	—	—	—	—	—	—	—	0.39	0.40	None.
Director	Chun-Hao Cheng	—	—	—	—	996	996	48	48	0.39	0.40	—	—	—	—	—	—	—	—	—	—	—	—	0.39	0.40	None.
Independent Director	Chin-Wen Chuang	360	360	—	—	—	—	48	48	0.15	0.16	—	—	—	—	—	—	—	—	—	—	—	—	0.15	0.16	None.
Independent Director	Shun-Jen Cheng	360	360	—	—	—	—	48	48	0.15	0.16	—	—	—	—	—	—	—	—	—	—	—	—	0.15	0.16	None.

<table>
<tr><td rowspan="3">Range of Remuneration</td><td colspan="4">Name of Directors</td></tr>
<tr><td colspan="2">Total of (A+B+C+D)</td><td colspan="2">Total of (A+B+C+D+E+F+G)</td></tr>
<tr><td>The company</td><td>Companies in the consolidated financial statements</td><td>The company</td><td>Companies in the consolidated financial statements</td></tr>
<tr><td>Under NT$ 2,000,000</td><td>Chin-Huo Huang
Changchun Investment Co. Ltd.
Representative:
Chih-Chuan Chen
Chun-Hao Cheng
Chin-Wen Chuang
Shun-Jen Cheng</td><td>Chin-Huo Huang
Changchun Investment Co. Ltd.
Representative:
Chih-Chuan Chen
Chun-Hao Cheng
Chin-Wen Chuang
Shun-Jen Cheng</td><td>Chin-Huo Huang
Changchun Investment Co. Ltd.
Representative:
Chih-Chuan Chen
Chun-Hao Cheng
Chin-Wen Chuang
Shun-Jen Cheng</td><td>Chin-Huo Huang
Changchun Investment Co. Ltd.
Representative:
Chih-Chuan Chen
Chun-Hao Cheng
Chin-Wen Chuang
Shun-Jen Cheng</td></tr>
<tr><td>NT$2,000,001 ~ NT$5,000,000</td><td>Chung-Ming Huang
Chih-Hung Ouyang</td><td>Chung-Ming Huang
Chih-Hung Ouyang</td><td>Chung-Ming Huang</td><td>Chung-Ming Huang</td></tr>
<tr><td>NT$5,000,001 ~ NT$10,000,000</td><td></td><td></td><td>Chih-Hung Ouyang</td><td>Chih-Hung Ouyang</td></tr>
<tr><td>NT$10,000,001 ~ NT$15,000,000</td><td></td><td></td><td></td><td></td></tr>
<tr><td>NT$15,000,001 ~ NT$30,000,000</td><td></td><td></td><td></td><td></td></tr>
<tr><td>NT$30,000,001~ NT$50,000,000</td><td></td><td></td><td></td><td></td></tr>
<tr><td>NT$50,000,001 ~ NT$100,000,000</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Over NT$100,000,000</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Total</td><td>7</td><td>7</td><td>7</td><td>7</td></tr>
</table>

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＊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 (2018)

Unit: NT$1,000

Title	Name	Supervisor's Remuneration						Ratio of total A, B, and C to after-tax income		Remuneration received from Investees other than subsidiaries
		Remuneration (A)		Profit sharing (B)		Business expense (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	–	–	996	996	48	48	0.39	0.40	None.
Supervisor	Yi-Hsiang Huang	360	360	–	–	48	48	0.15	0.16	None.
Supervisor	Ken-Huang Lin	360	360	–	–	48	48	0.15	0.16	None.

Range of Remuneration	Name of Supervisors	
	Total of (A+B+C)	
	The company	Companies in the consolidated financial statements
Under NT$ 2,000,000	Yung-Liang Huang Yi-Hsiang Huang Ken-Huang Lin	Yung-Liang Huang Yi-Hsiang Huang Ken-Huang Lin
NT$2,000,001 ~ NT$5,000,000		
NT$5,000,001 ~ NT$10,000,000		
NT$10,000,001 ~ NT$15,000,000		
NT$15,000,001 ~ NT$30,000,000		
NT$30,000,001 ~ NT$50,000,000		
NT$50,000,001 ~ NT$100,000,000		
Over NT$100,000,000		
Total	3	3

*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 (2018)

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 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	2,371	2.371	-	-	700	700	-	-	-	-	1.15	1.19	-	-	-	-	None.

Range of Remuneration	Name of President	
	The company	Companies in the consolidated financial statements
Under NT$ 2,000,000	-	-
NT$2,000,001 ~ NT$5,000,000	Chih-Hung Ouyang	Chih-Hung Ouyang
NT$5,000,001 ~ NT$10,000,000		
NT$10,000,001 ~ NT$15,000,000		
NT$15,000,001 ~ NT$30,000,000		
NT$30,000,001 ~ NT$50,000,000		
NT$50,000,001 ~ NT$100,000,000		
Over NT$100,000,000		
Total	1	1

＊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 (2018):

	Title	Name	Stock bonus	Cash bonus	Total	Total amount as a percentage of earnings (%)
Managerial officer	President	Chih-Hung Ouyang	0	3,301	3,301	1.23
	Vice President of Technology Center	Teng-Hung Lai				
	Chief Engineer & Director of Project Center	Yi-Chung Huang				
	Chief Financial Officer	Sui-Chuan Lin				
	Senior Manager 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) Respectively compare and describe the analysis of remunerations to Directors, Supervisors, President and Vice Presidents as a percentage of earnings in the last two years and description of the policy, standards and packages of remunerations, procedure for making such decision and relation to business performance and future risks:

Unit: NT$1,000

Title	2018		2017	
	Brogent	All companies in consolidated statements	Brogent	All companies in consolidated statements
Director Supervisor President	14,032	18,002	13,720	17,579

Note : The Company did not set up a Vice President position.

The total amount as a percentage of earnings in 2018 and 2017 were respectively 6.96% and 7.30%. The Company determines the aforementioned personnel remunerations according to the Company's business performance, management performance, and standards in the market. The paid remuneration also conforms to the Company's salary-related management regulations and should be adequate for assuming responsibilities and risks.

4. Implementation of corporate governance

(1)Operations of the Board of Directors

In 2018, a total of 7 (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	Chung-Ming Huang	7	0	100.00	Reelected on 2017.05.31
Director	Chih-Hung Ouyang	7	0	100.00	Reelected on 2017.05.31
Director	Chin-Huo Huang	7	0	100.00	Reelected on 2017.05.31
Director	Changchun Investment Co. Ltd. Representative: Chih-Chuan Chen	7	0	100.00	Reelected on 2017.05.31
Director	Chun-Hao Cheng	7	0	100.00	Reelected on 2017.05.31
Independent Director	Yi-Hsiang Huang	7	0	100.00	Removed on 2017.05.31
Independent Director	Chin-Wen Chuang	7	0	100.00	Elected on 2017.05.31
Independent Director	Shun-Jen Cheng	7	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: None.					

Title	Name (Note 1)	Attendance in person (B)	By proxy	Attendance rate (%) [B/A] (Note 2)	Note

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 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) 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 2018, a total of 7 (A) meetings of the Board of Directors were held in the most recent year. The Supervisor attendance was as follows:

Title	Name	Attendance in person (B)	Attendance rate (%) (B/A) (Note)	Note
Supervisor	Yung-Liang Huang	7	100.00	Reelected on 2017.05.31
Supervisor	Yi-Hsiang Huang	7	100.00	Elected on 2017.05.31
Supervisor	Ken-Huang Lin	7	100.00	Elected on 2017.05.31
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. 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.				

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	V		(1) The Company has set up 2 seats for Independent Directors.	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	
composition of its members? (2) Does the company voluntarily establish other functional committees in addition to remuneration committee and audit committee? (3) Does the company establish standards and method for evaluating the performance of the Board of Directors, and implemented it annually? (4) Does the company regularly evaluate the independence of CPAs?			(2) The Company has established a Remuneration 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 established a full- (or part-) time corporate governanceunit or personnel to be in charge of corporate governance affairs (includingbut not limited to furnish information required for business execution bydirectors, handle matters relating to board meetings and shareholders’meetings according to laws, handle corporate registration and amendmentregistration, produce (or record?) minutes of board meetings andshareholders meetings, etc.	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)?	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.	No discrepancy.
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	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	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	
implementation of customer relations policies, and purchasing insurance for Directors and Supervisors)?			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 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 2018 and	

Assessed areas	State of Operations (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			2019 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.	
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 2018, the company's corporate governance focus on improving the interests of shareholders, and the company achieved higher standard in the Corporate Governance Evaluation than 2017. 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 2018 and 2019 to the date of this Annual Report				
Title	Name	Organizer	Course name	Hours
Chairman	Chung-Ming Huang	Chien Yeh Law Offices Kaohsiung Office	Trends and analysis of corporate law amendments	3 hours
Chairman	Chung-Ming Huang	Taiwan Corporate Governance Association	How directors implement due diligence and loyalty	3 hours
Director	Chih-Hung Ouyang	Chien Yeh Law Offices Kaohsiung Office	Trends and analysis of corporate law amendments	3 hours
Director	Chih-Hung Ouyang	Taiwan Corporate Governance Association	How directors implement due diligence and loyalty	3 hours
Director	Chin-Huo Huang	Chien Yeh Law Offices Kaohsiung Office	Trends and analysis of corporate law amendments	3 hours
Director	Chin-Huo Huang	Taiwan Corporate Governance Association	How directors implement due diligence and loyalty	3 hours
Director	Changchun Investment Co. Ltd. Representative: Chih-Chuang Chen	Taiwan Corporate Governance Association	Legal protection of trade secret act and business strife limitation clauses	3 hours
Director	Changchun Investment Co. Ltd. Representative: Chih-Chuang Chen	Taiwan Corporate Governance Association	How directors implement due diligence	3 hours
Director	Changchun Investment Co. Ltd. Representative: Chih-Chuang Chen	Accounting Research and Development Foundation	Practical case analysis of the latest corporate law amendments and impacts on listed companies	3 hours
Director	Chun-Hao Cheng	Chien Yeh Law Offices Kaohsiung Office	Trends and analysis of corporate law amendments	3 hours
Director	Chun-Hao Cheng	Taiwan Corporate Governance Association	How directors implement due diligence and loyalty	3 hours

Independent Director	Chin-Wen Chuang	Chien Yeh Law Offices Kaohsiung Office	Trends and analysis of corporate law amendments	3 hours
Independent Director	Chin-Wen Chuang	Taiwan Corporate Governance Association	How directors implement due diligence and loyalty	3 hours
Independent Director	Shun-Jen Cheng	Chien Yeh Law Offices Kaohsiung Office	Trends and analysis of corporate law amendments	3 hours
Independent Director	Shun-Jen Cheng	Taiwan Corporate Governance Association	How directors implement due diligence and loyalty	3 hours
Supervisor	Yung-Liang Huang	Chien Yeh Law Offices Kaohsiung Office	Trends and analysis of corporate law amendments	3 hours
Supervisor	Yung-Liang Huang	Taiwan Corporate Governance Association	How directors implement due diligence and loyalty	3 hours
Supervisor	Yi-Hsiang Huang	Chien Yeh Law Offices Kaohsiung Office	Trends and analysis of corporate law amendments	3 hours
Supervisor	Yi-Hsiang Huang	Taiwan Corporate Governance Association	How directors implement due diligence and loyalty	3 hours
Supervisor	Gen-Huang Lin	Chien Yeh Law Offices Kaohsiung Office	Trends and analysis of corporate law amendments	3 hours
Supervisor	Gen-Huang Lin	Taiwan Corporate Governance Association	How directors implement due diligence and loyalty	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		
Independent Director	Ching-Wen Chuang	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	None.
External committee member	Liang-Chien Li	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	
External committee member	Rong-Da Liang	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	

Note 1: If the committee member meets any of the following criteria in the two years before being appointed or during the term of office, please check "✓" in the 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; The same does not apply, however, in cases where the committee member is an Independent Director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50 percent of the voting shares.
(3) Not a natural-person shareholder whose shareholding, together with those of his/her spouse, minor children, and shares held under others' names, exceed 1% of the total number of outstanding shares of the Company, or ranks the person in the top ten shareholders of the Company.
(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.
(5) Not a Director, Supervisor or employee of an institutional shareholder that holds directly 5% or more of the total number of outstanding shares of the Company or ranks in the top five shareholders.
(6) Not a Director, Supervisor, manager or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company.
(7) Not a professional or an owner, partner, Director, Supervisor, manager or a spouse of the above mentioned who provides commercial, legal, financial, accounting services or consultation to the Company or an affiliate of the Company.
(8) Not having any of the situations set forth in Article 30 of the Company Act of the R.O.C.

Note 2: If the member is a Director, please describe whether it conforms to Article 6-5 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

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	Liang-Chien Li	3	0	100.00	-
Committee member-External committee member	Rong-Da Liang	3	0	100.00	-
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 (CSR)

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. Corporate governance implementation (1) Does the company establish corporate social responsibility policy or system and examine its implementation results? (2) Does the company provide educational training on corporate social responsibility on a regular basis? (3) 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? (4) Does the company establish a reasonable salary remuneration policy, and integrate the employee performance evaluation system with its CSR policy, and establish an effective reward and disciplinary system?	V		(1) The Company has established Corporate Social Responsibility Best Practice Principles and examined its implementation effectiveness. (2) The departments related to the social responsibility of the Company all handle relevant matters according to their duties. (3) The Company has established the Ethical Code of Conducts for Directors, Supervisors, and Managerial Officers. (4) 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. Fostering a sustainable environment (1) Does the company endeavor to improve the efficiency of resource utilization and use recycled materials which have a low impact on the environment? (2) Does the company establish a proper environmental management system based on the characteristics of the industry? (3) Does the company monitor the impact of climate change on business operations, conduct	V		(1) 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. (2) The Company has established relevant management regulations for the safety of working environment. (3) The Company often holds internal promotional	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)	
greenhouse gas inventory and formulate strategies for energy conservation and carbon and greenhouse gas reduction?			activity, reminds employees to switch off lights when leaving a room and classify their trash, to facilitate reducing the environmental impact of the company's operation.	
3. Upholding public interests (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? (2) Has the company set up an employee hotline or grievance mechanism to handle complaints properly? (3) Does the company provide a safe and healthy working environment and provide employees with regular safety and health training? (4) Does the company set up a channel for communicating with employees on a regular basis, and reasonably inform employees of any significant changes in operations that may have an impact on them? (5) Does the company set up effective career development and training programs for its employees? (6) Does the company establish any consumer protection mechanisms and complaint procedures regarding R&D, purchasing, production, operation and service? (7) Does the company advertise and label its goods and services according to relevant regulations and international standards?	V		(1) 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 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. (2) Yes, the Company has set up employee grievance mailbox and has designated personnel to handle relevant matters. (3) The Company endeavors to provide a safe and healthy working environment and provide employees with regular safety and health training. (4) The Company regularly convenes meetings to present and communicate the Company’s business development direction and strategies to its employees. (5) The Company has two training programs, namely Supervisors/regular training and general employee/occasional training. The content of	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)	
(8) Does the company evaluate the records of suppliers' impact on the environment and society before doing business with the supplier? (9) Do the contracts between the company and its major suppliers include termination clauses which come into force once the suppliers breach the corporate social responsibility policy and cause significant impact on the environment and society?			training depends on the job position of the employees. (6) There are no relevant operations currently. (7) 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) (8) No, a list of supplier evaluation standards was added. (9) The Company upholds the principle of ethical corporate management and collectively cooperate with the suppliers in development projects to facilitate coexistence and collective prosperity.	
4. Enhancing information disclosure (1) Does the company disclose relevant and reliable information regarding its corporate social responsibility on its website and the Market Observation Post System?	V		The Company discloses relevant information regarding its corporate social responsibility on its website, annual report, and the prospectuses.	No discrepancy.

<table>
<tr><td rowspan="2">Assessed areas</td><td colspan="3">State of Operations (Note 1)</td><td rowspan="2">Departure from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies and reasons</td></tr>
<tr><td>Yes</td><td>No</td><td>Summary (Note 2)</td></tr>
<tr><td colspan="5">5. 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</td></tr>
<tr><td colspan="5">6. Other important information to facilitate a better understanding of the company’s corporate social responsibility practices: None.</td></tr>
<tr><td colspan="5">7. If the corporate social responsibility reports have received assurance from external institutions, they should state so below: Not applicable</td></tr>
</table>

Note 1: The operating condition shall be described in the Summary column regardless of whether "Yes" or "No" is selected.
Note 2: For companies that have compiled CSR reports, the summary may specify the CSR reporting method and page numbers.

(6) Implementation of ethical corporate management

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 declare its ethical corporate management policies and procedures in its rules and external documents, as well as the commitment of its board and management to implementing the management policies? (2) Does the company establish policies to prevent unethical conduct with relevant procedures, guidelines of conduct, punishment for violation, rules of appeal clearly stated in the policies, and implement the policies? (3) Does the company establish appropriate precautionary measures for operating activities with higher risk of unethical conducts provided in Paragraph 2, Article 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies or within its scope of business?	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) Does the company establish a dedicated (concurrent) unit under the Board of Directors to promote ethical corporate management, and report the status of implementation to the board? (3) Does the company establish policies to prevent conflicts of interest, provide appropriate channels for filing related complaints and implement the policies accordingly? (4) Does the company have effective accounting system and internal control systems set up to facilitate ethical corporate management, and are those systems audited by either internal auditors or CPAs on a regular basis?	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	
(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) Does the company establish standard operating procedures for investigating reported cases and related confidentiality mechanism? (3) Does the company provide proper whistleblower protection?	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	
4. Enhancing information disclosure (1) 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		(1) 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
2018.05.29 (Share holders’ regular meeting)	Reporting Items (1) 2017 Business Report (2) 2017 Supervisor’s Audit Report (3) 2017 Report on Remuneration Distribution of Employees, Directors, and Supervisors. (4) Report on Private Placement Status	All items passed and executed as scheduled.	

	Passed Items (1) 2017 Business Report and Financial Statements	The balloting outcome including votes exercised through electronic voting: 25,655,119 pro votes , accounting for 99.866% of the aggregate total votes; 223 con votes, 0 invalid vote, abstention/ Non-voting votes: 34,216 votes. The present issue is duly resolved exactly as proposed.	Reports and statements distributed to shareholders according to relevant laws and regulations
	(2) 2017 Earnings Distribution Proposal.	The balloting outcome including votes exercised through electronic voting: 25,655,119 pro votes , accounting for 99.866% of the aggregate total votes; 223 con votes, 0 invalid vote, abstention/ Non-voting votes: 34,216 votes. The present issue is duly resolved exactly as proposed.	Dividend base date scheduled on July 24, 2018, ex-dividend date on July 18, 2018, the book closure date on July 19, 2018. According to Article 165 of the Company's Articles of Incorporation, the book closure period is from July 20, 2018 to July 24, 2018. Cash dividend payday is August 15, 2018
	Matters for Discussion (1) Amendment of the Article of Incorporation.	The balloting outcome including votes exercised through electronic voting: 25,655,119 pro votes , accounting for 99.866% of the aggregate total votes; 223 con votes, 0 invalid vote, abstention/ Non-voting votes: 34,216 votes. The present issue is duly resolved exactly as proposed.	The issue had been duly completed in enforcement exactly as amended.
	(2) Proposal for a new share issue through capitalization of 2017 earnings.	The balloting outcome including votes exercised through electronic voting: 25,655,119 pro votes , accounting for 99.866% of the aggregate total votes; 223 con votes, 0 invalid vote, abstention/ Non-voting votes: 34,216 votes. The present issue is duly resolved exactly as proposed.	Dividend base date scheduled on July 24, 2018, ex-dividend date on July 18, 2018, the book closure date on July 19, 2018. According to Article 165 of the Company's Articles of Incorporation, the book closure period is from July 20, 2018 to July 24, 2018.

2.Board of Directors' Meeting

Date	Proposal
2018.01.24	Approved the Year-End Bonus Disbursement Principle and Manager Year-End Bonus.
	Approved the Eveluatio plan of the independence of CPAs.
	Approved the Authorization of Grant Thorton as 2018 Auditor for the Company's financial report.
	Approved the change in use of the fund from the 2014 Private Placement
	Approving the capital injection to Brogent Hong Kong Limited.
	Approved to establish a wholly-owned offshore subsidiary.

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
2018.3.12	Approved the 2017 Statement on Internal Control.
	Approved the 2017 Director and Employee Bonus Plan.
	Approved the Evaluation of the result in adopting IFRS 16 「Leases 」of the company
	Approved the 2017 Business Report and Financial Statements.
	Approved the 2017 Earnings Distribution Plan.
	Approved the Amendment of the Article of Incorporation.
	Approved the Proposal for a new share issue through capitalization of 2017 earnings.
	Approved the application of listing on OTC and Public Issuance for the Ordinary Shares of the 2014 Private Placement No.1
	Approved the Liability Insurance Renewal Plan for the Directors, Supervisors and Managers
	Approved the Adjument of the Manager Remuberation.
	Approved the Promotion of the Senior Manager
	Approved the proposed calling of 2018 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
2018.05.10	Approved the 2018 First Quarter Financial Report.
	Approved the Proposal of Organization Restructuring.
	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
2018.06.15	Approved the Resolution on determining the ex-dividend date and payable date for year 2017.
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
2018.08.13	Approved the 2018 Second Quarter Financial Report.
	Approved the 2017 Director and Employee Remuneration Plan.
	Approved the proposal of applying for trading of stocks on the TPEx and supplemental public issuance for the private placement of common shares issued 2015 first time.
	Approved the Reduction Record Date of the Buyback Treasury Stocks Nullifing.
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

2018.11.08	Approved the 2018 Third Quarter Financial Report.
	Approved the Proposal of Company Organization Restructuring.
	Approved the Proposal of the Company capital increase to the subsidiaries and the establishment of the investment operation of the New York City Times Square Flying Theater.
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
2018.12.28	Approved the 2019 Operation Budget Plan.
	Approved the 2019 Audit Plan.
	Approved the Financing application plan.
	Approved the Amendment of Internal Control System for the related operational procedures of fixed assets.
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

2019.01.23	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

(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: Not applicable.

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	Yu-Chieh Lo HuiPing Liu	2018/1/1-2018/12/31	-

Unit: NT$1,000

Amount classification \ Public fee item		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:

Name of accounting firm	CPA	Audit fee	Non-audit fee					Audit period	Note
			System design	Business registration	Human Resources	Others	Subtotal		
Grant Thornton Taiwan	Yu-Chieh Lo. HuiPing Liu	4,800	-	182	-	548	730	2018/1/1-2018/12/31	TP report and Consultation fee

(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: Not applicable

(2) Concerning succeeding CPA : Not applicable.

(3) Previous CPA response to items in Article 10.5.1 and 10.5.2.3 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	2018		Current year up to March 31	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Chairman	Chung-Ming Huang	476,330	—	—	—
Director (President)	Chih-Hung Ouyang	803,316	3,479,000	—	—
Director	Chin-Huo Huang	182,451	—	—	—
Director	Changchun Investment Co. Ltd.	341,313	—	—	—
Director Representative	Chih-Chuan Chen	4,828	—	—	—
Director	Chun-Hao Cheng	25,156	—		
Supervisor	Yi Chung Huang	—	—	—	—
Supervisor	Yung-Liang Huang	—	—	—	—
Vice President of Technology Center	Teng-Hung Lai	5,088	—	(4,000)	—
Chief Engineer & Director of Project Center	Yi Chung Huang	3,862	20,000	—	—
Independent Director	Ching-Wen Chuang	—	—	—	—
Independent Director	Shun-Jen Cheng	—	—	—	—
Chief Financial Officer	Sui-Chuan Lin	34,092	50,000	—	—
Audit Manager	Hui-Ping Li	6,015	—	—	—

(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 31, 2019; 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	3,625,897	6.83%	96,369	0.18%	—	—	Fu Wu Investment Ltd.	Legal representative	—
Chung-Ming Huang	2,857,984	5.38%	323,739	0.61%	—	—	—	—	—
Fu Wu Investment Ltd. Representative: Chih-Hung Ouyang	2,758,854	5.20%	—	—	—	—	Chih-Hung Ouyang	Legal representative	—
Profit Power Management Consulting Limited	2,448,000	4.61%	—	—	—	—	—	—	—
Ruentex Development Co. Ltd. Representative: Chang-Cheng Chien	2,370,534	4.46%	—	—	—	—	—	—	—
Ruentex Industries Ltd. Representative: Chih-Fan Wang	2,370,534	4.46%	—	—	—	—	—	—	—
Changchun Investment Co. Ltd. Representative: Yin, Yen-Liang	2,047,878	3.86%	—	—	—	—	—	—	—
LIANG SHU HUEI	1,549,580	2.92%	—	—	—	—	—	—	—
Yung-Liang Huang	1,260,559	2.37%	—	—	—	—	—	—	—
CHUN YEH Investment Co. Ltd. Representative: Li, Pei-Kuan	1,158,370	2.18%	—	—	—	—	—	—	—

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.	900,000	60%	-	-	900,000	60%
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 31, 2019; Unit: Shares

Type of stock	Authorized capital			Note
	Shares issued and outstanding	Unissued shares	Total	
Ordinary shares	53,092,772	36,907,228	90,000,000	OTC shares

2. Sources of capital

March 31, 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

(2) Shareholder structure

March 31, 2019

Shareholder structure quantity	Government institution	Financial institutions	Other juristic persons	Individual investors	Foreign institutions and foreigners	Total
Number of Shareholders	1	18	52	4,827	39	4,937
No. of shares held	3,000	2,021,382	14,992,363	30,696,334	5,379,693	53,092,772
Shareholding percentage (%)	0.01%	3.81%	28.24%	57.81%	10.13%	100.00%

(3) Dispersion of equity ownership

Ordinary shares

March 31, 2019

Shares	Number of shareholders	Shares held	Shareholding percentage (%)
1~ 999	2,523	186,298	0.35%
1,000~ 5,000	1,785	3,599,060	6.78%
5,001~ 10,000	247	1,795,519	3.38%
10,001~ 15,000	102	1,257,317	2.37%
15,001~ 20,000	45	779,655	1.47%
20,001~ 30,000	71	1,827,080	3.44%
30,001~ 40,000	41	1,423,543	2.68%
40,001~ 50,000	19	851,155	1.60%
50,001~ 100,000	43	3,127,121	5.89%
100,001~ 200,000	21	2,858,766	5.38%
200,001~ 400,000	18	4,974,800	9.37%
400,001~ 600,000	6	2,959,230	5.57%
600,001~ 800,000	3	2,075,569	3.91%
800,001~1,000,000	2	1,834,762	3.46%
>1,000,001	11	23,542,897	44.35%
Total	4,937	53,092,772	100.00%

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

March 31, 2019

Shares / Name of major shareholder	No. of shares held	Shareholding percentage (%)
Chih-Hung Ouyang	3,625,897	6.83%
Chung-Ming Huang	2,857,984	5.38%
Fu Wu Investment Ltd.	2,758,854	5.20%
Profit Power Management Consulting Limited	2,448,000	4.61%
Ruentex Development Co. Ltd.	2,370,534	4.46%
Ruentex Industries Ltd.	2,370,534	4.46%
Changchun Investment Co. Ltd.	2,047,878	3.86%
LIANG SHU HUEI	1,549,580	2.92%
Yung-Liang Huang	1,260,559	2.37%
CHUN YEH Investment Co. Ltd.	1,158,370	2.18%

(5) Stock price, net worth, earnings, dividends and related information (2017-2018)

Unit: NT$

Year / Item			2017	2018	Current year up to March 31, 2019
Market price per share	Maximum		295.5	274	205
	Minimum		179	136	164
	Average		236.13	186.86	183
Net Value per share	Basic		52.85	54.61	(Note 2)
	Diluted		47.27	(Not Resolved)	(Note 2)
Earnings per share	Weighted average shares		53,093	53,093	(Note 2)
	Earnings per share		5.0	4.84	(Note 2)
Dividends per share	Cash dividend		4.0	4.0(Note 1)	-
	Stock grants	-	2.0	0.5(Note 1)	-
		-	-	-	-
	Accumulated unpaid dividend		-	-	-
Return analysis	Price-earnings ratio		47.23	38.61	(Note 2)
	Price-dividend ratio		59.0325	46.715	(Note 2)
	Cash dividend yield		0.0169	0.0214	(Note 2)

Note 1: The 2018 proposal of surplus distribution has not been resolved in the shareholders' meeting.

Note 2 : 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 2018 earnings distribution plan was approved by the Board on March 12, 2019. Shareholders' meeting has not yet been held. The 2018 earnings distribution plan is as follows:

(1) Each common share holder will be entitled to receive a cash dividend of NT$4.0 per share. (cash dividend from retained earnings at NT$3.38 per share, and cash distribution from capital surplus at NT$0.62 per share).

(2) For a new share issue through capital surplus transferred, dividends stocks of 2,654,638 shares will be issued. For share assignment, 50 shares will be assigned free of charge per 1,000 existing shares held shareholders as indicated in the shareholders' roster on the ex-right baseline date.

(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 2018 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 annual net profit, legal capital reserve, 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 shareholders' 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 12, 2019. The distributed employee bonus was NT$28,267,000 and Director and Supervisor remuneration was NT$5,975,000.

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

The Company's 2018 earnings distribution was approved by the Board of Directors' meeting on March 12, 2019. A cash dividend of NT$4.0 per share. (cash dividend from retained earnings at NT$3.38 per share, and cash distribution from capital surplus at NT$0.62 per share). per share and a stock dividend of NT$0.5 per share is proposed, the total cash dividend to be distributed is NT$212,370,000 and total stock dividend amount is NT$26,546,000.

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

Not applicable. The Company's 2018 earnings distribution plan was approved by the Board of Directors' meeting on March 12, 2019. 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:

Not applicable.

These values did not differ from the recognized expense and the annual estimated amount.

(9) Buyback of Treasury Stock:

March 31, 2019

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. 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

Expand Operation Expenses	Expenditure	Expected	NT$817,240,000	The total amount of 2015 seasoned equity offering was NT$1,757,240,000. Among it, NT$817,240,000 was used mainly for operation expenses. The plan was executed as scheduled; there were no major abnormal events.
		Actual	NT$1,098,926,328	
	Accumulated implementation progress	Expected	100%	
		Actual	134.46%	

Other expenses	Expenditure	Expected	NT$940,000,000	The total amount of 2015 seasoned equity offering was NT$1,757,240,000. Among it, NT$940,000,000 was used for establishing affiliates. The fund was used up as expected; there were no major abnormal events.
		Actual	NT$697,973,990	
	Accumulated implementation progress	Expected	100%	
		Actual	73.93%	

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	2017		2018	
	Net revenue	Operating weight	Net revenue	Operating weight
Simulator rides	1,436,045	94.82	1,588,776	97.03
Mobile device software	-	-	-	-
Others (Note)	78,424	5.18	48,662	2.97
Net revenue	1,514,469	100.00	1,637,438	100.00

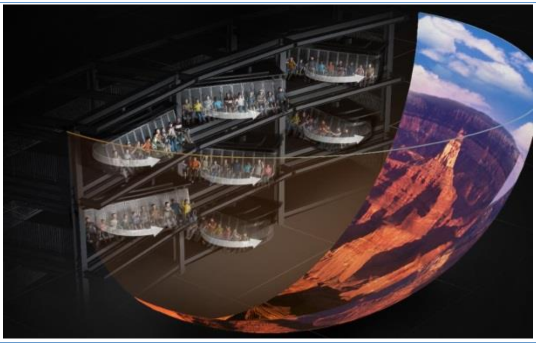
Note: Others primarily refer to income from repair, maintenance, and labor affairs.

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.

In addition to providing fun experiences, Brogent's product development team proceeds to put more stringent requirements to improve qualityand security. Moreover, Brogent's flying theater won "the Best New Ride of European Star Award 2017" and "European 2018 Annual Media-Based Attraction". 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.	
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.	

4. The Company's new future products (services)

Furthermore, in response to the prevalence of online shopping activities, the convenience of mobile devices, and the fact that people cannot visit large theme parks in remote areas whenever they desire, the Company has endeavored to build a CitiPark indoor experience center in the city, where transport is convenient. Using the Company's innovative imagination, we combined simulator ride technologies with a variety of images, music, apparatuses, special effects, and themes, enabling visitors to travel through space and time. Thus, with this innovation, the benefits of edutainment in learning geography and astronomy and experiencing foreign cultures can be achieved. CitiPark is based on the operating model of Disneyland; however, unlike Disneyland and Universal Studios Japan, which are located in a suburban areas, CitiPark will be established in an area easily accessible to tourists, who can then imagine themselves as a story character whenever, wherever they desire, thus creating an experience economy that is just around the corner. The next CitiPark will open in China .

Regarding the development of simulator rides, in addition to continuing investing in the R&D and product optimization based on existing hardware designs, the Company also endeavors to add different product lines in response to global customer demand, customizing products that are suitable for various types of customers.

The company has launched the compact simulator Q-Ride during the IAE trade show in Orlando and has received very positive reviews by the international industry press. The first installation has opened in 2018 in Tokyo and more installations are announced for 2019.

Brogent also signed a contract for the first installation of the m-Ride compact flying theatre in the US.

(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.

According to the 2015 global tourist attraction report published by the authoritative Theme Entertainment Association (TEA), the global theme park industry has showed steady growth in 2015. Particularly, the number of visitors to top 10 theme parks worldwide grew by 7.2% in from 2014 to 15, and the growth rate for the top 25 theme parks was 5.4%. The growth in the number of visitors from Asian regions was the most significant, at 7.5%. In the Middle East regions, construction for large-scale theme parks has commenced such as the Warner Bros in Abu Dhabi, which is scheduled to open in 2018. The overall growth rate for Europe remained steady, but United Kingdom, Germany, and Denmark all exhibited stronger growth.

Current Asian theme parks are experiencing the same bottleneck. For example, China's theme park exhibited overly high ratio of entrance fees to total revenue (80%) and low tourist revisit rate (20%). To effectively solve the aforementioned problems, new amusement parks must focus on product structures and customer services. While theme parks in Taiwan and China had committed to raising their entrance price to increase their income, theme parks in non-Asian countries such as the European and American regions have developed peripheral products, lowering the proportion of entrance fee income to 50%.

The further expansion of Disney through acquisition of Marvel earlier and Fox in 2017 has underlined the importance of intellectual property for the industry. . In collaboration with Kodansha, Brogent was able to display the characters and storyline of the Attack on Titan IP through its simulator ride devices. Concurrently, the Company develops fine cultural and creative products, which can be promoted through tourists' word of mouth after then experienced. Thus, the popularity of these products can be increased, thereby elevating the total amount of spending per capita.

Asia has shown strong growth in recent years and neighboring countries in South East Asia are following with with projects like Chimelong Ocean Kingdom in China that become Asia’s biggest domestic operated theme park in it’s first year of operation. Similar projects by local investors opened or will open in Vietnam and Indonesia and large investments are flowing into Japan to gear the local attractions up for the 2020 Olympic games.

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 was able to increase it’s annual attendance from 5.5 to 5.6 million visitors especially in the winter months of its 2017 season thanks to the opening of the Brogent delivered “Voletarium” attraction. 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

Simulator rides are a type of amusement facilities featuring sound, lighting, and realistic effects that are developed to satisfy the entertainment needs of consumers. Consumers are given the options of playing on either mechanical facilities (e.g., roller coaster, free fall, and pirate ships) or static activities such as watching a film. However, the mechanical amusement facilities provide relatively monotonous entertainment effects, involve high construction cost, pose safety concerns, and are limited to certain age groups. In addition, the operation of these facilities is easily affected by weather conditions. Watching a film is a type of leisure static activity, providing only visual entertainment effects and thus failing to satisfy the needs for sound and light sensory stimulations pursued among the younger generations. Therefore, such amusement facilities cannot yield satisfactory entertainment effects or enhance the parks' benefits. An overview of the current domestic market reveals that the Company has no competitors involved in similar business operations. Thus, there are no alternative or competing products on the market.

(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	2018	2019Q1
R&D expenses	118,370	-

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

(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 programs and enhance the quality of R&D personnel so that employees can improve as the company develops.

B. Effectively integrate company's internal resources to enhance work effectiveness.

(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		2017		2018	
Sales Region		Net revenue	%	Net revenue	%
Domestic sales	Taiwan	25,815	1.71	41,304	2.52
Exports	Asia	1,209,646	79.87	1,092,079	66.70
	Americas	152,023	10.04	131,226	8.01
	Europe	115,568	7.63	177,394	10.83
	Australia	11,417	0.75	195,435	11.94
	Subtotal	1,488,654	98.29	1,596,134	97.48
Total		881,670	1,514,469	1,637,438	100.00

2. Market Share

An overview of the current domestic market reveals that the Company has no competitors; therefore, no information regarding market shares is currently available for comparison. Regarding simulator rides in new media amusement industries, the Company is the first to integrate precision machinery, spherical projectors, audiovisual control, and wireless embedded system and became the company the independently developed simulator ride technologies. In 2017 four flying theaters opened in Europe, three of which are delivred by Brogent. We have once again confirmed our strong position as global market leader in the flying theater market.

Internationally, in addition to Disney in the United States possessing three similar theaters that are expensive and not available for third party purchase, Dynamic Attractions in Canada and Huss and Simtec from Germany both have also introduced simulator rides. However, these three companies only adopt motion platform-based hardware technologies and are not equipped with the ability to integrate hardware and software technologies, rendering them incapable of offering a comprehensive solution regarding simulator rides to business operators. Furthermore, apart from the Simtec solution, their platform moves merely in a maximum of two axial directions, yielding poor realistic effects. Therefore, after the Company entered the simulator ride market, the Company will leverage its advantages (technology and costs), cooperate with Vekoma Rides Manufacturing BV, and introduce simulator rides to theme parks and tourist attractions around the world. Thus, tourists worldwide can perceive the enjoyment generated from riding the simulator rides, and the Company's business scale can be enhanced.

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. CitiPark has become the Company's business demonstration site where a profit distribution business model has been adopted. Taiwan's first standalone i-Ride is now in operation at the Experience Center at Brogent's headquarter in Kaohsiung, providing Taiwanese citizens with diverse sensory experiences. 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

B. Premium Brand Equity

Theme parks, museums, and exhibition centers are generally a closed market. The Company combines the marketing channels of internationally well-known theme park facility suppliers, enabling the successful transition into the theme park supply chain. This transition will be advantageous for expansion into the global market. Furthermore, the Company possesses excellent professional technological know-how and development experience; its products are strongly recognized by international clients. From 2008 to 2017, product sales distribution has gradually extended into international communities; Brogent’s products can be found in the following locations:

Worldwide 30 flying theaters in operation or under installation

In 2017 the main focus for openings was in Europe with a major mile stone opening of a double i-Ride installation at Europa-Park, Germany’s leading theme park. The attraction also received the European Star Award as best new ride in 2017. We had two more openings with “This is Holland” in Amsterdam and at a major theme park in Spain. Our future business development will continue to involve market internationalization to expand our marketing scope of the global market, thereby improving the overall revenue performance.

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

The Company holds a solid foundation for software technology development. Brogent supports the software technology development required for simulator rides. In 2013, the flying theater i-Ride received the attention of Kodansha. Through the assistance of the Institute for Information Industry Taiwan - Japan Industry Promotion Center, the Company signed the first memorandum of understanding (MOU) with Kodansha in October 2013. Thereafter, frequent business meetings were held with the Japanese company, with the hope of integrating Brogent's product technologies with Kodansha's manga series to launch a highly entertaining amusement facility. The manga of choice in this cooperation was the popular Attack on Titan. With Kodansha's support, Brogent officially received authorization for the manga series Attack on Titan, and began producing related films for the i-Ride facility.

In 2015, both parties once again signed an MOU with the premise of expanding their scope of cooperation to including all of Brogent's simulator ride products. Thus, Kodansha's numerous, popular works can now be displayed through Brogent's simulator rides and technologies, enabling passengers to immerse themselves in the story. Concurrently, the Company collaborates with suppliers of peripheral products; sales channels for these products will be established while theme-based entertainment activities are launched to allow passengers to receive satisfactory services and products. Consequently, a new sales platform will be created, elevating the value of cultural and creative products.

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 recognition for its technological capability since the successful implementation of the FlyOver Taiwan 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. In addition, the Company adopts "experiencing in an urban setting" as a strategy to actively develop miniature simulator rides and compete in the market.

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.

<u>Response measures:</u>

Engage in industry-academia cooperation 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.

<u>Response strategies:</u>

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.

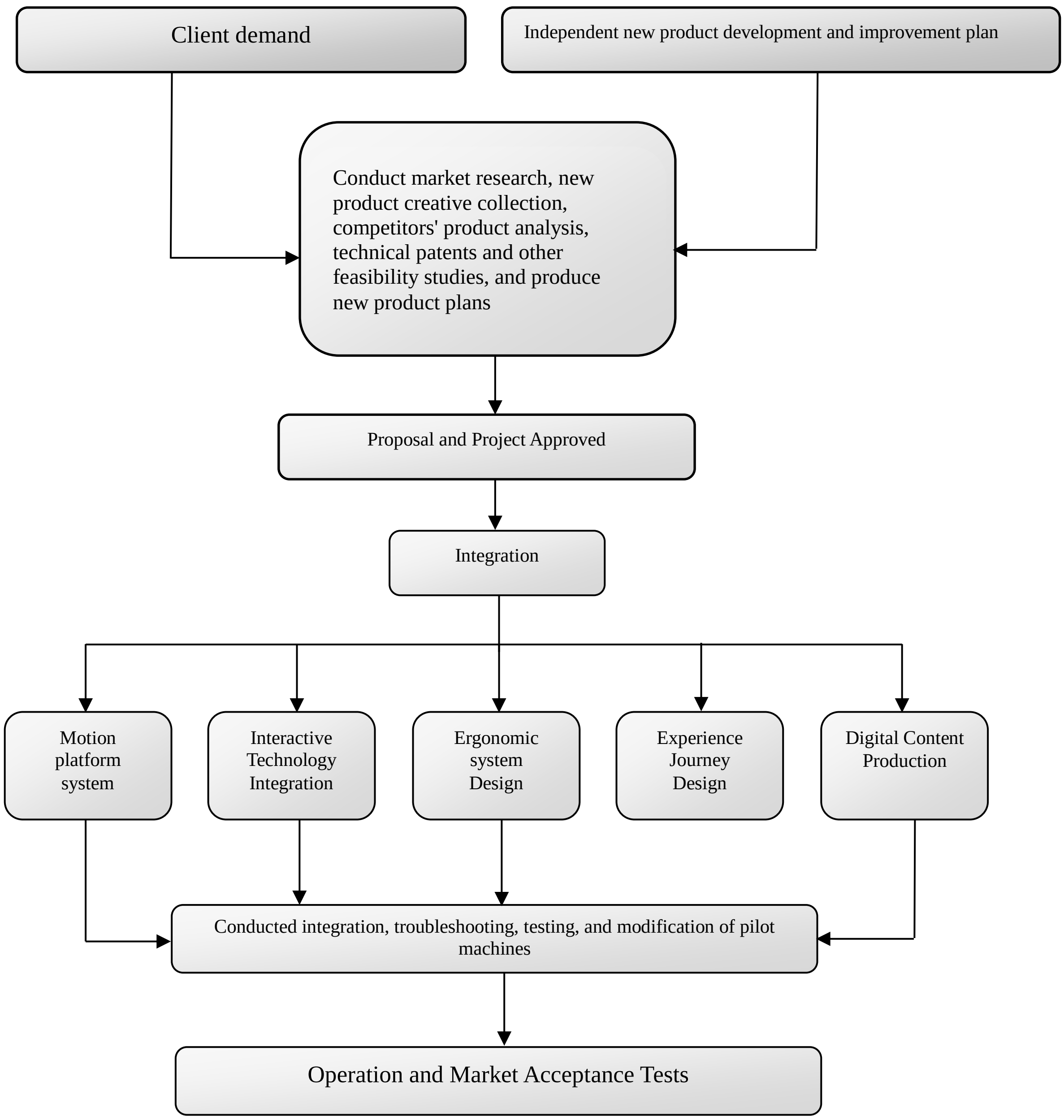
(2) Major product usage and manufacturing processes

1. Main purposes

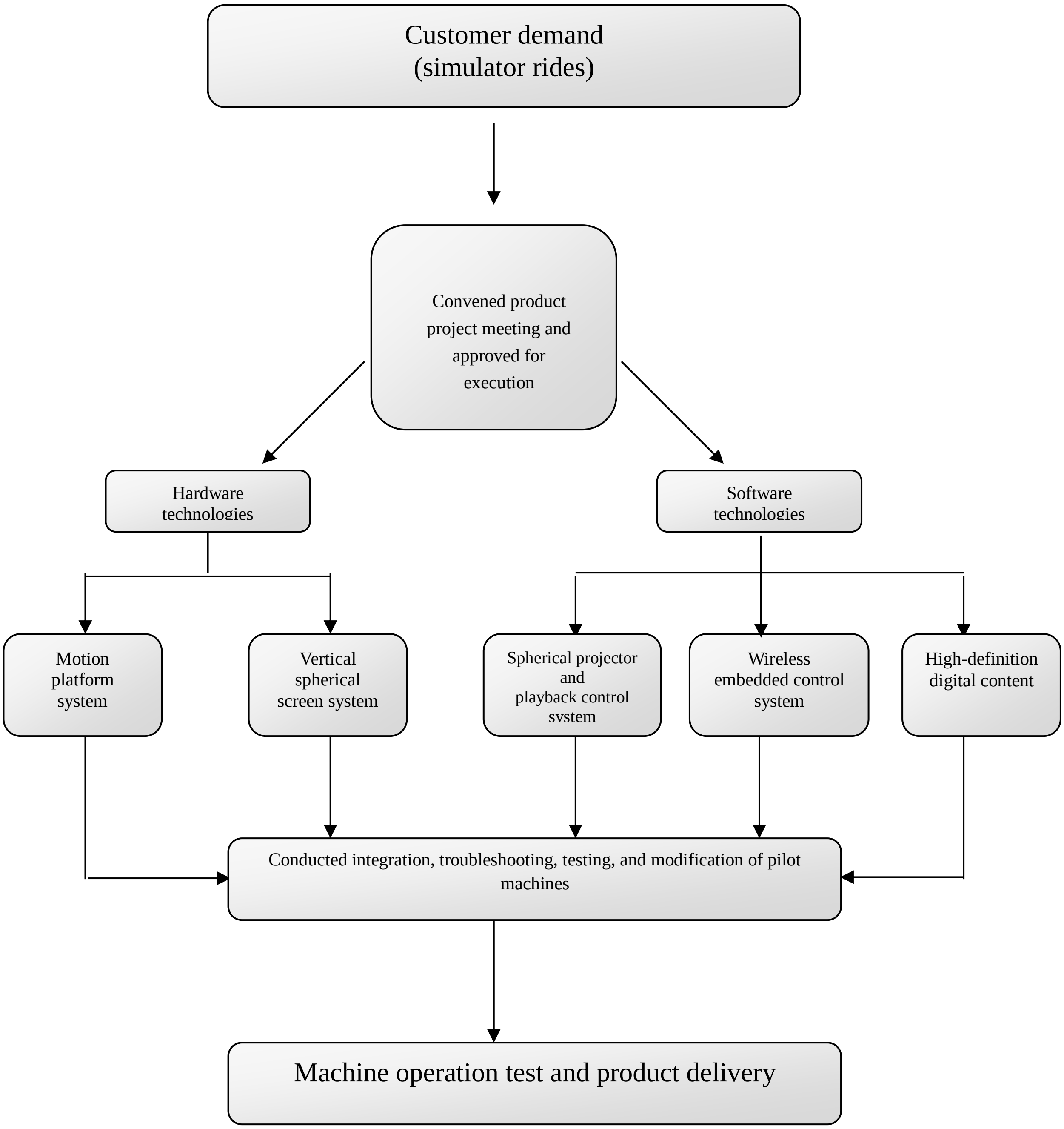
Theme park, museum, exhibition hall, shopping center, and indoor experience center afford entertainment and educational functions, provide adventurous experiences, and elicit sense of excitement.

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 Company develops its own mobile device software instead of outsourcing it. 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$1,000

	2017				2018			
Item	Name	Amount	Percentage of net sales (%)	Relationship with issuer	Name	Amount	Percentage of net sales (%)	Relationship with issuer
1	CHN0005	538,330	35.55%	None.	CHN0016	381,562	23.30%	None.
2	CHN0006	320,163	21.14%	None.	CHN0014	286,258	17.48%	None.
3	CHN0014	161,699	10.68%	None.	CHN0015	284,385	17.37%	None.
4	-	-	-	None.	AUS0001	195,435	11.94%	None.
	Others	494,277	32.63%		其他	489,798	29.91%	
	Total	1,514,469	100.00%		合計	1,637,438	100.00%	

<u>Reasons for changes:</u>

The Company's chief products are simulator rides. Customers who accounted for more than 10% of the sales in 2018 are same buyers of the Company’s 2017 customer orders. The major projects were under construction and the revenues were received according to the percentage of completion. In 2018, 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$1,000

	2017				2018			
Item	Name	Amount	Percentage of total purchase (%)	Relationship with issuer	Name	Amount	Percentage of total purchase (%)	Relationship with issuer
1	A0000419	110,139	24.97%	None.	A0000012	58,598	17.88%	None.
2	A0000012	44,450	10.08%	None.	A0000008	39,720	12.12%	None.
3	A0000008	43,335	9.83%	None.	-	-	-	-
	Others	243,095	55.12%		-	236,593	70.64%	-
		441,019	100.00%			334,911	100.00	

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.

A0000012 is the Company's second largest supplier of the spherical screen manufacturer, from whom the Company made a total purchase of NT$58,598 thousand in 2018. A000008 is the Company's third largest supplier of steel structures and push carriers from whom we made a total purchase of NT$39,720 thousand. 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

Year / Sales volume and value / Primary products	2017				2018			
	Domestic sales		Exports		Domestic sales		Exports	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Mobile device software	-		-		-	-	-	
Simulator rides	-	-	-	1,436,045	-	-	-	1,588,776
Others (Note)	-	20,277	-	58,147	-	41,304	-	7,358
Total	-	20,277	-	1,494,192	-	41,304	-	1,596,134

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

Reasons for changes:

The Company's adjustment to its sales strategy to reduce the number of customized software projects accepted. Regarding the simulator ride, the amount and ratio of exports are comparable to those of 2017, 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 2017	End of 2018	Up to March 31, 2019
Number of employees	Managerial officer	20	24	24
	R&D personnel	78	64	65
	General employee	46	68	70
	Total	144	156	159
Average age		34.07	38.4	38.4
Average years of service (year)		3.10	4.25	4.34
Education distribution (%)	Ph.D	2.1	1.9	1.9
	Master's	51.3	53.2	55.3
	University	38.2	39.7	37.7
	College	6.3	4.5	4.4
	Senior high school	2.1	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 CO2 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 technologies INC. is an executive and administrative office instead of manufacturing industry in Kaohsiung Software Park. We are willing to be coordinate with the government policy to promote every energy saving measures

(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 10% 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	2018.1.19~May terminate the contract according to agreement	Simulator rides (t-Ride)	None.
	Iceland ISL0001	2018.2.28~May terminate the contract according to agreement	Simulator rides (i-Ride)	None.
	China CHN0015	2018.4.27~May terminate the contract according to agreement	Simulator rides (V-Ride)	None.
		2018.4.27~May terminate the contract according to agreement	Simulator rides (V-Ride)	
		2018.4.27~May terminate the contract according to agreement	Simulator rides (V-Ride)	
	China CHN0016	2018.9.1~May terminate the contract according to agreement	Simulator rides (Q-Ride)	None.
	United States GBR0001	2018.9.12~May terminate the contract according to agreement	Simulator rides (m-Ride)	None.
	United States USA0008	2018.10.9~May terminate the contract according to agreement	Simulator rides (m-Ride)	None.
	China CHN0017	2018.12.17~May terminate the contract according to agreement	Simulator rides (Storm Theatre)	Exclusivity for designated area
	Oman OMN0001	2018.12.30~ May terminate the contract according to agreement	Simulator rides (i-Ride)	None.
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 (2014 - 2018)

(1) Condensed balance sheets

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

Unit: NT$1,000

Item \ Year		Financial information: FY2014 - FY2018 (Note 1)					As of March 31, 2019 (Note 3)
		2014	2015	2016	2017	2018	
Current assets		-	2,341,930	2,238,894	2,203,637	2,673,862	-
Property, plant and equipment		-	557,047	804,714	951,441	1,066,459	-
Intangible assets		-	13,987	149,155	120,157	166,597	-
Other assets		-	235,074	98,081	199,667	308,893	-
Total Assets		-	3,148,038	3,290,844	3,474,902	4,215,811	-
Current liabilities	Basic	-	566,592	307,270	313,143	532,823	-
	Diluted	-	547,321	290,894	279,121	(Note 2)	-
Non-current liabilities		-	88,140	336,388	356,039	783,516	-
Total liabilities	Basic	-	654,732	643,658	669,182	1,316,339	-
	Diluted	-	635,461	627,282	635,160	(Note 2)	-
Equity attributable to owners of parent		-	2,444,938	2,594,050	2,746,998	2,836,176	-
Share capital		-	446,780	446,780	446,780	530,928	-
Capital reserve		-	2,043,087	2,052,669	2,053,485	2,027,723	-
Retained earnings	Basic	-	220,459	211,682	366,258	270,513	-
	Diluted	-	109,849	90,937	70,178	(Note 2)	-
Other interests		-	684	(1,605)	(4,049)	7,012	-
Treasury stock		-	266,072	115,476	(115,476)	—	-
Non-controlling interests		-	48,368	53,136	58,722	63,296	-
Total shareholders' equity	Basic	-	2,493,306	2,647,186	2,805,720	2,899,472	-
	Diluted	-	2,382,696	2,526,441	2,509,640	(Note 2)	-

Note 1: Starting from 2015, the Company has consolidated financial reports.
Note 2: The 2018 proposal of surplus distribution has not been resolved in the shareholders' meeting.
Note 3: The year to date March 31. 2019 financial results has not yet been reviewed by a CPA.

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

Unit: NT$1,000

Item \ Year		Financial information: FY2014 - FY2018 (Note 1) 2014	2015	2016	2017	2018	As of March 31, 2019 (Note 3)
Current assets		1,046,900	1,967,995	1,939,408	1,881,423	1,888,931	-
Property, plant and equipment		310,698	551,001	617,103	704,900	852,130	-
Intangible assets		6,086	13,934	146,666	117,987	102,946	-
Other assets		53,163	594,044	437,806	543,585	1,008,906	-
Total Assets		1,416,847	3,126,974	3,140,983	3,247,895	3,852,913	-
Current liabilities	Basic	208,712	593,896	322,545	289,921	356,515	-
	Diluted	288,072	577,625	306,169	255,899	(Note 2)	
Non-current liabilities		180,165	88,140	224,388	210,976	660,222	-
Total liabilities	Basic	388,877	682,036	546,933	500,897	1,016,737	-
	Diluted	468,237	665,765	530,557	466,875	(Note 2)	
Equity attributable to owners of parent		1,027,970	2,444,938	2,594,050	2,746,998	2,836,176	-
Share capital		341,294	446,780	446,780	446,780	530,928	-
Capital reserve		459,496	2,043,087	2,052,669	2,053,485	2,027,723	-
Retained earnings	Basic	227,180	220,459	211,682	366,258	270,513	-
	Diluted	147,820	109,849	90,937	70,178	(Note 2)	
Other interests		-	684	(1,605)	(4,049)	7,012	-
Treasury stock		-	266,072	115,476	(115,476)	-	-
Non-controlling interests		-	-	-	-	-	-
Total shareholders' equity	Basic	1,027,970	2,444,938	2,594,050	2,746,998	2,836,176	-
	Diluted	948,610	2,334,328	2,473,305	2,450,918	(Note 2)	-

Note 1: The 2014 - 2018 financial reports have been certified by the CPA.
Note 2: The 2018 proposal of surplus distribution has not been resolved in the shareholders' meeting.
Note 3: The company does not have individual financial report as of March 31, 2019.

(2) Condensed statements of income

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

Unit: NT$1,000

Item \ Year	Financial information: FY2014 - FY2018 (Note 2)					As of March 31, 2019 (Note 3)
	2014	2015	2016	2017	2018	
Sales revenue	-	705,424	881,670	1,514,469	1,637,438	-
Gross profit	-	333,961	444,937	725,335	721,242	-
Operating income (loss)	-	130,412	108,508	340,734	289,512	-
Non-operating income and expense	-	21,815	21,076	(13,171)	31,615	-
Net income (loss) before tax		152,227	129,584	327,563	321,127	
Continuing operations Net income	-	119,769	106,112	271,181	258,418	-
Profit and loss of discontinuing operations	-	-	-	-	-	-
Net income (loss)	-	119,769	106,112	271,181	258,418	-
Other comprehensive income (net income)	-	619	(1,810)	(2,928)	10,899	-
Total comprehensive income	-	120,388	104,302	268,253	269,317	-
Net income belongs to the parent company	-	112,384	101,354	265,670	257,168	-
Net income belongs to non-controlling interests	-	7,385	4,758	5,511	1,250	-
Total comprehensive income belongs to the parent company	-	113,003	99,544	262,742	268,032	-
Total comprehensive income belongs to the non-controlling interests	-	7,385	4,758	5,511	1,285	-
Earnings per share	-	2.57	2.30	5.00	4.84	-

Note 1: Starting from 2015, the Company has consolidated financial reports..
Note 2: The 2015-2018 consolidate financial results has been verified by a CPA.
Note 3: The year to date March 31. 2019 financial results has not yet been reviewed by a CPA.

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

Unit: NT$1,000

Item \ Year	Financial information: FY2014 - FY2018 (Note 1)					As of March 31, 2019 (Note 2)
	2014	2015	2016	2017	2018	
Sales revenue	829,511	690,617	865,220	1,202,199	1,325,599	-
Gross profit	426,915	304,396	390,441	540,111	551,358	-
Operating income (loss)	231,250	110,586	110,972	219,061	214,768	-
Non-operating income and expense	38,492	30,730	10,463	81,036	86,841	-
Net income (loss) before tax	269,742	141,316	121,435	300,097	301,609	-
Continuing operations Net income	224,432	112,384	101,354	265,670	257,168	-
Profit and loss of discontinuing operations	-	-	-	-	-	-
Net income (loss)	224,432	112,384	101,354	265,670	257,168	-
Other comprehensive income (net income)	(686)	619	(1,810)	(2,928)	10,864	-
Total comprehensive income	223,746	113,003	99,544	262,742	268,032	-
Net income belongs to the parent company	224,432	112,384	101,354	265,670	257,168	-
Net income belongs to non-controlling interests	-	-	-	-	-	-
Total comprehensive income belongs to the parent company	223,746	113,003	99,544	262,742	268,032	-
Total comprehensive income belongs to the non-controlling interests	-	-	-	-	-	-
Earnings per share	6.83	2.57	2.30	5.00	4.84	-

Note 1: The 2014 - 2018 financial reports have been certified by the CPA.
Note 2: The company does not have individual financial report as of March 31, 2019.

3. The 2014 - 2018 Names of auditors and audit opinions

Year	Name of accounting firm	CPA	Audit opinion
2014	Grant Thornton Taiwan	Yi-Shun Chang, Yu-Chieh Lo	Unqualified 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)

2. Financial Analysis

(1) Financial analysis (2014 - 2018)

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

Item (Note 3) / Year (Note 1)		Financial analysis (2014 - 2018) (Note2)					As of March 31, 2019 (Note 3)
		2014	2015	2016	2017	2018	
Financial structure (%)	Debt-to-assets ratio	-	20.80	19.56	19.26	31.22	-
	Long-term fund to property, plant and equipment (fixed assets) ratio	-	463.42	370.76	332.31	345.35	-
Solvency (%)	Current ratio	-	413.34	728.64	703.72	501.83	-
	Quick ratio	-	361.30	537.88	451.84	334.46	-
	Times interest earned	-	31,358.11	2,615.71	5351.09	3,097.55	-
Operating ability	Receivables turnover ratio (times)	-	4.05	3.29	5.37	4.85	-
	Average days of collection	-	90.12	110.94	67.97	75.25	-
	Inventory turnover ratio (times) (Note 2)	-	-	-	-	-	-
	Payables turnover ratio (times)	-	3.74	3.52	7.33	3.52	-
	Average days of sales	-	-	-	-	-	-
	Property, plant and equipment (fixed assets) turnover ratio (times)	-	1.36	1.10	1.72	1.58	-
	Total assets turnover ratio (times)	-	0.23	0.28	0.45	0.40	-
Profitability	Return on assets (%)	-	3.89	3.45	8.17	6.47	-
	Return on equity (%)	-	4.82	4.08	9.95	9.10	-
	Paid-in capital to income before tax (%) (Note 8)	-	34.07	29.00	73.32	60.48	-
	Net profit margin (%)	-	16.98	12.04	17.91	15.78	-
	Earnings per share (NT$)	-	2.57	2.3	5.00	4.84	-
Cash flows	Cash flow ratio (%)	-	(52.84)	(44.9)	55.05	9.50	-
	Cash flow adequacy ratio (%)	-	24.42	23.47	11.59	49.40	-
	Cash reinvestment ratio (%)	-	(14.91)	(8.74)	2.00	(3.65)	-
Leverage	Operating leverage	-	1.27	1.75	1.29	1.75	-
	Financial leverage	-	1.00	1.05	1.02	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. Solvency ability was worsen mainly because of the growth of 2017 bank loan and interest expense.
2. Cash flow ratio decreased by the net cash generated from operating activities in 2018.

Note 1: Starting from 2015, the Company has consolidated financial reports..

Note 2: The 2015-2018 consolidate financial results has been verified by a CPA.

Note 3: The year to date March 31. 2019 financial results has not yet been reviewed by a CPA.

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

Item (Note 3) \ Year (Note 1)		Financial analysis (2014 - 2018)					As of March 31, 2019 (Note 3)
		2014	2015	2016	2017	2018	
Financial structure (%)	Debt-to-assets ratio	27.45	21.81	17.41	15.42	26.39	-
	Long-term fund to property, plant and equipment (fixed assets) ratio	386.42	459.72	456.72	419.63	410.31	-
Solvency (%)	Current ratio	501.60	331.37	601.28	648.94	529.83	-
	Quick ratio	445.08	280.17	509.64	563.3	455.67	-
	Times interest earned	85.32	29,117.66	4202.53	8020.22	4,110.22	-
Operating ability	Receivables turnover ratio (times)	5.46	4.03	2.78	3.22	3.23	-
	Average days of collection	66.8	90.57	131.29	113.35	113.00	-
	Inventory turnover ratio (times) (Note 2)	-	-	-	-	-	-
	Payables turnover ratio (times)	7.37	3.55	3.09	4.17	8.26	-
	Average days of sales	-	-	-	-	-	-
	Property, plant and equipment (fixed assets) turnover ratio (times)	3.51	1.33	1.48	1.82	1.70	-
	Total assets turnover ratio (times)	0.69	0.22	0.28	37.63	37.34	-
Profitability	Return on assets (%)	18.88	3.66	3.31	8.42	7.42	-
	Return on equity (%)	30.03	4.60	4.02	9.95	9.21	-
	Paid-in capital to income before tax (%) (Note 8)	80.09	31.63	27.18	67.17	56.18	-
	Net profit margin (%)	27.06	16.27	11.71	22.1	19.40	-
	Earnings per share (NT$)	6.83	2.57	2.30	5.00	4.84	-
Cash flows	Cash flow ratio (%)	28.21	(50.73)	(7.61)	11.83	36.86	-
	Cash flow adequacy ratio (%)	(25.39)	25.92	15.78	16.15	11.89	-
	Cash reinvestment ratio (%)	4.79	(17.96)	(5.80)	(3.1)	(1.80)	-
Leverage	Operating leverage	1.12	1.37	1.66	1.41	1.46	-
	Financial leverage	1.01	1.00	1.03	1.02	1.04	-

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. Solvency ability was worsen mainly because of the growth of 2018 bank loan and interest expense.
2. Cash flow ratio decreased by the net cash generated from operating activities in 2018.

Note 1: The 2014-2018 Financial Reports of the Company have been reviewed by the CPA.

Note 2: 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 3: The company does not have individual financial report as of March 31, 2019

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).

Note 5: Precautions shall be taken when measuring the aforementioned earnings per share:
1. Based on the weighted average number of ordinary shares, rather than on the year-end number of issued shares.
2. Weighted average number of shares shall be based on the flow period during capital increase or treasury stock transactions.
3. For earnings transfer or capital reserve transfer, annual and semiannual earnings per share shall be tracked and adjusted according to the proportion of capital increase without considering the issuance period when capital increased.
4. If the preferred stocks are nonconvertible cumulative preferred stocks, the annual stock dividend (issued or not issued) shall exclude after-tax income or include after-tax loss. If the preferred stocks are noncumulative, then when there is after-tax income, preferred stocks shall exclude after-tax income, and no adjustment to preferred stocks is required when there are losses.

Note 6: The following precautions shall be taken when measuring cash flow:

1. Net cash flow of business activities refer to the net cash inflow in the company's business activity.
2. Capital expenditure refers to the cash outflow for annual capital investments.
3. Increase in inventory is calculated only when the balance at the end of a period exceeds the balance at the initial period; if the year-end inventory is reduced, then it shall be zeroed.
4. Cash dividend includes the cash dividend from holding ordinary and preferred stocks.
5. Gross property, plant, and equipment refer to the total property, plant, and equipment values before cumulative depreciation.

Note 7: Issuer shall categorize operating costs and expenditures into fixed or variable costs and expenditures according to their characteristics; when costs and expenditures are estimated or subjectively determined, their rationality and consistency shall be ensured.

Note 8: When company stocks have no face value or the face value per share is not NT$10, face value to paid-in capital shall be calculated according to the equity ratio that is based on the balance sheets of the owner of the parent.

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 2018 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$1,000

Item \ Year	2017	2018	Variation	
			Amount	%
Current assets	2,203,637	2,673,862	470,225	21.34
Property, plant and equipment	951,441	1,066,459	115,018	12.09
Other assets	319,824	475,490	155,666	48.67
Total Assets	3,474,902	4,215,811	740,909	21.32
Current liabilities	313,143	532,823	219,680	70.15
Non-current liabilities	356,039	783,516	427,477	120.06
Total liabilities	669,182	1,316,339	647,157	96.71
Share capital	446,780	530,928	84,148	18.83
Capital reserve	2,053,485	2,027,723	(25,762)	(1.25)
Undistributed earnings	366,258	270,513	(95,745)	(26.14)
Total shareholders' equity	2,805,720	2,899,472	93,752	3.34
Analysis and explanation of changes: (1) Increase in other assets in 2018 was attributed to the reclassifying the current assets. (2) Increase in current liabilities and non-current liabilities in 2018 was because of the bank loan growth.				

(2) Induvidual

Unit: NT$1,000

Item \ Year	2017	2018	Variation	
			Amount	%
Current assets	1,881,423	1,888,931	7,508	0.40
Property, plant and equipment	704,900	852,130	147,230	20.89
Other assets	661,572	1,111,852	450,280	68.06
Total Assets	3,247,895	3,852,913	605,018	18.63
Current liabilities	289,921	356,515	66,594	22.97
Non-current liabilities	210,976	660,222	449,246	212.94
Total liabilities	500,897	1,016,737	515,840	102.98
Share capital	446,780	530,928	84,148	18.83
Capital reserve	2,053,485	2,027,723	(25,762)	(1.25)
Undistributed earnings	366,258	270,513	(95,745)	(26.14)
Total shareholders' equity	2,746,998	2,836,176	(89,178)	(3.25)
Analysis and explanation of changes: (1) Increase in other assets in 2018 was attributed to the reclassifying the current assets. (2) Increase in current liabilities and non-current liabilities in 2018 was because of the bank loan growth.				

2. Financial performance

(1) Comparative analysis of business performance- Consolidate

Unit: NT$1,000

Item / Year	2017	2018	Change (amount)	Variation as a percentage (%)
Sales revenue	1,514,469	1,637,438	122,969	8.12
Less: Returns and Allowances	-	-	-	-
Net revenue	1,514,469	1,637,438	122,969	8.12
Operating cost	789,135	916,196	127,061	16.10
Gross profit	725,335	721,242	(4,093)	0.56
Operating expenses	384,601	431,730	47,129	12.25
Operating income	340,734	289,512	(51,222)	15.03
Non-operating income and gain	45,881	46,509	628	1.37
Non-operating expense and loss	59,052	14,894	(44,158)	(74.78)
Income (loss) before tax	327,563	321,127	6,436	1.96
Income tax benefits (expenses)	(56,382)	(62,709)	(6,327)	11.22
Net profit (loss)	271,181	258,418	(12,763)	4.71

Analysis and explanation of changes:
(1) Decrease in non-operating expense and loss is due to the reduction of the company's foreign exchange loss in 2018.

(2) Comparative analysis of business performance- Individual

Unit: NT$1,000

Item / Year	2017	2018	Change (amount)	Variation as a percentage (%)
Sales revenue	1,202,199	1,325,599	123,400	10.26
Less: Returns and Allowances	-	-	-	-
Net revenue	1,202,199	1,325,599	123,400	10.26
Operating cost	662,088	774,241	112,153	16.94
Gross profit	540,111	551,279	11,168	2.07
Operating expenses	321,050	336,511	15,461	4.82
Operating income	219,061	214,768	(4,293)	(1.96)
Non-operating income and gain	131,941	102,059	(29,882)	(22.65)
Non-operating expense and loss	50,905	15,218	(35,687)	(70.11)
Income (loss) before tax	300,097	301,609	1,512	0.50
Income tax benefits (expenses)	(34,427)	(44,441)	(10,014)	29.09
Net profit (loss)	265,670	257,168	8,502	3.20

Analysis and explanation of changes:
(1) Decrease in non-operating income and gain is caused by the recognition of investment income recognized under equity method.
(2) Decrease in non-operating expense and loss is due to the reduction of the company's foreign exchange loss in 2018.

(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 2018.

3. Cash flows

(1) Analysis on the cash flow changes - Consolidated

Unit: NT$1,000

Item	2017	2018	Changes (increase/decrease)
Net cash inflow (outflow) from operating activities	172,465	50,600	(121,865)
Net cash inflow (outflow) from investing activities	165,023	(415,587)	(580,610)
Net cash inflow (outflow) from financing activities	(106,647)	302,915	409,562
Analysis and explanation of changes: (1) In 2018, net business cash intflow increased primarily because of the change of net income and related assets and liabilities. (2)In 2018, net investment cash inflow increased primarily because of Acquisition of property, plant and equipment. (3) In 2018, the net financing cash outflow increased because of the bank loan growth.			

(2) Analysis on the cash flow changes - Individual

Unit: NT$1,000

Item	2017	2018	Changes (increase/decrease)
Net cash inflow (outflow) from operating activities	34,291	131,407	97,116
Net cash inflow (outflow) from investing activities	242,388	(667,853)	(910,241)
Net cash inflow (outflow) from financing activities	(128,259)	301,600	429,859
Analysis on the cash flow changes of in these two years: (1) In 2018, net business cash intflow increased primarily because of net income and the change of related assets and liabilities. (2)In 2018, net investment cash intflow increased primarily because of Acquisition of long-term investments at equity. (3) In 2018, the net financing cash outflow increased because of the bank loan growth.			

(3) Improvement plan for inadequate liquidity: None.

(4) Cash flow analysis for the coming year

Unit: NT$1,000

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
660,349	518,715	631,995	1,811,059	-	-

(1) Expected cash flow from operating activities: Cash inflow will be attribute to net income and the change of related assets and liabilities.
(2) Remedial measures for expected cash deficit: None

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

(1) Major capital spending and sources of funds

Unit: NT$1,000

Project	Actual or expected source of funds	Actual or estimated completion date	Total funding need	Actual or expected status of spending	
				2017	2018
-	-	-	-	-	-

(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 ~ 2018.

In 2018, 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 2017 and 2018 were respectively NT$7,216 thousand and 11,368 thousand. The bank loan interest expenses were respectively NT$6,238thousand and NT$10,713 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$46,404) thousand accounting for (3.06%) and (14.17%) of the operating income and net profit margin before tax of 2017 ; he 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. 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 2017 to 2018 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 2017 and 2018, it has expended a total of NT$129,949 thousand and NT$118,370 thousand in R&D, respectively accounting for 8.58% and 7.23% of the net operating income. It is expected that a total of NT$174,463 thousand will be expended in R&D in 2019, and the Company's future R&D projects are as follows:

Unit	New products under development
Product Development Center	A.Games (1).Interactive game combining motion simulation and technology (2).Sensory interactive game combining augmented reality and related 3D imaging technologies (3).d-Ride interactive shooting game B.Digital content production (including cooperative development) C.Theme planning and renovation design D.Applied equipment combined with wearable device E.Novel projector technical development F.Theme-based peripheral product development
Technical center	A.Group interactive motion theater development B.Novel simulator ride product development C.Platform-controlled technological optimization D.Mechanical design optimization E.Arts design refinement F.Equipment miniaturization

(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 2018. 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 2017 and 2018 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: None.

(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 2017 and 2018 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.

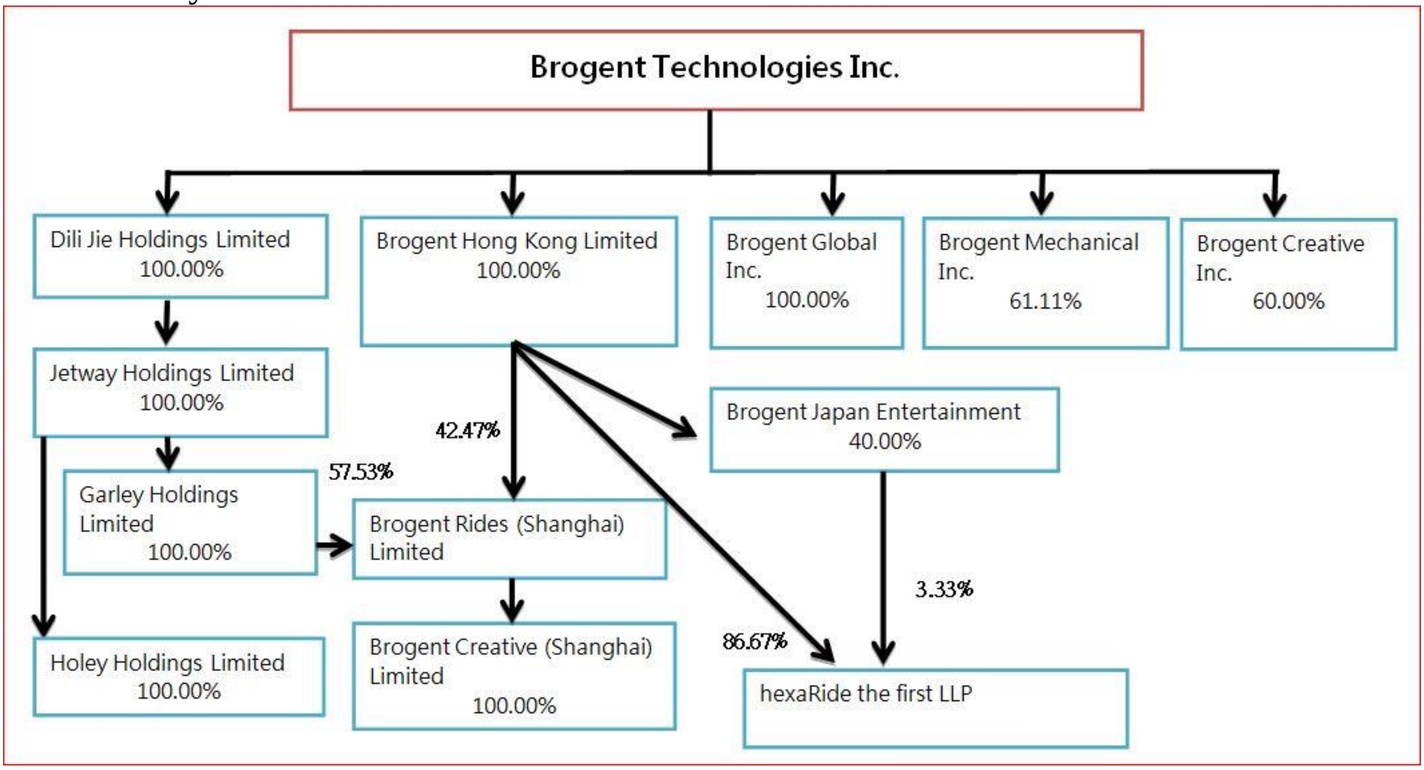
7.Other important events: None.

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

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	900,000	60 %
	Director	Brogent Technologies Inc. Representative：Pei-Chi Ho	900,000	60 %
	Director	Brogent Technologies Inc Representative：Shohei Yoshida	900,000	60 %
	Director	Brogent Technologies Inc Representative：Tsuyoshi Ito	900,000	60 %
	Director	Muse	75,000	5%

Investee	Title	Name or Representative	Shares Held	
			Shares	Percentatge
		Communication Co., Ltd. Representative：Kuo-Hsiang Yang		
	Supervisor	Pei-Kuan Lee	-	-
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%
	Director	DENTSU INC. Representative：Toru Kimpara	250	14.29%
	Supervisor	Kodansha Company, Limited Representative：Mitusyuki Shiraishi	800	45.71%

Investee	Title	Name or Representative	Shares Held	
			Shares	Percentatge
	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%

(2) Operational Highlights of Subsidiaries

Unit: NT$1,000 As of Dec. 31, 2018

Investee	Capital	Total Asset	Total Liabilities	Net Value	Revenue	Profit	Net Income (After Tax)	EPS (NTD)
Brogent Creative Inc	15,000	14,168	321	13,847	1,337	(981)	(918)	(0.60)
Brogent Mechanical Inc.	125,939	353,841	216,184	137,657	91,970	7,891	6,615	0.53
Brogent Global Inc.	308,700	556,146	208,241	347,905	248,058	41,999	37,191	1.23
Brogent Hong Kong Limited	200,338	491,414	259,835	231,579	25,040	(3,567)	3,294	-
Brogent Rides (Shanghai) Limited	222,712	596,488	304,906	291,582	26,562	24,127	27,605	-
Brogent Creative (Shanghai) Limited	59,397	362,868	266,656	96,212	393,243	7,937	9,070	-
Brogent Japan Entertainment Joint-Stock Corporation	25,403	17,116	2,687	14,429	2,174	(6,269)	(6,269)	-
hexaRide the first LLP	41,328	52,552	18,120	34,432	2,823	(7,033)	(7,173)	-
Dili Jie Holdings Limited	267,955	312,218	-	312,218	-	-	10,564	-
Jetway Holdings Limited	270,020	312,161	-	312,161	-	-	12,028	-

Investee	Capital	Total Asset	Total Liabilities	Net Value	Revenue	Profit	Net Income (After Tax)	EPS (NTD)
Garlay Holdings Limited	131,258	170,833	-	170,833	-	(2)	11,989	-
Holey Holdings Limited	139,753	139,753	-	139,753	-	-	-	-

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

(4) Consolidated Report: None.

2. Private placement of corporate bonds in the past years to the date of the annual report

<table>
<tr><th>Item</th><th colspan="5">Private Placement No. 1
Date of Issue: July 06, 2015</th></tr>
<tr><td>Types of Privately Placed Securities</td><td colspan="5">Ordinary shares</td></tr>
<tr><td>Date and number of shares passed in the shareholders' meeting</td><td colspan="5">On June 11, 2014, the Shareholders' meeting passed the private placement of 3,300 ordinary shares, which shall take place once or twice in a year starting from the date of resolution.</td></tr>
<tr><td>Pricing criteria and rationality</td><td colspan="5">The pricing criterion for the issuance of privately placed ordinary share resolved in the shareholders' meeting on June 11, 2014, was no less than 6 80% of the private placement reference price. This conforms to the regulation of public issuing companies regarding the terms and condition of private placement securities; therefore, the price should be reasonable.</td></tr>
<tr><td>Method of selecting designated party</td><td colspan="5">Not applicable.</td></tr>
<tr><td>Necessary reason for private placement</td><td colspan="5">The current private placement is aimed to recruit strategic investors through which the Company can strengthen its customer structure, product combination, and marketing abilities. Compared with publicly placed securities, privately placed securities may not be transferred freely within three years, and such regulation ensures the long-term cooperation between the Company and placement subscribers.</td></tr>
<tr><td>Date of Payment Completion</td><td colspan="5">2015.06.03</td></tr>
<tr><td rowspan="7">Subscriber information</td><td>Private placement subject</td><td>Criteria</td><td>Number of shares subscribed</td><td>Relation with company</td><td>Participation in corporate management</td></tr>
<tr><td>Kodasha Custody Account in Taipei Fubon Financial Bank</td><td rowspan="6">Conforms to Article 43-6 of the Securities and Exchange Act</td><td>250,000</td><td>None</td><td>None</td></tr>
<tr><td>Gains Investment Corporation</td><td>500,000</td><td>None</td><td>None</td></tr>
<tr><td>Shang Yang Investment Corporation</td><td>100,000</td><td>None</td><td>None</td></tr>
<tr><td>Chao Yang Investment Corporation</td><td>100,000</td><td>None</td><td>None</td></tr>
<tr><td>Cheng-Chien Pu</td><td>50,000</td><td>None</td><td>None</td></tr>
<tr><td>Ming-Chu Kuo</td><td>30,000</td><td>None</td><td>None</td></tr>
<tr><td>Actual subscription (or conversion) price</td><td colspan="5">NT$308</td></tr>
<tr><td>Actual subscription (or conversion) price and difference with reference price</td><td colspan="5">No difference</td></tr>
<tr><td>Effect of private placement on shareholder's equity</td><td colspan="5">The current private placement funds are utilized as operational funds to strengthen financial structure, facilitate operation promotion, attract long-term partners, and promote stable business growth, thus benefiting the shareholders' rights and interests.</td></tr>
<tr><td>Status of private placement fund spending and project implementation progress</td><td colspan="5">All funds have been received and will be successively utilized following planning completion.</td></tr>
<tr><td>Manifestation of private placement benefits</td><td colspan="5">Not applicable.</td></tr>
</table>

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 12, 2019

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 2018：

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, 2018, 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 2018 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 12, 2019, with the seven attending directors all affirming the content of this Statement.

Brogent Technologies Inc.

Chairman：Chung-Ming Huang

President： Chih-Hung Ouyang

Appendix 2：Supervisor’s Review Report

Supervisor’s Review Report

The Board of Directors has prepared the Company’s 2018 Business Report, Financial Statements, and proposal for allocation of profits. The CPA firm of Grant Thornton was retained to audit the Company’s Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements and Profit Allocation Proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Brogent Technologies Inc. According to Article 219 of the Company Law, we hereby submit the report.

To the 2019 Annual General Meeting

Brogent Technologies Inc.

Supervisor：Yi-Hsiang Huang 黃一祥

Supervisor：Yung-Liang Huang 黃詠良

Supervisor：Ken-Huang Lin 林根煌

March 12, 2019

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, 2018, 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

HUANG, CHUNG-MING
Chairman
March 12, 2019

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, 2018 and 2017, 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, 2018 and 2017, 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, 2018. 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 bad debts recognized by management.

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 than 94.82% of the annual net revenue. The carrying amount of accounts receivable as of December 31, 2018 accounts for approximately 12.21% 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(15) to the consolidated financial statements for the related accounting policy. For the carrying amount of accounts receivable, please refer to Note 6(5) 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.

<u>Construction Contracts - Total Cost Estimates and the Recognition of the Stage of Completion</u>

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(6) 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), (11) and (12) of the consolidated financial statements for related accounting policies. For the carrying amount of related assets, please refer to Notes 6(11) and (12) 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$353,841 thousand and NT$350,275 thousand, which constituting 8.39% and 10.08% of consolidated total assets as of December 31, 2018 and 2017, respectively, and operating income was NT$ 91,970 thousand and NT$129,964 thousand, which constituting 5.62% and 8.58% of consolidated total operating income for the years ended December 31, 2018 and 2017, respectively.

We have also audited the individual financial statements of Brogent Technologies Inc. for the years ended December 31, 2018 and 2017 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.

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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,

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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, 2018 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 12, 2019
Kaohsiung, Taiwan
(File No. B002.19F0009)

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, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

Items	December 31, 2018 Amount	%	December 31, 2017 Amount	%
Current Assets				
Cash and cash equivalents (Note 6(1))	$660,349	16	$710,647	20
Financial assets at fair value through profit or loss-current (Note 6(2))	459,056	11	230,967	7
Financial assets at amortized cost-current (Notes 6(3) and 8)	304,864	7	-	-
Debt investments with no active market-current (Note 6(4))	-	-	196,066	6
Notes and accounts receivable, net (Note 6(5))	326,625	8	225,968	7
Construction receipts receivable (Note 6(6))	529,353	12	440,021	13
Income tax assets	61	-	9,659	-
Inventories (Note 6(7))	200,016	5	189,115	5
Prepayments	162,390	4	159,587	5
Other current assets (Notes 6(13) and 8)	31,148	1	41,607	1
Total current assets	2,673,862	64	2,203,637	64
Noncurrent Assets				
Financial assets at fair value through profit or loss-noncurrent (Note 6(2))	134,530	3	-	-
Held-to-maturity financial assets- noncurrent (Note 6(8))	-	-	35,570	1
Financial assets at amortized cost-noncurrent (Notes 6(3) and 8)	59,175	2	-	-
Financial assets carried at cost - noncurrent (Note 6(9))	-	-	17,856	1
Investments accounted for using equity method (Note 6(10))	5,772	-	8,061	-
Property, plant and equipment (Notes 6(11) and 8)	1,066,459	25	951,441	27
Intangible assets (Note 6(12))	166,597	4	120,157	4
Deferred income tax assets (Note 6(26))	12,618	-	6,392	-
Refundable deposits	11,719	-	9,794	-
Long-term notes and accounts receivable (Note 6(5))	-	-	9,656	-
Other noncurrent assets (Notes 6(13) and 8)	85,079	2	112,338	3
Total noncurrent assets	1,541,949	36	1,271,265	36
Total Assets	$4,215,811	100	$3,474,902	100

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

(Continued)

BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

Items	December 31, 2018 Amount	%	December 31, 2017 Amount	%
Current Liabilities				
Notes payable	$11,328	-	$15,812	-
Accounts payable	109,690	3	35,111	1
Construction receipts payable (Note 6(6))	74,294	2	93,541	3
Other payables (Note 6(14))	110,080	3	96,101	3
Income tax payable	39,319	1	31,395	1
Long-term liabilities-current portion (Note 6(15))	108,927	3	38,576	1
Other current liabilities	79,185	2	2,607	-
Total current liabilities	532,823	14	313,143	9
Noncurrent Liabilities				
Long-term bank loans (Note 6(15))	759,343	18	342,474	10
Deferred income tax liabilities (Note 6(26))	16,008	-	5,730	-
Net defined benefit liabilities-noncurrent (Note 6(16))	8,165	-	7,835	-
Total noncurrent liabilities	783,516	18	356,039	10
Total Liabilities	1,316,339	32	669,182	19
Equity Attributable To Shareholders of the Parent				
Capital stock				
Common stock (Note 6(17))	530,928	13	446,780	13
Capital surplus				
Additional paid-in capital (Note 6(20))	1,779,281	42	1,793,826	52
From convertible bonds (Note 6(20))	247,223	6	249,244	7
From treasury shares (Note 6(20))	-	-	9,566	-
From share of changes in equities of associates and joint venture	1,219	-	849	-
Total capital surplus (Notes 6(18) and (19))	2,027,723	48	2,053,485	59
Retained earnings				
Legal reserve	73,817	2	47,250	1
Special reserve	4,049	-	751	-
Unappropriated earnings (Note 6(19))	192,647	4	318,257	9
Total retained earnings	270,513	6	366,258	10
Other equity				
Foreign Currenty Transation Reserve-subsidiaries accounted for using equity method	7,631	-	(3,409)	-
Foreign Currenty Transation Reserve-associates and joint ventures accounted for using equity method	(619)	-	(640)	-
Total other equity	7,012	-	(4,049)	-
Treasury shares (Note 6(20))	-	-	(115,476)	(3)
Equity Attributable To Shareholders Of The Parent	2,836,176	67	2,746,998	79
Non-controlling Interests (Note 6(21))	63,296	1	58,722	2
Total Equity	2,899,472	68	2,805,720	81
Total Liabilities and Equity	$4,215,811	100	$3,474,902	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, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings per Share)

Items	2018 Amount	2018 %	2017 Amount	2017 %
Net Revenue (Note 6(23))	$1,637,438	100	$1,514,469	100
Cost of Revenue (Note 6(25))	(916,196)	(56)	(789,134)	(52)
Gross Profit	721,242	44	725,335	48
Operating Expenses				
Selling and marketing	(56,277)	(3)	(39,867)	(3)
General and administrative	(257,083)	(16)	(214,785)	(14)
Research and development	(118,370)	(7)	(129,949)	(8)
Total operating expenses (Notes 6(25) and 7)	(431,730)	(26)	(384,601)	(25)
Operating Income	289,512	18	340,734	23
Non-operating Income and Losses				
Other gains and losses (Notes 6(24) and 7)	33,657	1	(12,911)	(1)
Interest income	11,368	-	7,216	-
Interest costs	(10,713)	-	(6,238)	-
Loss from investment in associates and joint ventures accounted for using equity method (Note 6(10))	(2,697)	-	(1,238)	-
Total non-operating income and loss	31,615	1	(13,171)	(1)
Income Before Income Tax	321,127	19	327,563	22
Income Tax Expenses (Note 6(26))	(62,709)	(4)	(56,382)	(4)
Net Income	258,418	15	271,181	18
Other Comprehensive Income (Loss)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(249)	-	(583)	-
Income tax benefit related to components of other comprehensive income that will not be reclassified subsequently (Note 6(26))	52	-	99	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences arising on translation of foreign operations	11,075	1	(2,196)	-
Exchange differences arising on translation of foreign operations of associates and joint ventures accounted for using equity method(Note 6(10))	21	-	81	-
Income tax expense related to components of other comprehensive income that may be reclassified subsequently (Note 6(26))	-	-	(329)	-
Other comprehensive income (loss) for the year, net of income tax	10,899	1	(2,928)	-
Total Comprehensive Income (Loss) For The Year	$269,317	16	$268,253	18
Net Income Attributable To：				
Shareholders of the parent	$257,168	15	$265,670	18
Non-controlling interests	1,250	-	5,511	-
	$258,418	15	$271,181	18
Total Comprehensive Income (loss) Attributable To：				
Shareholders of the parent	$268,032	16	$262,742	18
Non-controlling interests	1,285	-	5,511	-
	$269,317	16	$268,253	18
Basic earnings per share (Note 6(27))	$4.84		$5.00	
Diluted earnings per share (Note 6(27))	$4.84		$5.00	

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, 2018 AND 2017
(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, 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
Balance at January 1, 2017	$446,780	$2,052,669	$37,115	$751	$173,816	($1,605)	($115,476)	$2,594,050	$53,136	$2,647,186
Appropriations of prior year's earnings										
Legal reserve	-	-	10,135	-	(10,135)	-	-	-	-	-
Cash dividends	-	-	-	-	(110,610)	-	-	(110,610)	-	(110,610)
Adjustments to share of changes in equities of associates and joint ventures	-	387	-	-	-	-	-	387	-	387
Net income in 2017	-	-	-	-	265,670	-	-	265,670	5,511	271,181
Other comprehensive income (loss) in 2017	-	-	-	-	(484)	(2,444)	-	(2,928)	-	(2,928)
Total comprehensive income in 2017	-	-	-	-	265,186	(2,444)	-	262,742	5,511	268,253
Share-based payment transactions	-	429	-	-	-	-	-	429	75	504
Balance at December 31, 2017	$446,780	$2,053,485	$47,250	$751	$318,257	($4,049)	($115,476)	$2,746,998	$58,722	$2,805,720

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, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

Items	2018	2017
Cash Flows From Operating Activities		
Income Before Income Tax	$321,127	$327,563
Adjustments for:		
The items of gains and losses:		
Depreciation	55,338	46,726
Amortization	38,393	35,713
Reversal of bad debts	-	(900)
Loss on financial assets at fair value through profit or loss	276	2,400
Interest expense	10,713	6,238
Interest income	(11,368)	(7,216)
Dividend income	-	(132)
Compensation cost of share-based payment transactions	539	504
Loss on investment in associates and joint ventures accounted for using equity method	2,697	1,238
Loss on disposal of property, plant and equipment	-	44
Unrealized currency exchange gains or loss	(13,886)	9,709
Total adjustments for the items of gains and losses	82,702	94,324
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at fair value through profit or loss	(233,239)	(90,192)
Decrease (increase) in notes and accounts receivable	(85,599)	86,496
Decrease (increase) in accounts receivable-related parties	-	25,681
Decrease (increase) in construction receipts receivable	(89,332)	(160,611)
Decrease (increase) in inventories	(10,901)	(38,772)
Decrease (increase) in prepayments	(2,803)	(128,572)
Decrease (increase) in other current assets	(25,090)	23,753
Decrease (increase) in other financial assets	-	92,637
Decrease (increase) in long-term notes and accounts receivable	-	(10,205)
Increase (decrease) in notes payable	(4,484)	(74,818)
Increase (decrease) in accounts payable	74,579	(38,750)
Increase (decrease) in construction receipts payable	(19,247)	87,806
Increase (decrease) in other payables	7,311	21,004
Increase (decrease) in other current liabilities	76,578	(1,680)
Increase (decrease) in net defined benefit liabilities-noncurrent	81	80
Net changes in operating assets and liabilities	(312,146)	(206,143)
Total adjustments	(229,444)	(111,819)
Cash generated from (used in) operations	91,683	215,744
Income taxes paid	(41,083)	(43,279)
Net cash provided by (used in) operating activities	50,600	172,465

(Continued)

BROGENT TECHNOLOGIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

Items	2018	2017
Cash Flows From Investing Activities		
Acquisitions of financial assets at fair value through profit or loss-noncurrent	(114,048)	-
Acquisitions of financial assets at amortized cost-current	(66,305)	-
Acquisitions of financial assets at amortized cost-noncurrent	(2,817)	-
Proceeds from debt investments with no active market	-	328,252
Acqusitions of investments accounted for using equity method	-	(2,679)
Acquisitions of property, plant and equipment	(166,438)	(77,210)
Decrease (increase) in refundable deposits	(926)	(1,665)
Acqusitions of intangible assets	(72,875)	(9,558)
Decrease (increase) in other non-current assets	(3,270)	(80,264)
Decrease (increase) in prepayments for equipment	-	831
Interest received	11,092	7,184
Dividend received	-	132
Net cash generated from (used in) investing activities	(415,587)	165,023
Cash Flows From Financing Activities		
Increase (decrease) in short-term bank loans	-	(20,000)
Proceeds from long-term bank loans	520,000	50,000
Repayments of long-term bank loans	(32,780)	(19,847)
Cash dividends paid	(176,976)	(110,610)
Interest paid	(10,549)	(6,190)
Cash dividend paid to noncontrolling interests	(2,291)	-
Increase (decrease) in noncontrolling interests	5,511	-
Net cash (used in) provided by financing activities	302,915	(106,647)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	11,774	(2,415)
Net Increase (Decrease) in Cash and Cash Equivalents	(50,298)	228,426
Cash and Cash Equivalents, Beginning of Year	710,647	482,221
Cash and Cash Equivalents, End of Year	$660,349	$710,647

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, 2018 AND 2017
(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 12, 2019.

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 9 "Financial Instruments" and related amendment

IFRS 9 supersedes IAS 39 "Financial Instruments: Recognition and Measurement", with consequential amendments to IFRS 7 "Financial Instruments: Disclosures" and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information to the relevant accounting policies.

Classification, measurement and impairment of financial assets

Basis on the facts and circumstances on January 1, 2018, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The impact on measurement categories, carrying amount and related reconciliation for each class of the Group's financial assets when applying IAS 39 and retrospectively applying IFRS 9 on January 1, 2018 is detailed below:

Financial Assets	Carrying Amount as of December 31, 2017 (IAS 39)	Adjustments Arising from Initial Application	Retained Earnings Effect on January 1,2018	Adjusted Carrying Amount as of January 1, 2018 (IFRS 9)	Note
Debt investments with no active market-current	$ 196,066	$ (196,066)	$ -	$ -	(1)
Financial assets at amortized cost-current	-	230,891	-	230,891	(1)
Other financial assets-current	34,825	(34,825)	-	-	(1)
Held-to-maturity financial assets-noncurrent	35,570	(35,570)	-	-	(1)
Financial assets at amortized cost-noncurrent	-	56,728	-	56,728	(1)
Other financial assets-noncurrent	21,158	(21,158)	-	-	(1)
Financial assets carried at cost - noncurrent	17,856	(17,856)	-	-	(2)
Financial assets at fair value through profit or loss-noncurrent	-	17,856	(2,248)	15,608	(2)
Total effect on assets	$ 305,475	$ -	$ (2,248)	$ 303,227	

a. Financial assets previously classified as debt investments with no active market, held-to-maturity financial assets and other financial assets under IAS 39 are classified as measured at amortized cost under IFRS 9, since these investments are held within a business model whose objective is to collect the contractual cash flow.

b. Non-publicly traded stocks previously measured at cost under IAS 39 are re-measured at fair value under IFRS 9 and the adjustments would result a decrease in retained earnings of NT$2,248 thousand on January 1, 2018.

B. IFRS 15, "Revenue from Contracts with Customers" and related amendments

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers and will supersede IAS 18, "Revenue", IAS 11, "Construction Contracts", and a number of revenue-related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

C. IFRIC 22 “Foreign Currency Transactions and Advance Consideration”

IAS 21 stipulated that a foreign currency transaction shall be recorded initial in the functional currency by applying to the foreign currency amount at the spot exchange rate on the date of the transaction. IFRIC 22 further explains that the date of the transaction is the date on which an entity recognizes a non-monetary asset or non-monetary liability from payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine the date of the transaction for each payment or receipt of advance consideration.

As of January 1, 2018, the group defer adoption of IFRIC 22.

(2) <u>The IFRSs endorsed by FSC with effective date starting 2019</u>

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 “Prepayment Features with Negative Compensation”	January 1, 2019
IFRS 16 “Leases”	January 1, 2019
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019
Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”	January 1, 2019
IFRIC 23 “Uncertainty Over Income Tax Treatments”	January 1, 2019

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 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 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 (the discounted borrower's borrowing interest rate 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 expects to apply 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.

Impact on assets, liabilities and equity on January 1, 2019

	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	$ -	$ 378,410	$ 378,410
Total effect on assets	$ -	$ 378,410	$ 378,410
Lease liability-current	$ -	$ 38,990	$ 38,990
Lease liability-noncurrent	-	339,420	339,420
Total effect on liabilities	$ -	$ 378,410	$ 378,410

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 3 “Definition of a Business”	January 1, 2020
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

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 9 and IFRS 15 for the first time on January 1, 2018, and the retroactive conversation difference was recognized as a retained earnings on January 1, 2018, and didn’t restate the financial statements and notes of 2017, which were prepared in accordance with IAS 39, IAS 11, IAS 18 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 December 31, 2018	Percentage of Ownership December 31, 2017	Note
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	60.00%	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%	-	
Dili Jie Holdings Limited	Jetway Holdings Limited	Reinvestment and trading business	May, 2018 Cayman Islands	100%	-	
Jetway Holdings Limited	Garley Holdings Limited	Reinvestment and trading business	July, 2018 British Virgin Islands	100%	-	
	Holey Holdings Limited	Reinvestment and trading business	November, 2018 British Virgin Islands	100%	-	
Garley Holdings Limited	Brogent Rides (Shanghai) Limited	Import and export business	July, 2015 Shanghai	57.53%	-	2
Brogent Hong Kong Limited	Brogent Rides (Shanghai) Limited	Import and export business	July, 2015 Shanghai	42.47%	100%	2
	hexaRide the first LLP	Development and management business of self-operated outlets	September, 2018 Tokyo	86.67%	-	
Brogent Rides (Shanghai) Limited	Brogent Creative (Shanghai) Limited	Development and management business of self-operated outlets	September, 2015 Shanghai	100%	100%	

Note 1: The 2018 and 2017 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) <u>Construction Contracts</u>

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) <u>Property, Plant and Equipment</u>

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) <u>Intangible Assets</u>

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. 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. 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.

(12) <u>Impairment of Tangible and Intangible Assets</u>

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.

(13) 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.

(14) 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.

(15) Financial Instruments

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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.

2017

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 at fair value. Transaction costs that are 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) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

A. Financial Assets

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

Financial assets are classified as “Financial assets at fair value through profit or loss,” “Debt investments with no active market,” or “Loans and receivables” by nature.

a. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are stated at fair value at the end of the reporting period, with any gains or losses arising on re-measurement recognized in profit or loss. Such gains or losses include any dividends and interest received.

b. Debt investments with no active market

Debt investments with no active market are bond investments with fixed or determinable payments that are not quoted in an active market. Such financial assets are initially recognized at cost, and subsequently measured at amortized cost using the effective interest method, less any impairment.

c. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets, other than (a) financial assets at fair value through profit or loss; (b) available-for-sale financial assets; (c) financial assets of which the holder may not recover substantially all of its initial investment for reasons other than credit deterioration, are measured at amortized cost using the effective interest method less any impairment, except for those loans and receivables with immaterial discounted effect. The effective interest rate calculation includes discounts or premiums and transaction costs.

d. Impairment of financial assets

Financial assets, other than those carried at fair value through profit or loss, are assessed for indicators of impairment at the end of the reporting period. Those financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, their estimated future cash flows have been negatively affected.

The amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows (including collateral and guarantee) discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans and receivables, where the carrying amount is reduced through the use of an allowance account. When loans and receivables are considered uncollectible, the allowance account is written off . Recoveries of amounts previously written off are credited against the allowance account when loans and receivables are subsequently collected.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial assets at the date the impairment loss is reversed does not exceed the amortized cost were the impairment loss had not been recognized.

e. 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 financial asset's carrying amount and the consideration received (or receivable) is recognized in profit or loss.

B. Financial Liabilities and Equity Instruments

a. Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with 1) the substance of the contractual arrangements, and 2) the definitions of a financial liability and an equity instrument.

b. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the balance of proceeds received, net of direct issue costs.

c. Financial liabilities

Financial liabilities other than those held for trading purposes and designated as at fair value through profit or loss are subsequently measured at amortized cost at the end of each reporting period.

Financial liabilities at fair value through profit or loss are stated at fair value at the end of the reporting period, with any gains or losses arising on re-measurement being recognized in profit or loss.

d. Derecognition of financial liabilities

The Group derecognizes financial liabilities only when the obligations are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid (or payable) is recognized in profit or loss.

(16) 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.

(17) 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.

(18) 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.

(19) 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.

(20) Revenue Recognition

2018

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.

2017

Income and expenses are recognized in the consolidated statements of comprehensive income when an increase or decrease in economic benefits can be measured reliably. Income includes revenues and gains, while expenses include costs, losses and other expenses. If the expenditures cannot generate future economic benefits, or if the future economic benefits do not meet the criteria for recognition as an asset, the expenditures should be recognized as expenses in the consolidated statements of comprehensive income.

Revenues is recognized when it is realized or realizable and earned, that is, when the earning process is complete or virtually complete. Expense is recognized when it is incurred.

The Group provides customized software development services. When the outcome of the transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the end of the reporting period. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognized only to the extent of the costs incurred that are recoverable. If it is not probable that the costs incurred will be recovered, revenue is not recognized and the costs incurred are recognized as expenses.

If the outcome of the transaction involving the rendering of services is estimated to bear a loss, the loss should be recognized immediately. However, if the loss is estimated to be smaller in future years, the difference should be reversed and recognized as a gain in that year.

(21) 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) Share-based Payment

Equity-settled share-based payments are measured at the fair value of equity instruments in accordance with the given terms to determine the best pricing model. Parameters used for the estimation of the pricing model including stock options' expected duration, expected volatility, expected dividend yield, and other assumptions.

(6) 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.

(7) Changed The Useful Life of Depreciation Assets

The Company's buildings are structured with a steel-reinforced concrete construction. After considering the main structure and actual usage of the buildings, the buildings were assessed to have a longer than expected useful life. Therefore, to be in compliance with the consumption of the future economic benefits of the buildings, the Company has re-considered the estimated useful life of these buildings. In response to the buildings' current status and future economic benefits, the Board of Directors resolved to change the useful life from 20 years to 50 years on December 30, 2015, which was effective in 2016. The change of the estimated useful life decreased depreciation expenses by NT$3,622 thousand in 2016, with the effect of changes in estimates accounted for on a prospective basis.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and Cash Equivalents

	December 31, 2018	December 31, 2017
Cash	$ 974	$ 905
Checking accounts	5,608	53
Demand deposits	399,887	296,821
Foreign currency demand deposits	121,663	54,844
Cash equivalents	132,217	358,024
Total	$ 660,349	$ 710,647

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, 2018	December 31, 2017
Beneficiary certificates	$ 454,631	$ 226,727
Publicly traded stocks	-	4,240
Non-publicly traded stocks	138,955	-
	$ 593,586	$ 230,967
Current portion	$ 459,056	$ 230,967
Noncurrent portion	134,530	-
	$ 593,586	$ 230,967

A. As of December 31, 2017, financial assets were classified as financial assets carried at cost-noncurrent under IAS 39. Please refer to Note 3 and Note 6(9) for information relating to their reclassification and comparative information for 2017..

B. The Group adopted IFRS 9 on January 1, 2018 and elected not to restate prior reporting periods in accordance with transition provision

(3) Financial Assets at Amortized Cost

	December 31, 2018
Time deposits	$ 190,788
Pledged time deposits	134,051
Restricted assets-reserve account	4,000
Non-publicly traded stock-preferred shares	35,200
	$ 364,039
Current portion	$ 304,864
Noncurrent portion	59,175
	$ 364,039

A. As of December 31, 2017, financial assets were classified as debt investments with no active market, held-to-maturity financial assets-noncurrent and other financial assets under IAS 39. Please refer to Note 3 and Notes 6(4), 6(8), 6(13) and Note 8 for information relating to their reclassification and comparative information for 2017..

B. The Group adopted IFRS 9 on January 1, 2018 and elected not to restate prior reporting periods in accordance with transition provision.

(4) Debt Investments with No Active Market

	December 31, 2017
Time deposits	$ 196,066

A. Time deposits represent deposits with maturities more than three months.

B. As of December 31, 2017, none of the financial assets were classified as debt investments with no active market under IAS 39 were pledged.

(5) Accounts Receivables and Long-term Accounts Receivables

	December 31, 2018	December 31, 2017
Accounts receivable-current	$ 326,577	$ 225,968
Less：Allowance for doubtful receivables	-	-
Accounts receivable, net	$ 326,577	$ 225,968

	December 31, 2018	December 31, 2017
Long-term accounts receivable	$ 18,599	$ 28,215
Less：Allowance for doubtful receivables	(18,599)	(18,559)
Long-term accounts receivable, net	$ -	$ 9,656

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. Accounts receivable include amounts that are past due but for which the no allowance for doubtful receivable is recognized. As of the date of balance sheets, the Group does not hold any collateral for accounts receivable.

Aging analysis of accounts receivable

	December 31, 2018	December 31, 2017
Neither past due nor impaired	$ 126,349	$ 125,173
Past due but not impaired		
within 30 days	301	704
31-90 days	15,646	2,313
91-180 days	29,092	2,040
over 181 days	155,189	105,394
Total	$ 326,577	$ 235,624

Movements of the allowance for doubtful receivables

	2018	2017
Balance at January 1	$ (18,559)	$ (19,544)
Amount written off during the year	-	85
Balance transfer to revenue during the year	-	900
Balance at December 31	$ (18,559)	$ (18,559)

(6) Construction Receipts Receivable (Payable)

	December 31, 2018	December 31, 2017
Aggregate costs incurred plus recognized profits	$ 1,839,233	$ 1,466,281
Less：Progress billings	(1,384,174)	(1,119,801)
Net balance sheet position for construction in progress	$ 455,059	$ 346,480

Presented as:		
Construction Receipts Receivable	$ 529,353	$ 440,021
Construction Receipts Payable	(74,294)	(93,541)
	$ 455,059	$ 346,480

(7) Inventories

	December 31, 2018	December 31, 2017
Raw materials	$ 264	$ 260
Supplies	90,726	59,392
Work in process	8,903	13,626
Finished goods	5,373	2,558
Simulator ride materials	91,500	110,809
Merchandise	3,250	2,470
Less：Allowance for losses	-	-
Total	$ 200,016	$ 189,115

(8) Held-to-maturity Financial Assets-noncurrent

Held-to-maturity Financial Assets-noncurrent	December 31, 2017
Non-publicly traded stocks - Preferred shares	$ 35,570

A. Preferred shares are financial assets with fixed or determinable payments and fixed maturity dates, and that the Group has the positive intent and ability to hold to maturity.

B. As of December 31, 2017, none of the financial assets were classified as held-to-maturity financial assets under IAS 39 were pledged.

(9) Financial Assets Carried at Cost-noncurrent

Financial Assets Carried at Cost	December 31, 2017
Non-publicly traded equity instruments	$ 17,856

A. Equity instruments are not traded in an active markets, and the Group cannot obtain sufficient information about the industry and the relevant financial information of the investee company. Therefore, it is not possible to reasonably and reliably measure the fair value of equity instruments.

B. As of December 31, 2017, none of the financial assets were classified as financial assets carried at cost under IAS 39 were pledged.

(10) Investments Accounted for Using Equity Method

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 :

Name of Associate	Principal Activities	Place of Incorporation and Operation	Carrying Amount December 31, 2018	Carrying Amount December 31, 2017	% of Ownership and Voting Rights Held by the Group December 31, 2018	% of Ownership and Voting Rights Held by the Group December 31, 2017
Brogent Japan Entertainment Corporation	Development and sales of simulator rides and related peripheral products in Japan	August 2016 Tokyo, Japan	$ 5,772	$ 8,061	40%	40%

	2018	2017
Net Income (Loss)	$ (2,697)	$ (1,238)
Other comprehensive income (loss) for the year, net of income tax	$ 21	$ 81
Total Comprehensive Income (Loss) For The Year	$ (2,676)	$ (1,157)

(11) **<u>Property, Plant and Equipment</u>**

	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

	2017							
	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	$632,213	$11,620	$1,140	$37,158	$67,023	$48	$889,070
Additions	-	1,377	7,334	59	3,834	4,135	60,577	77,316
Disposals	-	-	-	-	-	(200)	-	(200)
Reclassifications	-	-	-	-	-	1,463	114,718	116,181
Balance at December 31	139,868	633,590	18,954	1,199	40,992	72,421	175,343	1,082,367
Accumulated Depreciation and Impairment								
Balance at January 1	-	45,069	7,594	284	17,870	13,539	-	84,356
Depreciation	-	24,123	3,093	241	8,814	10,455	-	46,726
Disposals	-	-	-	-	-	(156)	-	(156)
Balance at December 31	-	69,192	10,687	525	26,684	23,838	-	130,926
Balance at December 31, net	$139,868	$564,398	$8,267	$674	$14,308	$48,583	$175,343	$951,441
Balance at January 1, net	$139,868	$587,144	$4,026	$856	$19,288	$53,484	$48	$804,714

A. As of December 31, 2018, the company has reclassified equipment under installation and construction in progress from prepayment for the amount of NT$114,470 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, 2018, 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.

(12) Intangible Assets

	2018				
	Computer Software	Patent	Franchise	Profit sharing right	Total
Cost					
Balance at January 1	$ 66,518	$ 627	$ 14,600	$ 113,037	$ 194,782
Additions	81,218	2,655	960	-	84,833
Disposals	(13,137)	(8)	-	-	(13,145)
Balance at December 31	134,599	3,274	15,560	113,037	266,470
Accumulated amortization and impairment					
Balance at January 1	43,595	160	9,205	21,665	74,625
Amortization	22,111	165	4,813	11,304	38,393
Disposals	(13,137)	(8)	-	-	(13,145)
Balance at December 31	52,569	317	14,018	32,969	99,873
Balance at December 31, net	$ 82,030	$ 2,957	$ 1,542	$ 80,068	$ 166,597
Balance at January 1, net	$ 22,923	$ 467	$ 5,395	$ 91,372	$ 120,157

	2017				
	Computer Software	Patent	Franchise	Profit sharing right	Total
Cost					
Balance at January 1	$ 60,105	$ 325	$ 14,600	$ 113,037	$ 188,067

Additions	6,413	302	-	-	6,715
Balance at December 31	66,518	627	14,600	113,037	194,782
Accumulated amortization and impairment					
Balance at January 1	24,106	52	4,392	10,362	38,912
Amortization	19,489	108	4,813	11,303	35,713
Balance at December 31	43,595	160	9,205	21,665	74,625
Balance at December 31, net	$ 22,923	$ 467	$ 5,395	$ 91,372	$ 120,157
Balance at January 1, net	$ 35,999	$ 273	$ 10,208	$ 102,675	$ 149,155

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(5) and 9(6) for details note disclosure in relation to the related contract commitments.

(13) Other Current and Noncurrent Assets

	December 31, 2018	December 31, 2017
Other financial assets	$ -	$ 55,983
Tax refund receivable	9,142	356
Other prepayment-noncurrent	85,079	91,180
Others	22,006	6,426
Total	$ 116,227	$ 153,945

	December 31, 2018	December 31, 2017
Current portion	$ 31,148	$ 41,607
Noncurrent portion	85,079	112,338
Total	$ 116,227	$ 153,945

As of December 31, 2017, please refer to Note 8 for details disclosure for topics of pledged financial assets were classified as other current and noncurrent assets under IAS 39.

(14) Other Payables

	December 31, 2018	December 31, 2017
Accrued payroll	$ 78,306	$ 69,289
Payables on equipment	7,309	805
Accrued insurance	2,981	2,337
Accrued professional fee	2,031	1,388
Accrued pension	908	1,159

Others	18,545	21,123
Total	$ 110,080	$ 96,101

(15) Long-term Bank Loans

	December 31, 2018	December 31, 2017
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.	$ 202,984	$ 217,050
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.	500,000	-
CTBC Bank：		
Loan period from January 2016 to January 2032; monthly payment of interest at an annual rate of 1.94% ~2.00% effective in April 2017, with quarterly repayment of principal.	106,000	114,000
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.	45,000	50,000
JihSun Bank：		
Loan period from April 2018 to April 2020; monthly payment of interest at an annual rate of 1.89% effective in July 2018, with quarterly repayment of principal.	14,286	-
	868,270	381,050
Less：Current portion	(108,927)	(38,576)
Noncurrent liabilities	$ 759,343	$ 342,474

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

	2018	2017
Defined benefit pension costs	$ 322	$ 319
Defined contribution pensions	8,100	7,714
Total	$ 8,422	$ 8,033

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, 2018 and 2017, the Company's pension account balance was NT$1,783 thousand and NT$1,487 thousand, respectively.

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

	December 31, 2018	December 31, 2017
Present value of defined benefit obligation	$ 9,959	$ 9,331
Fair value of plan assets	(1,794)	(1,496)
Accrued pension liabilities	$ 8,165	$ 7,835

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, 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)
Balance at December 31, 2018	$ 9,959	$ (1,794)	$ 8,165
Balance at January 1, 2017	$ 8,416	$ (1,244)	$ 7,172
Service cost	196	-	196

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability(Asset)
Net interest expense (income)	147	(23)	124
Recognized in profit or loss	343	(23)	320
Re-measurement			
Actuarial loss (gain) of return on plan assets	-	11	11
Actuarial loss (gain) from changes in financial assumptions	332	-	332
Actuarial loss (gain) from experience adjustments	240	-	240
Recognized in other comprehensive income	572	11	583
Contributions by the Company	-	(240)	(240)
Balance at December 31, 2017	$ 9,331	$ (1,496)	$ 7,835

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, 2018	December 31, 2017
Discount rate	1.25%	1.50%
Future salary increase rate	2.00%	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, 2018	December 31, 2017
Discount rate		
0.25% increase	$ (343)	$ (332)
0.25% decrease	$ 358	$ 346
Future salary increase rate		
1% increase	$ 1,501	$ 1,452
1% decrease	$ (1,300)	$ (1,255)

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, 2018	December 31, 2017
The expected contributions to the plan for the next year	$ 240	$ 240
The average duration	16.5years	17years

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, 2018	December 31, 2017
Authorized capital	$ 900,000	$ 500,000
Issued capital	$ 530,928	$ 446,780

As of December 31, 2018, 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 53,093 thousand shares as of the date of the consolidated financial statements.

To fulfill the needs of future operation and enhancing the working capital, the issuance of not more than 3,300 thousand shares by private placement had been resolved at the general shareholders' meeting on June 11, 2014. The privately placed shares may be issued in one or several installments (not more than two times) within one year after the resolution of the shareholders' meeting. The shareholders' meeting authorized the Board of Directors with full power and authority to handle private placement related matters. The record date determined by the resolution of the Board of Directors was June 4, 2015, with 1,030 thousand shares being issued by private placement at a premium of NT$308 per share, and the aforementioned issuance of new shares had already been registered. As of the date of the consolidated financial statements, 1,030 thousand shares are issued by private placement. All of the rights and obligations for the privately placed shares are consistent with those for the issued common shares of the Company. However, except for being transferred to a transferee meeting the requirement under Article 43-8 of the Securities and Exchange Act, the privately placed shares cannot be sold within three years after delivery of shares.

On May 29, 2018, the general shareholders' meeting resolved to increase the capital with retained earnings of NT$88,488 thousand, including NT$14,060 thousand for the private placement. The aforementioned issuance of new shares had already been registered on July 3, 2018, and the record date determined by the resolution of the Board of Directors which authorized by the shareholder's meeting was July 18, 2018.

(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 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 2017 had been resolved at the shareholders' meeting on May 29, 2018. The appropriations were as follows:

	2017	
	Amount	Dividends Per Share (NT$)
Legal reserve	$ 26,567	
Special reserve	4,049	
Cash dividends	176,976	$ 4.00
Stock dividend	88,488	2.00
Total	$ 296,080	

E. The appropriations of earnings for 2018 had been approved in the meeting of the Board of Directors held on March 12, 2019 and are to be presented for approval in the shareholders' meeting. The appropriations were as follows:

	2018	
	Amount	Dividends Per Share (NT$)
Legal reserve	$ 16,992	
Cash dividends	179,454	$ 3.38
Cash dividends of Pain-in capital	32,918	0.62
Stock dividends of Pain-in capital	26,546	0.50
Total	$ 255,910	

(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, 2018 and 2017.

(21) Non-controlling Interests

	2018	2017
Beginning balance	$ 58,722	$ 53,136
Attributable-to non-controlling interests :		
Net income in 2018	1,250	5,511
Other comprehensive income (loss) in 2018	35	-
The consideration paid from acquiring subsidiaries	5,511	-
Cash dividends received by non-controlling interests	(2,291)	-
Share-based payment transactions	69	75
Ending balance	$ 63,296	$ 58,722

(22) Share-based Payment

A.Brogent Global Inc.

(1) As of 31 December, 2018, 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, 2018 and 2017 at NT$361 and NT$310 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, 2018, 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, 2018 and 2017 at NT$178 and NT$194 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) <u>Net Revenue</u>

Items	2018	2017
Construction contract revenue	$ 1,588,776	$ 1,436,045
Service and maintenance revenue	16,580	56,074
Sales revenue	10,406	3,889
Profit sharing of ticket sales	21,676	18,461
Total	$ 1,637,438	$ 1,514,469

(24) Other Gains and Losses

	2018	2017
Gain (loss) on financial assets at fair value through profit or loss	$ 2,408	$ (2,400)
Net currency exchange gain (loss)	11,047	(46,404)
Loss on disposal of property, plant and equipment	-	(44)
Other gains	21,686	36,445
Other losses	(1,484)	(508)
Total	$ 33,657	$ (12,911)

(25) Additional Information of Expenses by Nature

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

Items	2017 Cost of Revenue	2017 Operating Expenses	2017 Total
Employee benefit expense			
Salaries and wages	$ 31,681	$ 170,890	$ 202,571
Labor/Health insurance expenses	3,312	11,249	14,561
Pension costs	1,762	6,271	8,033
Other employee benefit expenses	1,827	7,879	9,706
Total	$ 38,582	$ 196,289	$ 234,871
Depreciation expense	$ 7,017	$ 39,709	$ 46,726
Amortization expense	$ 23,744	$ 11,969	$ 35,713

As of December 31, 2018 and 2017, the number of the Company’s employees was 314 and 217, 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 2018 and 2017 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$28,268 thousand and NT$5,976 thousand on March 12, 2019, and NT$28,115 thousand and NT$5,907 thousand on March 12, 2018, for year ended December 31, 2018 and 2017, 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 shareholders' meeting 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) <u>Income Tax</u>

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

	2018	2017
Current tax:		
Current tax on profits for the period	$ 61,900	$ 52,975
Additional income tax on unappropriated earnings	-	49
Current adjustments on prior years tax estimation	(3,562)	(1,186)
Total current tax	58,338	51,838
Deferred tax:		
The origination and reversal of temporary differences	7,787	4,544
Effect of tax rate changes	(3,410)	-
Unused income tax credits carryforwards	(6)	-
Total deferred tax	4,371	4,544
Income tax expense	$ 62,709	$ 56,382

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

	2018	2017
Income before income tax	$ 321,127	$ 327,563
Income tax expense at the statutory rate	$ 67,161	$ 62,202
Tax-exempt income and non- exempt expense in taxable purposes		
Tax-exempt income	789	(1,342)
Non- exempt expense	2,323	300
Movement of unrecognized temporary differences	(2,835)	(320)
Unrecognized loss carryforwards	184	141
Loss carryforwards	(50)	(3,462)
Income tax adjustments on prior years	(3,512)	(1,186)
Additional income tax on unappropriated earnings	236	49
Effect of tax rate changes	(1,126)	-
Other income tax adjustments	(461)	-
Income tax expense recognized in profit or loss	$ 62,709	$ 56,382

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:

	2018	2017
Deferred income tax expense (benefit)		
Re-measurement of defined benefit plans	$ (50)	$ (99)
Exchange differences arising on translation of foreign operations	-	329
Effect of tax rate changes	(2)	
	$ (52)	$ 230

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

	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
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)
Deferred income tax liabilities	$ (5,730)	$ (10,593)	$ -	$ 315	$ (16,008)

2017

	January 1,2017	Recognize in profit or loss	Recognize in other comprehensive profit or loss	Foreign exchange adjustments	December 31,2017
Temporary differences					
Unrealized defined benefit pensions	$ 495	$ 13	$ -	$ -	$ 508
Loss on valuation of accounts receivable	689	237	-	-	926
Unrealized exchange loss (gains)	1,032	1,414	-	-	2,446
Depreciation expense	1,666	(24)	-	-	1,642
Loss (gain) on investment using equity method	444	(444)	-	-	-
Unrealized warranty expense	943	(88)	-	-	855
Re-measurement of defined benefit plans	(85)	-	99	-	14
Exchange differences arising on translation of foreign operations	329	-	(329)	-	-
Others	-	1	-	-	1
Deferred income tax assets	$ 5,513	$ 1,109	$ (230)	$ -	$ 6,392
Deferred net profit	$ -	$ (5,653)	$ -	$ (77)	$ (5,730)
Deferred income tax liabilities	$ -	$ (5,653)	$ -	$ (77)	$ (5,730)

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

	December 31,2018	December 31,2017
Deductible temporary difference from investment using the equity method	$ 1,235	$ 4,197
Other deductible temporary difference	-	14,174
	$ 1,235	$ 18,371

C. Unused loss carryforwards as follow:

In Taiwan area:

December 31,2018

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

December 31,2017

Year Incurred	Audited/Declared amount	Unused Creditable Amount	Usable Until Year
2017	Declared amount	$ 830	2027

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

	December 31,2018	December 31,2017
Taxable temporary difference from investment using the equity method	$ 75,385	$ 52,997

E. The Company's income tax returns through 2016 have been assessed and approved by the Tax Authority.

(27) Earnings per Share

	2018	2017
Basic earnings per share	$ 4.84	$ 5.00
Diluted earnings per share	$ 4.84	$ 5.00

Earnings per share is computed as follows:

	Amount (In Thousands)	Number of Shares (In Thousands)	Earnings Per Share (NT$)
2018			
Basic earnings per share			
Net income attributable to common shareholders of the parent	$ 257,168	53,093	$ 4.84
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	53,093	$ 4.84
2017			
Basic earnings per share			
Net income attributable to common shareholders of the parent	$ 265,670	53,093	$ 5.00
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)	$ 265,670	53,093	$ 5.00

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
KODANSHA LTD.	Associates

(3) Significant transactions with related parties

A. Other related parties transactions

Financial Statement Items	Type of Related Parties	2018	2017
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:

	2018	2017
Short-term employee benefits	$ 17,273	$ 19,274
Post-employment benefits	538	535
Total	$ 17,811	$ 19,809

8、PLEDGED ASSETS

Pledged Assets	December 31, 2018	December 31, 2017	Purpose
Financial assets at amortized cost-current (Pledged time deposits)	$ 110,076	$ -	Construction performance guarantee and warranty
Other financial assets-current (Pledged time deposits)	-	34,825	Construction performance guarantee and warranty
Financial assets at amortized cost-noncurrent (Pledged time deposits)	23,975	-	Lease development guarantee
Financial assets at amortized cost-noncurrent (Restricted assets-reserve account)	4,000	-	Long-term loans
Other financial assets-noncurrent (Pledged time deposits)	-	15,000	Lease development guarantee and construction performance guarantee
Other financial assets-current (Restricted assets-reserve account)	-	6,158	Construction performance guarantee
Land	139,868	139,868	Long-term loans
Buildings	532,443	433,379	Long-term loans
Total book value	$ 810,362	$ 629,230	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2018 and 2017, the Group had outstanding notes payable for the purpose of construction performance guarantee and warranty amounting to NT$15,468 thousand.

(2) As of December 31, 2018 and 2017, the Group had outstanding notes payable for the purpose of research and development guarantee amounting to NT$36,000 thousand.

(3) As of December 31, 2018 and 2017, the Group had outstanding refundable deposits for the purpose of construction performance guarantee and warranty amounting to NT$290,313 thousand and NT$66,519 thousand, respectively.

(4) Significant Operating Lease Arrangements

In order to raise up the technical level, corporate image, and focus on research and development resources in response to future continual growth, the Company has increased its capacity to achieve the goal of sustainable management. The Company leased 1.85 hectares of land from the Kaohsiung Software Technology Park to establish the Operations Research and Development Center on February 29, 2012. The lease has a period of 20 years, beginning from March 14, 2012 to March 13, 2032, and the lease agreements can be renewed upon expiration. As of December 31, 2018, the Company had pledged time deposits for the purpose of lease development guarantee amounting to NT$15,000 thousand. The lease payments recognized in 2018 and 2017 were NT$9,549 thousand and NT$8,805 thousand, respectively.

Notified by Kaohsiung City Government, the monthly lease fee for land has been adjusted from NT$ 50 to NT$ 68.75 per square meter starting on February 1, 2016. However, in order to improve the investment in Export Processing Zone, to create high-quality industrial environment and to reduce the impact from the increase of assessed present value of the land announced in 2016, the Zone Administration has introduced a lease fee relief program for the period from January 1 to December 31, 2017. Accordingly, the monthly lease fee of land has been adjusted from NT$ 68.75 to NT$ 53.76 per square meter. Since 2018, the land rent has been reviewed with the announcement of the land price which had increased according to the long-term land rent calculation plan of Export Processing Zoned and the monthly lease fee of land remain NT$ 53.76 per square meter in 2018 and 2019.

The future aggregated minimum lease payments are as follows:

Years Range on the Lease	December 31, 2018		December 31, 2017	
Within 1 year	$	48,570	$	12,211
Over 1 year and not later than 5 years		193,252		60,441
Later than 5 years		183,385		140,455
Total	$	425,207	$	213,107

(5) The Company 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.

(6) The Company 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, 2018		December 31, 2017
Cash and cash equivalents	$	660,349	$	710,647
Financial assets at fair value through profit or loss -current		459,056		230,967
Financial assets at amortized cost-current		304,864		-
Debt investments with no active market-current		-		196,066
Accounts and notes receivable		326,625		225,968
Other receivables		9,142		2,721
Financial assets at fair value through profit or loss -noncurrent		134,530		-
Held-to-maturity financial assets-noncurrent		-		35,570
Financial assets at amortized cost-noncurrent		59,175		-
Financial assets carried at cost-noncurrent		-		17,856
Refundable deposits		11,719		9,794
Other financial assets		-		55,983
Long-term receivables		-		9,656
Total	$	1,965,460	$	1,495,228

Financial Liabilities		December 31, 2018		December 31, 2017
Accounts and notes payable	$	121,018	$	50,923
Other payables		110,080		96,101
Long-term bank loans (including current portion)		868,270		381,050
Total	$	1,099,368	$	528,074

B. Financial risk management objectives

The Group manages its exposure to market risk (including foreign currency 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 treasury 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 treasury 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, 2018 and 2017 would have decreased (or increased) by NT$216,614 thousand and NT$210,139 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, 2018 and 2017 would have decreased (or increased) by NT$3,025 thousand and NT$3,065 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, 2018 and 2017 would have decreased (or increased) by NT$7,329 thousand and NT$7,103 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, 2017 and 2018 would have decreased (or increased) by NT$73,860 thousand and NT$54,100 thousand, 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 fixed-income investments and fixed-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, 2018 and 2017 would have decreased (or increased) by NT$783 thousand and NT$119 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, 2018 and 2017 would have increased (or decreased) by NT$45,551 thousand and NT$16,168 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, 2018 and 2017, the Group's top three largest customers accounted for 50.96% and 69.91% 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, 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

December 31, 2017	Less than 1 year	2-3 years	4-5 years	Over 5 years	Total
Accounts and notes payable	$ 50,923	$ -	$ -	$ -	$ 50,923
Other payables	96,101	-	-	-	96,101

	Less than 1 year	2-3 years	4-5 years	Over 5 years	Total
Long-term bank loans	45,090	88,973	54,391	237,960	426,414
Total	$ 192,114	$ 88,973	$ 54,391	$ 237,960	$ 573,438

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, 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

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss				
Beneficiary certificates	$ 226,727	$ -	$ -	$ 226,727
Publicly traded stocks	4,240	-	-	4,240
	$ 230,967	$ -	$ -	$ 230,967

There were no transfers between Level 1 and Level 3 of the fair value hierarchy or assets and liabilities held on December 31, 2018 and 2017 that are measured at fair value on a recurring basis except that non-publicly traded stocks which were classified as financial assets carried at cost under IAS 39 as of December 31,2017 are now reclassified as financial assets at fair value through profit or loss under IFRS 9 and the non- publicly traded stocks which were converted from publicly traded stocks are measured at level 3 fair value.

Financial assets at fair value through profit or loss which have quoted prices in active markets are classified as level 1 fair value. If there are no active markets, the company uses evaluation techniques (including income method and market method) to consider cash flow forecast, recent fundraising activities, evaluation of similar companies, individual company development, market conditions and other economic indicators as the basis for the evaluation of fair value. If the financial assets have a restriction on the transfer or sale, the fair value is determined based on the price of a similar and unrestricted financial assets in the active market. If the significant impact values used are observable, the assets are classified to the level 2, otherwise they are at level 3.

(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, 2018			December 31, 2017		
	Foreign Currencies	Exchange Rate	TWD	Foreign Currencies	Exchange Rate	TWD
Financial Assets						
Monetary items						
USD	$ 70,518	30.72	$ 2,166,313	$ $71,177	29.76	$ 2,118,228
CAD	1,283	23.91	30,677	1,282	23.91	30,653
EUR	2,082	35.20	73,286	1,997	35.57	71,033
CNY	165,269	4.47	738,752	125,044	4.57	571,451
JPY	2,686	0.28	752	180	0.26	47
Financial Liabilities						
Monetary items						
USD	$ 6	30.72	$ 184	$ 566	29.76	$ 16,844
CNY	36	4.47	161	6,664	4.57	30,454

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	6
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	7

(2) Information on Investees

Please see Table 8 attached (excluding the investee in Mainland China).

(3) Information on Investments in Mainland China

A. Please see Table 9 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, 2018

(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	$264,352	$264,352	$-	-	2	$-	Operating capital	$-	-	$-	$283,618	$1,134,470
		Brogent Hong Kong Limited	Other receivables from related parties	Yes	264,352	264,352	-	-	2	-	Operating capital		-	-	283,618	1,134,470
		Brogent Mechanical Inc.	Other receivables from related parties	Yes	264,352	264,352	-	-	2	-	Operating capital		-	-	283,618	1,134,470

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, 2018

(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	$850,853	$210,180	$210,180	$-	$-	7.41%	$1,418,088	Yes	No	Yes
		Brogent Creative (Shanghai) Limited	Investee of Subsidiary	850,853	140,120	140,120	-	-	4.94%	1,418,088	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.

Table 3: Marketable Securities Held as of December 31, 2018 (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, 2018 Shares/Units (In Thousands)	December 31, 2018 Carrying Value (Foreign Currencies in Thousands) (Note 3)	December 31, 2018 Percentage of Ownership (%)	December 31, 2018 Fair Value (Foreign Currencies in Thousands)	Remark (Note 4)
Brogent Technologies Inc.	Fund							
	Prudential Financial RMB Money Market Fund RMB	None	Financial assets at fair value through profit or loss-current	957	RMB 10,842	-	RMB 10,842	
	Nomura Asia Pacific Bond Fund-Acc.	None	Financial assets at fair value through profit or loss-current	483	RMB 4,763	-	RMB 4,763	
	Eastspring Investments Umbrella Fund - Global Bond Fund of Fund A TWD	None	Financial assets at fair value through profit or loss-current	363	4,800	-	4,800	
	M&G Optimal Income Fund - M&G Optimal Income Fund	None	Financial assets at fair value through profit or loss-current	50	USD 498	-	USD 498	
	Yuanta Emerging Asia USD Bond Fund A TWD	None	Financial assets at fair value through profit or loss-current	954	9,479	-	9,479	
	Cathay Senior Secured High Yield Bond Fund A USD	None	Financial assets at fair value through profit or loss-current	2,974	USD 975	-	USD 975	
	Taishin Ta-Chong Money Market Fund	None	Financial assets at fair value through profit or loss-current	3,527	50,036	-	50,036	
	Franklin Templeton Sinoam Money Market Fund	None	Financial assets at fair value through profit or loss-current	4,848	50,035	-	50,035	
	JPMorgan Investment Funds - Global Income Fund - USD	None	Financial assets at fair value through profit or loss-current	11	USD 1,918	-	USD 1,918	
	JPMorgan Investment Funds - Global Macro Opportunities Fund (acc.) - USD (hedged)	None	Financial assets at fair value through profit or loss-current	7	USD 997	-	USD 997	
	Fuh Hwa Global Thematic USD	None	Financial assets at fair value through profit or loss-current	28	USD 312	-	USD 312	
	Fuh Hwa Olympic II Fund of Funds	None	Financial assets at fair value through profit or loss-current	68	USD 721	-	USD 721	
	Fuh Hwa Global Strategic Allocation Fund of Funds USD	None	Financial assets at fair value through profit or loss-current	81	USD 743	-	USD 743	

Held Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Securities Issuer (Note 2)	Financial Statement Account	December 31, 2018 Shares/Units (In Thousands)	Carrying Value (Foreign Currencies in Thousands) (Note 3)	Percentage of Ownership (%)	Fair Value (Foreign Currencies in Thousands)	Remark (Note 4)
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%	19,732	
	Preferred Stock							
	This is Holland B.V.	None	Financial assets at amortized cost-noncurrent	200	35,200	-	35,200	
Brogent Rides (Shanghai) Limited	Fund							
	ICBC-Net Asset Value Fund	None	Financial assets at fair value through profit or loss-current	15,000	RMB 15,280	-	RMB 15,280	
	NBCB-Net Asset Value Fund (Redeemable)	None	Financial assets at fair value through profit or loss-current	1,820	RMB 2,000	-	RMB 2,011	
	Common Stock							
	Fly Over The World Cultural Development Co. Ltd	None	Financial assets at fair value through profit or loss-noncurrent	20,000	RMB 25,670	5.71%	RMB 25,670	
Brogent Creative (Shanghai) Limited	Fund							
	ICBC-Net Asset Value Fund	None	Financial assets at fair value through profit or loss-current	500	RMB 511	-	RMB 511	
	NBCB--Net Asset Value Fund (Redeemable)	None	Financial assets at fair value through profit or loss-current	455	RMB 503	-	RMB 503	

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)
Brogent Rides (Shanghai) Limited	Fly Over The World Cultural Development Co. Ltd.	Financial assets at fair value through profit or loss-noncurrent	-	-	-	$-	20,000	$111,450	-	$-	$-	$-	20,000	$111,450

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 Global Inc.	Brogent Creative (Shanghai) Limited	Associate	Sales	$204,629	82%	OA 60 Days	$-	$-	$-	-	

Table 6: Receivable from Related Parties Amounting to at least NT$100 million or 20% of the Paid-in Capital

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

Company Name	Related Party	Nature of Relationships	Ending Balance (Foreign Currencies in Thousands)		Turnover Day	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts	Note
						Amount	Action Taken			
Brogent Technologies Inc.	Brogent Rides (Shanghai) Limited	Investee of Subsidiary	Account Receivable	$89,440	-	$-	-	$-	$-	
			Other Receivable	$32,809	-	-	-	-	-	

Note: The calculation of turnover days excludes other receivables from related parties.

Table 7: 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	$14,820	-	-
				Prepayments	74,840	-	2%
				Purchases	80,170	-	5%
		Brogent Global Inc.	1	Construction receipts payable	60,000	-	1%
				Construction contract revenue	10,603	-	1%
				Ticket cost	24,180	-	1%
				Other unearned revenue	28,571	-	1%
		Brogent Hong Kong Limited	1	Construction receipts payable	191,429	-	5%
				Construction contract revenue	23,609	-	1%
		Brogent Rides (Shanghai) Limited	1	Receivables to related parties	122,249	-	3%
				Construction receipts payable	89,440	-	2%
				Construction contract revenue	9,867	-	1%
		Brogent Creative (Shanghai) Limited	1	Construction contract revenue	88,812	-	5%
1	Brogent Hong Kong Limited	Brogent Global Inc.	2	Prepayments	43,528	-	1%
		Brogent Creative (Shanghai) Limited	2	Construction receipts payable	207,503	-	5%
				Advance by projects	44,561	-	1%
				Construction contract revenue	25,076	-	1%
2	Brogent Global Inc.	Brogent Hong Kong Limited	2	Advance by projects	43,528	-	1%
		Brogent Creative (Shanghai) Limited	2	Construction contract revenue	204,629	-	12%
		Brogent Rides (Shanghai) Limited	2	Other receivables	55,471	-	1%

Note1: "1" represents the transactions from parent company to subsidiary.
"2" represents the transactions from subsidiary to subsidiary.

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 8: <u>Information on Investees</u> (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		Balance as of December 31, 2018			Net Income (Loss) of the Investee	Share of Profits/Losses of Investee (Note 1)	Note
				December 31, 2018(Foreign Currencies in Thousands)	December 31, 2017	Shares (In Thousands)	Percentage of Ownership	Carrying Value(Foreign Currencies in Thousands)			
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%	$84,123	$6,615	$4,043	Subsidiary
	Brogent Creative Inc.	Kaohsiung City	Development and sales of the peripheral products of simulator rides	9,000	9,000	900	60.00%	7,781	(918)	(551)	Subsidiary
	Brogent Hong Kong Limited	Hong Kong	Reinvestment and trading business	200,338 (USD 6,700)	54,063 (USD 1,700)	-	100.00%	231,638 (USD 7,689)	3,294 (USD 109)	3,294 (USD 109)	Subsidiary
	Brogent Global Inc.	Kaohsiung City	Development and management business of self-operated outlets	300,000	300,000	30,870	100.00%	342,489	39,465	39,465	Subsidiary
	Dili Jie Holdings Limited	British Virgin Islands	Reinvestment and trading business	267,955 (USD 8,900)	-	-	100.00%	312,329 (USD 10,165)	12,083 (USD 400)	12,083 (USD 400)	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%	5,772 (JPY 20,748)	(6,679) (JPY 24,409)	Note 2	Joint Venture
	hexaRide the first LLP	Tokyo	Development and management business of self-operated outlets	35,818 (JPY 130,000)	-	-	86.67%	29,842 (JPY 107,275)	(7,168) (JPY 26,226)	Note 2	Subsidiary
Dili Jie Holdings Limited	Jetway Holdings Limited	Cayman Islands	Reinvestment and trading business	270,020 (USD 8,900)	-	-	100.00%	312,161 (USD 10,163)	12,028 (USD 399)	Note 2	Subsidiary
Jetway Holdings Limited	Galey Holdings Limited	British Virgin Islands	Reinvestment and trading business	131,258 (USD 4,300)	-	-	100.00%	170,833 (USD 5,562)	11,989 (USD 397)	Note 2	Subsidiary
	Holey Holdings Limited	British Virgin Islands	Reinvestment and trading business	139,753 (USD 4,550)	-	-	100.00%	139,753 (USD 4,550)	-	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 9: 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, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Net Income (Loss) of the Investee Company	Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of December 31, 2018	Accumulated Inward Remittance of Earnings as of December 31, 2018
					Outflow	Inflow						
Brogent Rides (Shanghai) Limited	Import and export business	$222,712 (USD 7,300)	2	$22,690 (USD 700)	$200,022 (USD6,600)	$-	$222,712 (USD 7,300)	$27,605 (USD 915)	100%	$27,605	$291,583 (USD 9,493) (Note2)	$-
Brogent Creative (Shanghai) Limited	Development and management business of self-operated outlets	59,397 (RMB 13,000)	3	-	-	-	-	9,070 (RMB1,989)	100%	9,070	96,212 (RMB 21,514) (Note2)	-

Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$222,712 (USD 7,300)	$222,712 (USD 7,300)	$1,701,706

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 and Garley Holdings Limited), which then invested in the investee in Mainland China.

(3) Others.

Note 2：Amount was recognized based on the audited financial statements.

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	
	2018	2017	December 31, 2018	December 31, 2017
Taiwan	$ 41,304	$ 25,815	$ 1,086,321	$ 957,128
Asia	1,092,079	1,209,646	32,265	-
Europe	177,394	115,568	114,470	114,470
United States	131,226	152,023	-	-
Australia	195,435	11,417	-	-
Total	$ 1,637,438	$ 1,514,469	$ 1,233,056	$ 1,071,598

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	2018	2017
Construction contract revenue	$ 1,588,776	$ 1,436,045
Profit sharing of ticket sales	21,676	18,461
Service and maintenance revenue	16,580	56,074
Sales revenue	10,406	3,889
Total	$ 1,637,438	$ 1,514,469

(4) Major Customer's Information

Customer	2018		2017	
	Amount	Percentage of Net Revenue	Amount	Percentage of Net Revenue
Customer R	$ 195,435	11.94	$ 432,527	28.56
Customer T	277,701	16.96	320,163	21.14
Customer A	122,078	7.46	161,699	10.68
Customer B	48,684	2.97	131,082	8.66
Customer C	37,311	2.28	105,803	6.99
Customer D	20,889	1.28	77,771	5.14
Customer S	11,860	7.24	51,781	3.42
Customer Q	22,161	1.35	45,071	2.98
Customer O	16,609	1.01	28,892	3.45
Customer P	11,212	6.85	10,795	0.71