Brogent Technologies Inc. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2020 and 2019 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Brogent Technologies Inc.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2020 is stated as follows:

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

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

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

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

1. We understood and tested the design and operating effectiveness of the internal control relevant to the accuracy of recognition of the construction contract revenue, including the measurement of the percentage of completion.

2. We verified and recalculated, on a sampling basis, the accuracy of the percentage of completion, including the related supporting documents.

3. We recalculated the sampled construction contract revenue measured by the percentage of completion, and checked whether it was recognized correctly.

Other Matter

The consolidated financial statements of the Group and the parent company only financial statements of the Corporation as of and for the year ended December 31, 2019 were audited by other auditors, who expressed an unmodified opinion with other matter paragraph on those statements on March 9, 2020.

We have also audited the parent company only financial statements of the Corporation as of and for the year ended December 31, 2020 on which we have issued an unmodified opinion with other matter paragraph.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2021

<u>*Notice to Readers*</u>

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

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

Brogent Technologies Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2020 Amount	%	December 31, 2019 Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 864,341	17	$ 774,817	15
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	380,382	8	253,176	5
Financial assets at amortized cost - current (Notes 4, 8 and 31)	202,598	4	277,637	5
Notes receivable (Notes 4 and 9)	21,164	-	71	-
Accounts receivable, net (Notes 4, 5 and 9)	204,919	4	286,738	6
Contract assets - current (Note 4, 5 and 23)	1,119,428	22	1,035,804	20
Current tax assets (Notes 4 and 25)	20	-	24	-
Inventories (Notes 4 and 10)	237,987	5	232,958	5
Prepayments	120,941	2	227,425	4
Other current assets	20,697	-	36,953	1
Total current assets	3,172,477	62	3,125,603	61
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss - noncurrent (Notes 4 and 7)	283,334	5	297,964	6
Financial assets at amortized cost - noncurrent (Notes 4, 8 and 31)	50,060	1	65,160	1
Investments accounted for using equity method (Notes 4 and 12)	3,331	-	3,029	-
Property, plant and equipment (Notes 4, 13 and 31)	957,475	19	1,045,007	20
Right-of-use assets (Notes 4 and 14)	341,151	7	340,051	7
Intangible assets (Notes 4 and 15)	183,694	4	163,535	3
Deferred tax assets (Notes 4 and 25)	39,480	1	20,814	1
Refundable deposits	13,537	-	12,725	-
Prepayments for investments	4,599	-	4,537	-
Other noncurrent assets	63,874	1	70,155	1
Total noncurrent assets	1,940,535	38	2,022,977	39
TOTAL	$ 5,113,012	100	$ 5,148,580	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 16 and 31)	$ 216,207	4	$ 191,340	4
Notes payable (Notes 4 and 18)	11,571	-	14,001	-
Accounts payable (Notes 4 and 18)	99,294	2	82,383	2
Contract liabilities - current (Notes 4 and 23)	136,754	3	162,783	3
Other payables (Note 19)	60,733	1	131,159	2
Current tax liabilities (Notes 4 and 25)	5,918	-	53,952	1
Provisions - current (Note 4)	2,380	-	2,328	-
Lease liabilities - current (Notes 4 and 14)	56,161	1	51,032	1
Current portion of long-term borrowings (Notes 4, 16 and 31)	50,258	1	252,626	5
Other current liabilities	1,596	-	1,627	-
Total current liabilities	640,872	12	943,231	18
NONCURRENT LIABILITIES				
Bonds payable (Notes 4 and 17)	1,155,660	23	-	-
Long-term borrowings (Notes 4, 16 and 31)	306,277	6	815,541	16
Deferred tax liabilities (Notes 4 and 25)	42,251	1	32,949	1
Lease liabilities - noncurrent (Notes 4 and 14)	309,631	6	306,990	6
Net defined benefit liabilities - noncurrent (Notes 4 and 20)	9,294	-	8,739	-
Total noncurrent liabilities	1,823,113	36	1,164,219	23
Total liabilities	2,463,985	48	2,107,450	41
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 22)				
Share capital	557,474	11	557,474	11
Capital surplus	2,021,953	40	1,968,156	38
Retained earnings				
Legal reserve	127,421	3	90,809	2
Special reserve	14,857	-	-	-
Unappropriated earnings (accumulated deficit)	(48,972)	(1)	366,375	7
Total retained earnings	93,306	2	457,184	9
Other equity	(26,464)	(1)	(14,857)	-
Total equity attributable to owners of the Corporation	2,646,269	52	2,967,957	58
NON-CONTROLLING INTERESTS (Note 22)	2,758	-	73,173	1
Total equity	2,649,027	52	3,041,130	59
TOTAL	$ 5,113,012	100	$ 5,148,580	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, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
NET OPERATING REVENUE (Notes 4, 5, 23 and 30)	$ 1,062,899	100	$ 2,080,441	100
OPERATING COSTS (Notes 10 and 24)	560,483	53	1,094,762	53
GROSS PROFIT	502,416	47	985,679	47
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	55,382	5	82,691	4
General and administrative expenses	240,125	22	289,170	14
Research and development expenses	167,313	16	172,403	8
Expected credit loss (Notes 9 and 23)	62,120	6	20,606	1
Total operating expenses	524,940	49	564,870	27
OPERATING INCOME (LOSS)	(22,524)	(2)	420,809	20
NON-OPERATING INCOME AND EXPENSES (Note 24)				
Interest income	8,493	1	10,331	-
Other income	38,687	4	43,178	2
Other gains and losses	(38,434)	(4)	26,845	1
Finance costs	(29,202)	(3)	(23,727)	(1)
Share of profit or loss of associates accounted for using the equity method (Note 12)	1,142	-	(5,535)	-
Total non-operating income and expenses	(19,314)	(2)	51,092	2
PROFIT (LOSS) BEFORE INCOME TAX	(41,838)	(4)	471,901	22
INCOME TAX EXPENSE (Note 25)	9,920	1	88,091	4
NET PROFIT (LOSS) FOR THE YEAR	(51,758)	(5)	383,810	18
OTHER COMPREHENSIVE INCOME (Note 22)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	(484)	-	(501)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 25)	(237)	-	100	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(10,173)	(1)	(21,883)	(1)

(Continued)

Brogent Technologies Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
Share of the other comprehensive income (loss) of associates accounted for using the equity method	$ (840)	-	$ 42	-
Other comprehensive income (loss) for the year, net of income tax	(11,734)	(1)	(22,242)	(1)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ (63,492)	(6)	$ 361,568	17
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	$ (49,184)	(5)	$ 366,525	17
Non-controlling interests	(2,574)	-	17,285	1
	$ (51,758)	(5)	$ 383,810	18
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	$ (61,512)	(6)	$ 344,255	16
Non-controlling interests	(1,980)	-	17,313	1
	$ (63,492)	(6)	$ 361,568	17
EARNINGS (LOSS) PER SHARE (Note 26)				
Basic	$ (0.88)		$ 6.57	
Diluted	$ (0.88)		$ 6.57	

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

Brogent Technologies Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation								
			Retained Earnings			Other Equity			
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2019	$ 530,928	$ 2,027,723	$ 73,817	$ 4,049	$ 192,647	$ 7,012	$ 2,836,176	$ 63,296	$ 2,899,472
Appropriation of 2018 earnings (Note 22)									
Legal reserve	-	-	16,992	-	(16,992)	-	-	-	-
Special reserve	-	-	-	(4,049)	4,049	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(179,453)	-	(179,453)	-	(179,453)
	-	-	16,992	(4,049)	(192,396)	-	(179,453)	-	(179,453)
Cash dividends from capital surplus (Note 22)	-	(32,918)	-	-	-	-	(32,918)	-	(32,918)
Stock dividends from capital surplus (Note 22)	26,546	(26,546)	-	-	-	-	-	-	-
Net profit in 2019	-	-	-	-	366,525	-	366,525	17,285	383,810
Other comprehensive income (loss) in 2019, net of income tax	-	-	-	-	(401)	(21,869)	(22,270)	28	(22,242)
Total comprehensive income (loss) in 2019	-	-	-	-	366,124	(21,869)	344,255	17,313	361,568
Difference between consideration and carrying amount of subsidiaries acquired or disposed (Note 11)	-	(372)	-	-	-	-	(372)	(5,167)	(5,539)
Additional non-controlling interest recognized on issue of employee share options by subsidiaries (Note 27)	-	269	-	-	-	-	269	66	335
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	(2,335)	(2,335)
BALANCE AT DECEMBER 31, 2019	557,474	1,968,156	90,809	-	366,375	(14,857)	2,967,957	73,173	3,041,130
Appropriation of 2019 earnings (Note 22)									
Legal reserve	-	-	36,612	-	(36,612)	-	-	-	-
Special reserve	-	-	-	14,857	(14,857)	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(312,186)	-	(312,186)	-	(312,186)
	-	-	36,612	14,857	(363,655)	-	(312,186)	-	(312,186)
Net loss in 2020	-	-	-	-	(49,184)	-	(49,184)	(2,574)	(51,758)
Other comprehensive income (loss) in 2020, net of income tax	-	-	-	-	(721)	(11,607)	(12,328)	594	(11,734)
Total comprehensive income (loss) in 2020	-	-	-	-	(49,905)	(11,607)	(61,512)	(1,980)	(63,492)
Difference between consideration and carrying amount of subsidiaries acquired or disposed (Note 11)	-	-	-	-	(1,787)	-	(1,787)	(68,719)	(70,506)
Changes in percentage of ownership interest in subsidiaries	-	(268)	-	-	-	-	(268)	268	-
Additional non-controlling interest recognized on issue of employee share options by subsidiaries (Note 27)	-	265	-	-	-	-	265	16	281
Equity components of issued convertible bonds	-	53,800	-	-	-	-	53,800	-	53,800
BALANCE AT DECEMBER 31, 2020	$ 557,474	$ 2,021,953	$ 127,421	$ 14,857	$ (48,972)	$ (26,464)	$ 2,646,269	$ 2,758	$ 2,649,027

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, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	$ (41,838)	$ 471,901
Adjustments for:		
Income and expenses		
Depreciation expense	113,739	111,161
Amortization expense	30,841	30,866
Expected credit loss	62,120	20,606
Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	10,097	(55,727)
Finance cost	29,202	23,727
Interest income	(8,493)	(10,331)
Compensation cost of employee share options	281	335
Share of (profit) loss of associates accounted for using the equity method	(1,142)	5,535
Gain on disposal of property, plant and equipment	(192)	(554)
Loss on inventories	1,456	-
Others	(1,505)	24,840
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(126,926)	225,594
Notes receivable	(21,093)	(23)
Accounts receivable	70,955	(206)
Contract assets	(134,880)	(413,184)
Inventories	55,556	(30,742)
Prepayments	94,511	(66,486)
Other current assets	16,256	(5,959)
Notes payable	(2,430)	2,673
Accounts payable	16,911	(23,211)
Contract liabilities	(26,029)	10,698
Other payables	(70,540)	24,199
Provisions	52	-
Other current liabilities	(30)	(1,535)
Net defined benefit liabilities	71	74
Cash generated from operations	66,950	344,251
Income tax paid	(68,156)	(64,576)
Net cash generated from (used in) operating activities	(1,206)	279,675
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(138,690)
Purchase of financial assets at amortized cost	(795,765)	(7,645)
Proceeds from sale of financial assets at amortized cost	887,365	20,138
Acquisition of investments accounted for using equity method	-	(5,539)
Increase in prepayments for investments	-	(4,537)

(Continued)

Brogent Technologies Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
Payments for property, plant and equipment	$ (48,077)	$ (58,420)
Proceeds from disposal of property, plant and equipment	2,435	1,249
Increase in refundable deposits	(887)	(1,006)
Acquisition of intangible assets	(40,291)	(50,730)
Decrease (increase) in other noncurrent assets	6,219	(39,698)
Interest received	8,493	10,485
Net cash generated from (used in) investing activities	19,492	(274,393)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	24,867	191,340
Issuance of convertible bonds	1,206,229	-
Proceeds from long-term borrowings	25,895	320,050
Repayment of long-term borrowings	(737,527)	(120,153)
Repayment of the principal portion of lease liabilities	(34,980)	(29,378)
Cash dividends distributed	(312,186)	(212,371)
Acquisition of subsidiaries	(70,506)	-
Interest paid	(25,102)	(16,293)
Changes in non-controlling interest	-	(2,335)
Net cash generated from financing activities	76,690	130,860
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(5,452)	(21,674)
NET INCREASE IN CASH AND CASH EQUIVALENTS	89,524	114,468
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	774,817	660,349
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 864,341	$ 774,817

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

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation's board of directors on March 10, 2021.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

   Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group's accounting policies:

   <u>Amendment to IFRS 16 "Covid-19-Related Rent Concessions"</u>

   The Group elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4. Prior to the application of the amendment, the Group shall determine whether or not the abovementioned rent concessions need to be accounted for as lease modifications.

   The Group applied the amendment from January 1, 2020. Because the abovementioned rent concessions affect only 2020, retrospective application of the amendment has no impact on the retained earnings as of January 1, 2020.

b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

1) Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

2) The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

3) Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

1) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

2) The Group chose the accounting policy from options permitted by the standards;

3) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;

4) The accounting policy relates to an area for which the Group is required to make significant judgments or assumptions in applying an accounting policy, and the Group discloses those judgments or assumptions; or

5) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and noncurrent assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as noncurrent.

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

d. Basis of consolidation

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

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

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

e. Foreign currencies

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

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

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

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

For the purpose of presenting consolidated financial statements, the functional currencies of the entities in the Group (including subsidiaries and associates operating in other countries) that use currencies different from the currency of the Corporation are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Corporation and non-controlling interests as appropriate).

f. Inventories

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

g. Investments in associates

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

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

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

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group’s proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group’s ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

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

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

When an entity in the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group’ consolidated financial statements only to the extent of the Group’s unrelated interests in the associate.

h. Property, plant and equipment

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

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

Land is not depreciated.

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

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

i. Intangible assets

1) Intangible assets acquired separately

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

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

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

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

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

b) The intention to complete the intangible asset and use or sell it;

c) The ability to use or sell the intangible asset;

d) How the intangible asset will generate probable future economic benefits;

e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;

f) The ability to measure reliably the expenditures attributable to the intangible asset during its development.

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

3) Derecognition of intangible assets

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

j. Impairment of property, plant and equipment, right-of-use asset and intangible assets

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

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

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

k. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVPL and financial assets at amortized cost.

i Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends earned on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 29.

ii Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

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

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

4) Convertible bonds

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

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

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

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

l. Provisions

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

m. Revenue recognition

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

1) Construction contract revenue

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

2) Licensing revenue

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

a) The customer reasonably expects that the Group will undertake activities that significantly affect the intellectual property to which the customer has rights;

b) The rights granted by the license directly expose the customer to any positive or negative effects of the Group's activities; and

c) The Group's activities do not result in the transfer of a good or a service to the customer as the activities occur.

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

Advance receipts of royalty is recognized as "contract liabilities".

3) Sale of tickets and merchandise

Tickets, merchandise and peripheral products are sold through self-operated outlets. Based on the contract, when tickets, merchandise and peripheral products are transferred to the customer, the customer takes full discretion in the determination of prices, the right of use, the primary responsibility for sales to future customers, and assumes significant risk of ownership of the goods. Therefore, the Group recognizes the related revenue and accounts receivable at the point in time the goods were transferred. Advance receipts from the sale of the goods are recognized as "contract liabilities".

4) Service revenue

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

n. Leases

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

1) The Group as lessor

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

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

2) The Group as lessee

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

Right-of-use assets are initially measured at cost and are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets, except for those that meet the definition of investment properties.

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

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

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

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2021, that results in the revised consideration for the lease. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss as other operating income, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

o. Government grants

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

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Grants received with no corresponding expenses are recognized as deferred revenue.

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

q. Share-based payment arrangements

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

r. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

<u>Key Sources of Estimation Uncertainty</u>

a. Estimated impairment of financial assets

The provision for impairment of accounts receivable and contracts assets is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Measurement of the percentage of completion of construction contracts

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	$ 978	$ 973
Bank deposits	591,015	452,335
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	205,400	321,509
Repurchase agreement collateralized by bonds	66,948	-
	$ 864,341	$ 774,817

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	2019
Financial assets		
Financial assets mandatorily classified as at FVTPL		
Derivative financial liabilities		
Redemption options and put options of convertible bonds	$ 1,860	$ -
Non-derivative financial assets		
Mutual funds	380,382	248,751
Unquoted ordinary shares	281,474	302,389
	661,856	551,140
	$ 663,716	$ 551,140
Current	$ 380,382	$ 253,176
Non-current	283,334	297,964
	$ 663,716	$ 551,140

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2020	2019
Time deposits with original maturities of more than 3 months	$ 46,255	$ 6,317
Pledged time deposits	169,343	302,940
Pledged bank deposits	2,000	-
Unquoted preferred shares	35,060	33,540
	$ 252,658	$ 342,797
Current	$ 202,598	$ 277,637
Non-current	50,060	65,160
	$ 252,658	$ 342,797

Refer to Note 31 for information on financial assets at amortized cost pledged as collateral.

9. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND AND PAST DUE RECEIVABLE

	December 31	
	2020	2019
Notes receivable		
Operating - at amortized cost	$ 21,164	$ 71
Accounts receivable		
Operating - at amortized cost		
Gross carrying amount	$ 215,783	$ 286,738
Less: Allowance for impairment loss	(10,864)	-
	$ 204,919	$ 286,738
Past due receivable (included in other non-current assets)		
Operating - at amortized cost		
Gross carrying amount	$ -	$ 18,559
Less: Allowance for impairment loss	-	(18,559)
	$ -	$ -

a. Notes receivable

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

b. Accounts receivable

The average credit period is 90 days. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

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

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

December 31, 2020

	1-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 365 days	Total
Gross carrying amount	$ 67,690	$ 15,632	$ 22,004	$ 12,603	$ 97,854	$ 215,783
Loss allowance (lifetime ECLs)	-	-	-	(595)	(10,269)	(10,864)
Amortized cost	$ 67,690	$ 15,632	$ 22,004	$ 12,008	$ 87,585	$ 204,919

The following table details the loss allowance of accounts receivable based on the impaired aging analysis.

December 31, 2019

	Not Past Due	Past Due 1-30 Days	Past Due 31-90 Days	Past Due 91-180 Days	Past Due 180 Days	Total
Gross carrying amount	$ 90,478	$ 540	$ 3,566	$ 38,175	$ 172,538	$ 305,297
Loss allowance (lifetime ECLs)	-	-	-	-	(18,559)	(18,559)
Amortized cost	$ 90,478	$ 540	$ 3,566	$ 38,175	$ 153,979	$ 286,738

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 18,559	$ 18,559
Add: Impairment loss recognized on accounts receivable	10,864	-
Less: Amounts written off	(18,559)	-
Balance at December 31	$ 10,864	$ 18,559

10. INVENTORIES

	December 31	
	2020	2019
Raw materials	$ 130,333	$ 128,213
Work in process	9,300	44,925
Finished goods	94,998	56,657
Merchandise	3,356	3,163
	$ 237,987	$ 232,958

The cost of inventories recognized as loss on inventory value was $1,456 thousand for the year ended December 31, 2020.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

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

			Proportion of Ownership (%) December 31		
Investor	Investee	Nature of Activities	2020	2019	Remark
The Corporation	Brogent Mechanical Inc. (Brogent Mechanical)	Manufacture and sales of the simulator rides and its key components	-	61	Notes 1 and 2
	Brogent Creative Inc.	Development and sales of the peripheral product of simulator rides	-	100	Notes 1 and 2
	Brogent Hong Kong Limited (Brogent Hong Kong)	Reinvestment and trading business	100	100	-

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2020	2019	Remark
	Brogent Global Inc. (Brogent Global)	Development and management business of self-operated outlets	100	100	-
	Dili Jie Holdings Limited (Dili Jie)	Reinvestment and trading business	100	100	-
Dili Jie	Jetway Holdings Limited (Jetway)	Reinvestment and trading business	100	100	-
Jetway	Garley Holdings Limited (Garley)	Reinvestment and trading business	100	100	-
	Holey Holdings Limited	Reinvestment and trading business	100	100	-
Garley	Brogent Rides (Shanghai) Limited (Brogent Rides)	Import and export business	58	58	-
Brogent Hong Kong	Brogent Rides (Shanghai) Limited (Brogent Rides)	Import and export business	42	42	-
	hexaRide the first LLP	Management business of self-operated outlets	89	87	-
Brogent Rides	Brogent Creative (Shanghai) Limited (Brogent Creative)	Development and management business of self-operated outlets	100	100	-
Brogent Global	Jetmay Holdings Limited (Jetmay)	Reinvestment and trading business	100	100	-
	Ou Wei Limited	Reinvestment and trading business	100	100	-
Jetmay	Hai Wei Culture Creative and Development (Shanghai) Limited (Hai Wei Culture Creative)	Management business of self-operated outlets	100	100	-
	StarLite Design & Planning Limited (StarLite)	Management business of self-operated outlets	100	100	-

(Concluded)

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

In the second quarter of 2019, the Corporation invested $5,539 thousand and obtained 40% equity of Brogent Creative from unrelated party. The difference between the invested price and book value which amounted to $372 thousand was recognized as deduction of capital surplus.

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

Note 2: In order to integrate the Group’s resources and to improve the operational performance and competitiveness, the Corporation’s board of directors resolved to merge with the Corporation its subsidiaries Brogent Mechanical and Brogent Creative Inc. on the effective date of September 30, 2020. The Corporation is the surviving company and Brogent Mechanical and Brogent Creative are the dissolved companies.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31 2020	2019
Investments in associates - associates that are not individually material	$ 3,331	$ 3,029

Aggregate information of associates that are not individually material:

	December 31	
	2020	2019
The Group's share of:		
Net profit (loss)	$ 1,142	$ (5,535)
Other comprehensive (loss) income	(840)	42
Total comprehensive income (loss) for the year	$ 302	$ (5,493)

13. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2020

	Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Other Equipment	Property under Construction	Total
Cost								
Balance at January 1,2020	$ 139,868	$ 686,097	$ 14,996	$ 1,881	$ 43,305	$ 263,805	$ 128,710	$ 1,278,662
Additions	-	7,190	1,179	-	8,203	7,860	22,919	47,351
Disposals	-	(949)	(4,762)	(59)	(15,919)	(19,682)	-	(41,371)
Reclassification	-	-	-	-	-	-	(61,771)	(61,771)
Effect of foreign currency exchange differences	-	(37)	-	-	(64)	67	-	(34)
Balance at December 31, 2020	$ 139,868	$ 692,301	$ 11,413	$ 1,822	$ 35,525	$ 252,050	$ 89,858	$ 1,222,837
Accumulated depreciation								
Balance at January 1, 2020	$ -	$ 123,803	$ 9,084	$ 955	$ 27,068	$ 72,745	$ -	$ 233,655
Depreciation expense	-	30,216	1,861	357	8,150	30,196	-	70,780
Disposals	-	(949)	(4,762)	(59)	(15,844)	(17,514)	-	(39,128)
Effect of foreign currency exchange differences	-	(8)	-	-	1	62	-	55
Balance at December 31, 2020	$ -	$ 153,062	$ 6,183	$ 1,253	$ 19,375	$ 85,489	$ -	$ 265,362
Carrying amount at December 31, 2020	$ 139,868	$ 539,239	$ 5,230	$ 569	$ 16,150	$ 166,561	$ 89,858	$ 957,475

For the year ended December 31, 2019

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

The reconciliation of additions and the payments from the statements of cash flows of the above items of property, plant and equipment is as follows:

	For the Year Ended December 31	
	2020	2019
Investing activities impacting cash and non-cash items at the same time		
Additions in property, plant and equipment	$ 47,351	$ 54,083
Decrease in payables for equipment	726	4,337
Cash payments for purchasing property, plant and equipment	$ 48,077	$ 58,420

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

Buildings	
Main buildings	50 years
Others	8-20 years
Machinery equipment	3-10 years
Transportation equipment	5 years
Office equipment	3-6 years
Other equipment	2-15 years

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

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

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amount		
Land	$ 119,337	$ 129,945
Buildings	210,799	198,004
Transportation equipment	11,015	12,102
	$ 341,151	$ 340,051

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 45,814	$ 9,776
Depreciation of right-of-use assets		
Land	$ 10,608	$ 10,578
Buildings	26,361	24,111
Transportation equipment	5,990	5,424
	$ 42,959	$ 40,113

Except for the additions and depreciation expense above, the right-of-use assets have no major sublease or modification during 2020 and 2019.

b. Lease liabilities

	December 31	
	2020	2019
Carrying amount		
Current	$ 56,161	$ 51,032
Noncurrent	$ 309,631	$ 306,990

Range of discount rates for lease liabilities was as follows:

	December 31	
	2020	2019
Land (%)	1.71	1.71
Buildings (%)	1.71-1.80	1.71-1.80
Transportation equipment (%)	1.71-1.87	1.71-1.87

c. Material lease activities and terms

The Group leases land and buildings for the use of business space and self-operated outlets with lease terms of 10 to 20 years. The lease contract for land specifies that lease payments will be adjusted on the basis of changes in announced land value and price. Lease contracts for self-operating outlets contain variable payments which are determined at a specific percentage of sales generated from the self-operating outlets. The Group does not have bargain purchase option to acquire the leasehold land and buildings at the end of the lease terms.

Because of the market conditions severely affected by COVID-19 in 2020, the Group negotiated with the lessor for rent concessions for land lease. The lessor agreed to provide unconditional 20% rent reduction from May 1 to October 31, 2020. The Group recognized in profit or loss the impact of rent concessions of $1,194 thousand (presented in other income) for the year ended December 31, 2020.

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	$ 7,744	$ 23,619
Expenses relating to low-value asset leases	$ 31	$ 86
Total cash outflow for leases	$ 49,205	$ 59,567

15. OTHER INTANGIBLE ASSETS

For the year ended December 31, 2020

	Computer Software	Patent	Franchise	Film	Total
Cost					
Balance at January 1, 2020	$ 82,280	$ 4,350	$ 15,732	$ 158,765	$ 261,127
Additions	6,589	3,862	59	41,754	52,264
Write-off	(45,668)	(212)	(14,368)	-	(60,248)
Effect of foreign currency exchange differences	55	-	(2)	(1,420)	(1,367)
Balance at December 31, 2020	$ 43,256	$ 8,000	$ 1,421	$ 199,099	$ 251,776
Accumulated amortization					
Balance at January 1, 2020	$ 62,445	$ 589	$ 14,727	$ 19,831	$ 97,592
Amortization expense	10,397	399	130	19,915	30,841
Write-off	(45,668)	(212)	(14,368)	-	(60,248)
Effect of foreign currency exchange differences	50	-	-	(153)	(103)
Balance at December 31, 2020	$ 27,224	$ 776	$ 489	$ 39,593	$ 68,082
Carrying amount at December 31, 2020	$ 16,032	$ 7,224	$ 932	$ 159,506	$ 183,694

For the year ended December 31, 2019

	Computer Software	Patent	Franchise	Film	Total
Cost					
Balance at January 1, 2019	$ 74,602	$ 3,274	$ 15,735	$ 59,822	$ 153,433
Additions	7,825	1,076	-	98,957	107,858
Effect of foreign currency exchange differences	(147)	-	(3)	(14)	(164)
Balance at December 31, 2019	$ 82,280	$ 4,350	$ 15,732	$ 158,765	$ 261,127
Accumulated amortization					
Balance at January 1, 2019	$ 49,659	$ 317	$ 14,209	$ 2,719	$ 66,904
Amortization expense	12,843	272	520	17,231	30,866
Effect of foreign currency exchange differences	(57)	-	(2)	(119)	(178)
Balance at December 31, 2019	$ 62,445	$ 589	$ 14,727	$ 19,831	$ 97,592
Carrying amount at December 31, 2019	$ 19,835	$ 3,761	$ 1,005	$ 138,934	$ 163,535

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

Computer software	1-5 years
Patent	1-19 years
Franchise	1-10 years
Film	5-10 years

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	**2019**
Secured borrowings (Note 31)		
Bank loans	$ 134,540	$ 116,340
Unsecured borrowings		
Bank credit borrowings	81,667	75,000
	$ 216,207	$ 191,340
Interest rate (%)	0.4-1.58	1.05-1.77

b. Long-term borrowings

	December 31	
	2020	**2019**
Secured borrowings (Note 31)		
Bank loans - repayable before January 2032	$ 264,140	$ 968,167
Unsecured borrowings		
Bank loans - repayable before May 2032	91,500	100,000
Loans from the government - repayable before December 2022 (Note)	895	-
	356,535	1,068,167
Less: Current portion	(50,258)	(252,626)
Long-term borrowings	$ 306,277	$ 815,541
Interest rate (%)	1.50-1.73	1.05-1.91

Note: The subsidiary StarLite obtained an interest-free loan from the local government.

17. BONDS PAYABLE - December 31, 2020

	Total Face Value Issued	Discount on Bonds Payable	Accrued Premiums	Total
3rd domestic unsecured convertible bonds	$ 700,000	$ (28,301)	$ -	$ 671,699
4th domestic unsecured convertible bonds	500,000	(19,300)	-	480,700
Total issued this year	1,200,000	(47,601)	-	1,152,399
Amortized	-	2,143	1,118	3,261
Balance at year end	$ 1,200,000	$ (45,458)	$ 1,118	$ 1,155,660

a. On October 12, 2020, the Corporation issued its 3rd domestic five-year unsecured zero-coupon convertible bonds with an aggregate principal amount of $711,490 thousand (101.64% of the face value) and a par value of $100 thousand per bond certificate.

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

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

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

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

b. On October 15, 2020, the Corporation issued its 4th domestic four-year unsecured zero-coupon convertible bonds with an aggregate principal amount of $500,000 thousand and a par value of $100 thousand per bond certificate.

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

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

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

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

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

	2020
Proceeds from issuance (less transaction costs of $5,261 thousand)	$ 1,206,229
Redemption of option	(30)
Equity component	(53,800)
Liability component at the date of issue	$ 1,152,399

18. NOTES PAYABLE AND ACCOUNTS PAYABLE

The Group's notes payable and accounts payable are generated from operating activities. The average credit period of purchases of goods is around 30 to 120 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms and, therefore, there was no interest charged on the outstanding balance.

19. OTHER PAYABLES

	December 31	
	2020	2019
Payables for salaries	$ 34,113	$ 50,024
Payables for compensation of employees, board of directors and supervisors	-	43,455
Payables for equipment	3,659	4,385
Payables for insurance	3,283	3,547
Payables for premium service fee	2,149	1,602
Payables for pension	1,381	1,437
Others	16,148	26,709
	$ 60,733	$ 131,159

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

Subsidiaries are required by local regulations to make contributions to central provident fund and retirement insurance, which are also considered defined contribution plans.

b. Defined benefit plan

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

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

	December 31	
	2020	2019
Present value of defined benefit obligation	$ 11,727	$ 10,851
Fair value of plan assets	(2,433)	(2,112)
Net defined benefit liabilities	$ 9,294	$ 8,739

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2019	$ 9,959	$ (1,794)	$ 8,165
Service cost			
Current service cost	213	-	213
Interest expense (income)	124	(24)	100
Recognized in profit or loss	337	(24)	313
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(54)	(54)
Actuarial loss - changes in financial assumptions	700	-	700
Actuarial gain - experience adjustments	(145)	-	(145)
Recognized in other comprehensive income (loss)	555	(54)	501
Contributions from the employer	-	(240)	(240)
Balance at December 31, 2019	10,851	(2,112)	8,739
Service cost			
Current service cost	224	-	224
Interest expense (income)	109	(22)	87
Recognized in profit or loss	333	(22)	311
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(59)	(59)
Actuarial loss - changes in financial assumptions	298	-	298

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Actuarial loss - experience adjustments	$ 245	$ -	$ 245
Recognized in other comprehensive income (loss)	543	(59)	484
Contributions from the employer	-	(240)	(240)
Balance at December 31, 2020	$ 11,727	$ (2,433)	$ 9,294

(Concluded)

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

1) Investment risk

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

2) Interest risk

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

3) Salary risk

The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2020	2019
Discount rate(s)	0.80	1.00
Expected rate(s) of salary increase	2.25	2.25

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

	December 31	
	2020	2019
Discount rate(s)		
Increase 0.25%	$ (371)	$ (357)
Decrease 0.25%	$ 385	$ 370

(Continued)

	December 31	
	2020	2019
Expected rate(s) of salary increase		
Increase 1%	$ 1,606	$ 1,551
Decrease 1%	$ (1,404)	$ (1,354)

(Concluded)

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

	December 31	
	2020	2019
Expected contributions to the plans for the next year	$ 240	$ 240
Average duration of the defined benefit obligation	16.3	15.8

21. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

	Within 1 Year	More Than 1 Year	Total
December 31, 2020			
Assets			
Financial assets at amortized cost - current	$ 202,598	$ -	$ 202,598
Notes receivable and accounts receivable	226,083	-	226,083
Contract assets - current	944,432	174,996	1,119,428
Inventories	237,987	-	237,987
Prepayments	120,941	-	120,941
	$ 1,732,041	$ 174,996	$ 1,907,037
Liabilities			
Notes payable and accounts payable	$ 110,865	$ -	$ 110,865
Contract liabilities - current	65,357	71,397	136,754
Provisions - current	2,380	-	2,380
	$ 178,602	$ 71,397	$ 249,999
December 31, 2019			
Assets			
Financial assets at amortized cost - current	$ 277,637	$ -	$ 277,637
Notes receivable and accounts receivable	286,809	-	286,809

(Continued)

	Within 1 Year	More Than 1 Year	Total
Contract assets - current	$ 975,040	$ 60,764	$ 1,035,804
Inventories	232,958	-	232,958
Prepayments	227,425	-	227,425
	$ 1,999,869	$ 60,764	$ 2,060,633
Liabilities			
Notes payable and accounts payable	$ 96,384	$ -	$ 96,384
Contract liabilities - current	162,783	-	162,783
Provisions - current	2,328	-	2,328
	$ 261,495	$ -	$ 261,495

(Concluded)

22. EQUITY

a. Ordinary share capital

	December 31	
	2020	2019
Number of shares authorized (in thousands)	90,000	90,000
Shares authorized	$ 900,000	$ 900,000
Number of shares issued and fully paid (in thousands)	55,747	55,747
Shares issued	$ 557,474	$ 557,474

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

b. Capital surplus

	December 31	
	2020	2019
May be used to offset deficit, distributed as cash dividends or transferred to share capital (Note)		
Issuance of ordinary shares	$ 1,719,817	$ 1,719,817
Conversion of bonds	247,223	247,223
May only be used to offset deficit		
Changes in percentage of ownership interests in subsidiaries	1,113	1,116
May not be used for any purpose		
Equity component of convertible bonds payable	53,800	-
	$ 2,021,953	$ 1,968,156

Note: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit until the legal reserve equals the Corporation's paid-in capital. Besides, the profit shall be set aside or reversed as a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors, refer to compensation employees and remuneration of directors and supervisors in Note 24(g) Compensation of employees and remuneration of directors and supervisors.

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

Legal reserve may be used to offset a deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC should be appropriated to or reversed from a special reserve by the Corporation.

The appropriations of earnings for 2019 and 2018 which were proposed and approved in the shareholders' meetings on May 28, 2020 and May 29, 2019, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	2019	**2018**	**2019**	**2018**
Legal reserve	$ 36,612	$ 16,992		
Special reserve	14,857	(4,049)		
Cash dividends	312,186	179,453	$ 5.6	$ 3.38

The Corporation's shareholders also resolved in the shareholders' meeting on May 29, 2019 to issue share dividends of 32,918 thousand shares ($0.62 per share) and cash dividends of $26,546 thousand ($0.5 per share) from the capital surplus.

The resolution of the year 2020 proposal for reduction of capital to offset deficit will be made at the regular shareholders' meeting on May 28, 2021.

d. Other equity items

Exchange differences on translation of financial statements of foreign operations

	For the Year Ended December 31	
	2020	2019
Balance, beginning of year	$ (14,857)	$ 7,012
Recognized for the year		
Exchange differences on translation of financial statements of foreign operations	(10,767)	(21,911)
Share from associates accounted for using the equity method	(840)	42
Balance, end of year	$ (26,464)	$ (14,857)

e. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Balance, beginning of year	$ 73,173	$ 63,296
Share in profit for the period	(2,574)	17,285
Other comprehensive income (loss) for the year		
Exchange differences on translation of financial statements of foreign operations	594	28
Cash dividends distributed by subsidiaries	-	(2,335)
Acquisition of non-controlling interests in subsidiaries	(68,719)	(5,167)
Increase in non-controlling interests	284	66
Balance, end of year	$ 2,758	$ 73,173

23. REVENUE

	For the Year Ended December 31	
	2020	2019
Construction contract revenue	$ 988,901	$ 1,975,221
Licensing revenue	8,344	1,194
Sales of tickets and merchandise	43,189	75,628
Service revenue	22,465	28,398
	$ 1,062,899	$ 2,080,441

a. Contract information

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

2) Licensing revenue comes from authorizing the use of intellectual property rights of the film, etc.

3) Sales of tickets and merchandise comes from sales of tickets and peripheral products in each self-operated outlets.

4) Service revenue comes from providing maintenance service to simulator rides by the Group.

b. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable and accounts receivable	$ 226,083	$ 286,809	$ 292,820
Contract assets			
Construction	$ 1,106,733	$ 952,852	$ 529,353
Reserves of construction	84,557	103,558	113,873
Less: Allowance for impairment loss	(71,862)	(20,606)	-
	$ 1,119,428	$ 1,035,804	$ 643,226
Contract liabilities			
Construction	$ 120,016	$ 134,295	$ 74,294
Others	16,738	28,488	77,791
	$ 136,754	$ 162,783	$ 152,085

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

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

	For the Year Ended December 31	
	2020	2019
Balance, beginning of the year	$ 20,606	$ -
Net remeasurement of loss allowance	51,256	20,606
Balance, end of the year	$ 71,862	$ 20,606

Revenue in the reporting period recognized from the beginning contract liabilities is as follows:

	For the Year Ended December 31	
	2020	2019
Balance, beginning of the year		
Construction	$ 38,112	$ 74,294
Others	22,501	77,791
	$ 60,613	$ 152,085

24. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Year Ended December 31	
	2020	2019
Bank deposits	$ 7,565	$ 9,865
Others	928	466
	$ 8,493	$ 10,331

b. Other income

	For the Year Ended December 31	
	2020	2019
Rental income	$ 167	$ 1,478
Government grants	31,411	35,666
Others	7,109	6,034
	$ 38,687	$ 43,178

The Group applied for and received government grant of $14,729 thousand in 2020 from the Ministry of Economic Affairs as subsidies for salary and working capital of businesses affected by the pneumonia.

c. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Gain (loss) on financial assets at fair value through profit or loss	$ (10,097)	$ 55,727
Net foreign exchange gain	(28,445)	(28,733)
Gain on disposal of property, plant and equipment	192	554
Other losses	(84)	(703)
	$ (38,434)	$ 26,845

d. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loan	$ 19,240	$ 17,243
Interest on lease liabilities	6,450	6,484
Interest on convertible bonds	3,261	-
Other finance costs	251	-
	$ 29,202	$ 23,727

e. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	$ 70,780	$ 71,048
Right-of-use assets	42,959	40,113
Intangible assets	30,841	30,866
	$ 144,580	$ 142,027

(Continued)

	For the Year Ended December 31	
	2020	2019
An analysis of depreciation by function		
Operating costs	$ 43,972	$ 51,164
Operating expenses	69,767	59,997
	$ 113,739	$ 111,161
An analysis of amortization by function		
Operating costs	$ 18,756	$ 18,226
Operating expenses	12,085	12,640
	$ 30,841	$ 30,866

(Concluded)

f. Employee benefits

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	$ 249,196	$ 300,769
Post-employment benefits		
Defined contribution plans	10,323	9,781
Defined benefit plans (Note 20)	311	313
	10,634	10,094
Employee benefits expense (Note 27)	281	335
	$ 260,111	$ 311,198
An analysis by function		
Operating costs	$ 49,334	$ 57,898
Operating expenses	210,777	253,300
	$ 260,111	$ 311,198

g. Compensation of employees and remuneration of directors and supervisors

According to the Articles of Incorporation of the Corporation, the Corporation accrues compensation of employees and remuneration of directors and supervisors at rates of 5% to 15% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The board of directors resolved not to accrue compensation of employees and remuneration of directors and supervisors for 2020 due to net loss before income tax. The compensation of employees and remuneration of directors and supervisors for the year ended December 31, 2019 which have been approved by the Corporation's board of directors on March 9, 2020 were as follows:

Amount	For the Year Ended December 31, 2019
Compensation of employees	$ 34,599
Remuneration of directors and supervisors	7,595

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

For the years ended December 31, 2019 and 2018, there is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

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

h. Gains (losses) on foreign currency exchange

	For the Year Ended December 31	
	2020	**2019**
Foreign exchange gains	$ 7,024	$ 2,055
Foreign exchange losses	(35,469)	(30,788)
Net loss	$ (28,445)	$ (28,733)

25. INCOME TAX RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2020	**2019**
Current tax		
In respect of the current year	$ 18,267	$ 80,960
Income tax on unappropriated earnings	-	7
Adjustments for prior years	1,859	(2,779)
	20,126	78,188
Deferred tax		
In respect of the current year	(10,206)	9,903
	$ 9,920	$ 88,091

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

	For the Year Ended December 31	
	2020	2019
Profit before income tax	$ (41,838)	$ 471,901
Income tax expense calculated at the statutory rate	$ 6,525	$ 96,247
Permanent differences	3,198	(1,718)
Income tax on unappropriated earnings	-	7
Unrecognized temporary differences	1,931	42
Adjustments for prior years' tax	1,859	(2,779)
Investment tax credits	(3,593)	(3,708)
	$ 9,920	$ 88,091

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

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

b. Income tax benefit (expense) recognized in other comprehensive income (loss)

	For the Year Ended December 31	
	2020	2019
In respect of the current period		
Remeasurement of defined benefit plans	$ 237	$ (100)

c. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax assets		
Tax refund receivable	$ 20	$ 24
Current tax liabilities		
Income tax payable	$ 5,918	$ 53,952

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2020

Deferred tax assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Defined benefit obligations	$ 795	$ 1,300	$ (237)	$ -	$ 1,858
Allowance for impairment loss	4,790	9,196	-	-	13,986
Difference between tax reporting and financial reporting - depreciation expense	1,874	(667)	-	-	1,207
Unrealized loss on foreign currency exchange	5,811	(959)	-	-	4,852
Others	1,467	2,738	-	-	4,205
	14,737	11,608	(237)	-	26,108
Tax losses	6,077	7,271	-	24	13,372
	$ 20,814	$ 18,879	$ (237)	$ 24	$ 39,480
Deferred tax liabilities					
Temporary differences					
Deferred gross margin	$ 31,833	$ 8,893	$ -	$ 629	$ 41,355
Others	1,116	(220)	-	-	896
	$ 32,949	$ 8,673	$ -	$ 629	$ 42,251

For the year ended December 31, 2019

Deferred tax assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Defined benefit obligations	$ 680	$ 15	$ 100	$ -	$ 795
Allowance for impairment loss	2,855	1,935	-	-	4,790
Difference between tax reporting and financial reporting - depreciation expense	1,902	(28)	-	-	1,874
Unrealized loss on foreign currency exchange	972	4,839	-	-	5,811
Others	3,765	(2,298)	-	-	1,467
	10,174	4,463	100	-	14,737
Tax losses	2,444	3,705	-	(72)	6,077
	$ 12,618	$ 8,168	$ 100	$ (72)	$ 20,184
Deferred tax liabilities					
Temporary differences					
Deferred gross margin	$ 15,614	$ 17,349	$ -	$ (1,130)	$ 31,833
Others	394	722	-	-	1,116
	$ 16,008	$ 18,071	$ -	$ (1,130)	$ 32,949

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

	For the Year Ended December 31	
	2020	**2019**
Deductible temporary differences		
Loss on foreign investments	$ 8,842	$ 3,731

f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2020 comprised:

Unused Amount	Expiry Year
$ 5,494	2023
1,389	2024
1,021	2025
19,047	2029
37,942	2030
$ 64,893	

g. Taxable temporary differences not assessed for deferred tax liabilities

As of December 31, 2020 and 2019, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were $125,950 thousand and $132,388 thousand.

h. Income tax assessments

The income tax returns through 2018 for the Corporation and its domestic subsidiaries have been assessed by the tax authorities.

26. EARNINGS PER SHARE

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

a. Net profit for the year

	For the Year Ended December 31	
	2020	2019
Net profit attributable to owners of the Corporation	$ (49,184)	$ 366,525

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

	For the Year Ended December 31	
	2020	2019
Weighted average number of ordinary shares	55,747	55,747

27. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan of subsidiaries

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

Qualified employees of Brogent Mechanical were granted 250 units of share options in November 2016 and 250 units of share options in March 2019. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of Brogent Mechanical. The options granted are valid for 10 years and exercisable at certain percentages after the second anniversary from the grant date.

Information on employee share options is as follows:

1) Brogent Global

	For the Year Ended December 31			
	2020		2019	
	Number of Options (In Thousands of Units)	Weighted-average Exercise Price ($)	Number of Options (In Thousands of Units)	Weighted-average Exercise Price ($)
Balance at January 1	500	$ 10.00	500	$ 10.00
Options forfeited	(277)	-	-	-
Balance at December 31	223	10.00	500	10.00
Options exercisable, end of the year	167	10.00	250	10.00
Weighted-average fair value of options granted ($)	$ 1.82		$ 1.82	

Information on outstanding options is as follows:

	December 31	
	2020	2019
Range of exercise price ($)	$ 10	$ 10
Weighted-average remaining contractual life (in years)	6.14	7.14

Options granted in February 2017 were priced using the binomial option pricing model, and the inputs to the model are as follows:

	February 2017
Grant-date share price	$ 5.57
Exercise price	10
Expected volatility	38.06%
Expected life (in years)	10
Risk-free interest rate	1.1214%

2) Brogent Mechanical

	For the Year Ended December 31			
	2020		2019	
	Number of Options (In Thousands of Units)	Weighted-average Exercise Price ($)	Number of Options (In Thousands of Units)	Weighted-average Exercise Price ($)
Balance at January 1	500	$ 10.47	250	$ 10.00
Options granted	-	-	250	10.93

(Continued)

	For the Year Ended December 31			
	2020		2019	
	Number of Options (In Thousands of Units)	**Weighted-average Exercise Price ($)**	**Number of Options (In Thousands of Units)**	**Weighted-average Exercise Price ($)**
Options forfeited	(500)	$ -	-	$ -
Balance at December 31	-	-	500	10.47
Options exercisable, end of the year	-	-	125	10.00
Weighted-average fair value of options granted ($)	$ 1.82	-	$ 1.82	

(Concluded)

Information on outstanding options is as follows:

	December 31, 2019
Range of exercise price	$10-$10.93
Weighted-average remaining contractual life (in years)	7.54

Options granted in November 2016 and March 2019 were priced using the binomial option pricing model, and the inputs to the model are as follows:

	March 2019	November 2016
Grant-date share price	$ 6.78	$ 5.83
Exercise price	10.93	10
Expected volatility	30.16%	38.17%
Expected life (in years)	10	10
Risk-free interest rate	0.77%	1.07%

Compensation costs recognized by Brogent Global and Brogent Mechanical were $281 thousand and $335 thousand for the years ended December 31, 2020 and 2019, respectively.

28. CAPITAL MANAGEMENT

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

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

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

29. FINANCIAL INSTRUMENTS

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

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

The carrying amount and fair value of convertible bonds on December 31, 2020 were as follows:

	December 31, 2020
Book value	$ 1,155,660
Fair value	$ 1,163,530

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

1) Fair value hierarchy

December 31, 2020

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

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 248,751	$ -	$ -	$ 248,751
Unquoted ordinary shares	-	-	302,389	302,389
	$ 248,751	$ -	$ 302,389	$ 551,140

There were no transfers between Levels 1 and 2 for the years ended December 31, 2020 and 2019.

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

For the Year Ended December 31, 2020

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

Financial Liabilities at FVTPL	Derivatives
Balance at January 1	$ -
Additions	100
Recognized in profit or loss	(100)
Balance at December 31	$ -

For the Year Ended December 31, 2019

Financial assets at FVTPL	Equity Instruments
Balance at January 1	$ 138,955
Additions	138,690
Recognized in profit or loss	24,744
Balance at December 31	$ 302,389

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

a) Equity Instrument Investments

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

b) Convertible Bonds

The fair values of options were determined using the binomial option pricing model where the input is historical volatility, risk-free interest rate, risk discount rate and the liquidity risk, etc.

c. Categories of financial instruments

	December 31	
	2020	2019
Financial assets		
Financial assets at amortized cost (1)	$ 1,356,619	$ 1,417,148
Financial assets at FVTPL	663,716	551,140
Financial liabilities		
Amortized cost (2)	1,900,000	1,487,050

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

2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, notes and accounts payable, other payables, long-term borrowings (including current

portion) and bonds payable.

d. Financial risk management objectives and policies

The Group's major financial instruments include time deposits, equity investments, notes and accounts receivable, notes and accounts payable, borrowings, bonds payable and lease liabilities. The Group's corporate treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The corporate treasury function reports regularly to the Group's risk management committee.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below), and other price risk (see (c) below).

a) Foreign currency risk

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

Sensitivity analysis

The Group is mainly exposed to the USD, RMB, EUR and CAD.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding deposits, receivables and payables not designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar weakening 1% against the relevant currency. For a 1% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	Impact on Profit Before Income Tax	
	For the Year Ended December 31	
	2020	**2019**
USD	$ 2,404	$ 6,987
RMB	2,055	2,191
EUR	388	929
CAD	249	275

b) Interest rate risk

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

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

	December 31	
	2020	2019
Fair value interest rate risk		
Financial assets	$ 478,967	$ 1,037,203
Financial liabilities	1,670,992	583,022
Cash flow interest rate risk		
Financial assets	601,941	43,724
Financial liabilities	423,202	1,034,507

Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $1,787 thousand and decreased/increased by $9,908 thousand, respectively, which was mainly attributable to the Group's variable-rate bank deposits and borrowings.

c) Other price risk

The Group was exposed to equity price risk through its investments in domestic and foreign marketable equity instruments. The equity investments are held for strategic rather than trading purposes.

Sensitivity analysis

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

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the year ended December 31, 2020 and 2019 would have increased/decreased by $6,619 thousand and $5,511 thousand, respectively, as a result of the changes in the fair value of financial assets at FVTPL.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation to the Group, could be equal to the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

For the financial risk management policies adopted by the Group, refer to Note 9.

The Group's credit risk is mainly concentrated in the following groups of accounts receivable:

	December 31	
	2020	**2019**
Group A	$ 55,359	$ 54,613
Group B	24,772	41,796
Group C	-	42,290
Group D	18,761	74,406
Group E	1,782	38,424
Group F	60,573	-
	$ 161,247	$ 251,529

The Group's concentration of credit risk accounted for 75% and 88% of total accounts receivable from the above-mentioned groups as of December 31, 2020 and 2019, respectively.

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Liquidity risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year

	Within 1 Year	**2-3 Years**	**4-5 Years**	**More than 5 Years**	**Total**
December 31, 2020					
Non-interest bearing liabilities	$ 171,598	$ -	$ -	$ -	$ 171,598
Lease liabilities	62,760	86,779	80,105	164,633	394,277
Variable interest rate liabilities	122,391	118,375	52,750	155,523	449,039
Fixed interest rate liabilities	149,665	1,226,113	-	-	1,375,778
	$ 506,414	$ 1,431,267	$ 132,855	$ 320,156	$ 2,390,692
December 31, 2019					
Non-interest bearing liabilities	$ 227,543	$ -	$ -	$ -	$ 227,543
Lease liabilities	56,839	76,629	72,369	183,385	389,222
Interest rate liabilities	459,792	355,347	295,474	211,402	1,322,015
	$ 744,174	$ 431,976	$ 367,843	$ 394,787	$ 1,938,780

30. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Group and other related parties are as follows:

a. Related party name and category

Related Party Name	Related Party Category
Discover NY project company LLC (Discover NY)	Associates before September 2019
Brogent Japan Entertainment	Associates

b. Operating Revenue

Line Item	For the Year Ended December 31	
	2020	2019
Construction contract revenue	$ -	$ 56,357
Service revenue	1,767	-
Licensing revenue	404	-
	$ 2,171	$ 56,357

The construction contract with the associate based on estimated construction cost plus reasonable administrative expenses and profit was not significantly different from that of normal customers. After negotiating the contract, the Group collects the payment according to the schedule agreed in the contract.

c. Compensation of key management personnel

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

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	$ 13,902	$ 21,280
Post-employment benefits	555	529
	$ 14,457	$ 21,809

31. ASSETS PLEDGED AS COLLATERAL OR SECURITY

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

	December 31	
	2020	2019
Financial assets at amortized cost - current		
Demand deposits and time deposits	$ 156,343	$ 271,320
Financial assets at amortized cost - noncurrent		
Time deposits	15,000	31,620
Property, plant and equipment	626,457	649,384
	$ 797,800	$ 952,324

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. As of December 31, 2020 and 2019, the Group's outstanding notes payable for performance and warranty under various construction projects were $15,468 thousand and $15,639 thousand; letters of guarantee for warranty under various construction projects were $27,112 thousand and $102,598 thousand, respectively.

b. As of December 31, 2020 and 2019, the outstanding notes payable for research and development were both $33,600 thousand.

33. OTHER ITEMS

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

Based on the information available as of the balance sheet date, the Group considered the economic implications of the pandemic when making its critical accounting estimates (refer to Note 5). For information about government grants in 2020, refer to Note 24(b).

In addition, the followings are the actions that the Group has taken to respond to the influence of the pandemic:

a. Normal operation planning

   Due to the construction delays, the Group plans to reserve more cash for future necessary expenditure. Moreover, the Group has continually kept in touch with the operating stakeholders to track the progress of the construction and be ready for the retaliatory rebound in advance.

b. Optimization of the product and system

   The Group planned to improve production efficiency, increase gross margin by optimizing the original products during the postponed period, and keep on reviewing the governance system and implementation level.

c. Government relief grants

   The Group has successively applied to the government for grants, such as salaries, operating income, etc.

d. Cost management

   1) Pausing staff recruitment

   2) Expenditure management and austerity

   3) Delivery process management to the suppliers.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
December 31, 2020				
Financial assets				
Monetary items				
USD	$ 8,535	28.48	(USD:NTD)	$ 243,081
RMB	43,508	4.38	(RMB:NTD)	190,566
RMB	3,399	0.1538	(RMB:USD)	14,885
EUR	1,105	35.06	(EUR:NTD)	38,773
CAD	1,113	22.37	(CAD:NTD)	24,900
Financial liabilities				
Monetary items				
USD	43	28.48	(USD:NTD)	1,233
USD	49	6.5023	(USD:RMB)	1,401
December 31, 2019				
Financial assets				
Monetary items				
USD	23,345	30.08	(USD:NTD)	702,218
RMB	50,708	4.32	(RMB:NTD)	219,059
EUR	2,771	33.54	(EUR:NTD)	92,939
CAD	1,191	23.08	(CAD:NTD)	27,488
Financial liabilities				
Monetary items				
USD	116	30.08	(USD:NTD)	3,489
RMB	2	4.32	(RMB:NTD)	9

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange losses were $28,445 thousand and $28,733 thousand, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others: Table 1

2) Endorsements/guarantees provided: None

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 2

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

9) Trading in derivative instruments: Note 7

10) Intercompany relationships and significant intercompany transactions: Table 4

11) Information on investees: Table 5

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

Account	**Trading Partners**	**Amount**	**Proportion of the Account (%)**
Construction contract revenue	Hai Wei Culture Creative	$ 91,126	53
Construction contract revenue	Brogent Rides	63,107	8
Accounts receivable	Hai Wei Culture Creative	17,520	46
Accounts receivable	Brogent Rides	66,512	36

c) The amount of property transactions and the amount of the resultant gains or losses: None

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None

c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

36. SEGMENT INFORMATION

The chief operating decision maker of the Group reviews the overall operating results in order to make decisions about resource allocation and assessment of the overall performance. The Group has a single operation segment. Therefore, the measurement basis for sales, operating results, and assets of the reportable segments in 2020 and 2019 is the same as the corporate financial statements. Refer to the balance sheets and the statements of comprehensive income for 2020 and 2019.

a. Revenue from major products and services: Note 23

b. Geographical information

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

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2020	2019	2020	2019
Taiwan	$ 53,106	$ 63,450	$ 1,347,046	$ 1,393,193
Asia	706,709	1,366,913	130,483	156,549
Europe	106,743	292,253	67,277	67,143
United States	195,971	356,333	1,388	1,863
Others	370	1,492	-	-
	$ 1,062,899	$ 2,080,441	$ 1,546,194	$ 1,618,748

Non-current assets exclude financial instruments and deferred tax assets.

c. Information about major customers

	For the Year Ended December 31			
	2020		2019	
	Amount	Proportion of Net Operating Revenue (%)	Amount	Proportion of Net Operating Revenue (%)
Group A	$ 361,036	34	$ 511,067	25
Group B	109,677	10	290,473	14

(Continued)

	For the Year Ended December 31			
	2020		2019	
	Amount	Proportion of Net Operating Revenue (%)	Amount	Proportion of Net Operating Revenue (%)
Group C	$ 77,112	7	$ 247,752	12
Group D	2,884	-	237,608	11
	$ 550,709	51	$ 1,286,900	62

(Concluded)

Brogent Technologies Inc. and Subsidiaries

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Year	Ending Balance	Actual Amount Drawn	Interest Rate (%)	Nature of Financing	Transaction Amount	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Total Financing Limit	Note
													Item	Value			
0	The Corporation	Brogent Global	Other receivables - related parties	Yes	$ 150,000	$ 150,000	$ -	-	Short-term financing	$ -	Operating Capital	$ -	-	$ -	$ 264,626	$ 1,058,507	Notes 1 and 2
0	The Corporation	Brogent Hong Kong	Other receivables - related parties	Yes	150,000	150,000	-	-	Short-term financing	-	Operating Capital	-	-	-	264,626	1,058,507	Notes 1 and 2
0	The Corporation	Brogent Mechanical	Other receivables - related parties	Yes	150,000	-	-	-	Short-term financing	-	Operating Capital	-	-	-	-	-	Note 3

Note 1: The total financing limit shall not exceed 40% of the net worth of the financing company.

Note 2: The financing limit for each borrowing company shall not exceed 10% of the net worth of the financing company.

Note 3: Dissolved after being merged by the Corporation on September 30, 2020.

TABLE 2

Brogent Technologies Inc. and Subsidiaries

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Value	Percentage of Ownership (%)	Fair Value	
The Corporation	Mutual funds							
	Capital RMB Money Market Fund RMB	-	Financial assets at fair value through profit or loss - current	555,526	$ 28,733	-	$ 28,733	
	Cathay RMB Money Market Fund	-	Financial assets at fair value through profit or loss - current	423,657	22,540	-	22,540	
	Prudential Financial US Investment Grade Corporate Bond Fund A CNY	-	Financial assets at fair value through profit or loss - current	550,000	26,409	-	26,409	
	Capital Global Senior Secured High Yield Bond Fund	-	Financial assets at fair value through profit or loss - current	453,038	22,366	-	22,366	
	Cathay Senior Secured High Yield Bond Fund A USD	-	Financial assets at fair value through profit or loss - current	2,232,766	22,841	-	22,841	
	JPMorgan Funds - Global Corporate Bond Fund	-	Financial assets at fair value through profit or loss - current	158,884	92,265	-	92,265	
	NN (L) US Credit - X Cap USD	-	Financial assets at fair value through profit or loss - current	673	31,442	-	31,442	
	Prudential Financial US Investment Grade Corporate Bond Fund Acc USD	-	Financial assets at fair value through profit or loss - current	94,464	29,281	-	29,281	
	Eastspring Investments - US Investment Grade Bond Fund - A	-	Financial assets at fair value through profit or loss - current	47,831	29,291	-	29,291	
					$ 305,168		$ 305,168	
Brogent Global	Common Stock							
	Jump Media International Co., LTD.	-	Financial assets at fair value through profit or loss - current	264,001	$ -	0.93	$ -	
	This is Holland B.V.	-	Financial assets at fair value through profit or loss - noncurrent	100	9,466	10	9,466	
	Preferred Stock							
	This is Holland B.V.	-	Financial assets at fair value through profit or loss - noncurrent	200	35,060	-	35,060	
					$ 44,526		$ 44,526	
Holey Holdings Limited	Common Stock							
	Discover NY Project Company, LLC	-	Financial assets at fair value through profit or loss - noncurrent	2,143	$ 116,255	19.44	$ 116,255	
Brogent Rides	Mutual funds							
	ICBC tian li bau-Net Asset Value Fund		Financial assets at fair value through profit or loss - current	1,000,000	$ 6,505	-	$ 6,505	
	NBCB-Net Asset Value Fund	-	Financial assets at fair value through profit or loss - current	83,921	438	-	438	
	Common Stock							
	Fly Over The World Cultural Development Co. Ltd	-	Financial assets at fair value through profit or loss - noncurrent	20,000,000	155,753	4	155,753	
					$ 162,696		$ 162,696	

(Continued)

Holding Company	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Value	Percentage of Ownership (%)	Fair Value	
Brogent Creative	Mutual funds							
	ICBC tian li bau-Net Asset Value Fund	-	Financial assets at fair value through profit or loss - current	500,000	$ 2,364	-	$ 2,364	
	NBCB-Net Asset Value Fund (Redeemable)	-	Financial assets at fair value through profit or loss - current	706,725	3,689	-	3,689	
	NBCB-Financial Fund (capital protected)	-	Financial assets at fair value through profit or loss - current	500,000	2,190	-	2,190	
					$ 8,243		$ 8,243	
Hai Wei Culture Creative	Mutual funds							
	NBCB-Net Asset Value Fund (Redeemable)	-	Financial assets at fair value through profit or loss - current	1,350,880	$ 7,050	-	$ 7,050	
	NBCB-Net Asset Value Fund (capital unprotected)		Financial assets at fair value through profit or loss - current	1,400,000	6,201		6,201	
	NBCB-Net Asset Value Fund (capital unprotected)		Financial assets at fair value through profit or loss - current	8,532,685	46,777		46,777	
					$ 60,028	-	$ 60,028	

(Concluded)

TABLE 3

Brogent Technologies Inc. and Subsidiaries

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Corporation	Brogent Mechanical	Subsidiary	Purchase	$ 133,600	20	45 to 75 days after monthly closing	No comparable transaction with third party	45 to 75 days after monthly closing	$ -	-	Note

Note: It was eliminated on consolidation.

Brogent Technologies Inc. and Subsidiaries

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Operating Revenues (Assets)
0	The Corporation	Brogent Rides	Parent to subsidiary	Construction contract revenue	$ 63,107	No similar transactions with unrelated person	6.00
0	The Corporation	Brogent Rides	Parent to subsidiary	Accounts receivable	66,512	45 to 75 days after monthly closing	1.00
0	The Corporation	Brogent Global	Parent to subsidiary	Construction contract revenue	1,858	No similar transactions with unrelated person	-
0	The Corporation	Brogent Global	Parent to subsidiary	Rent revenue	11,990	No similar transactions with unrelated person	1.00
0	The Corporation	hexaRide	Parent to subsidiary	Rent revenue	2,758	No similar transactions with unrelated person	-
1	Brogent Global	Hai Wei Culture Creative	Subsidiary to subsidiary	Construction contract revenue	91,126	No similar transactions with unrelated person	9.00
1	Brogent Global	The Corporation	Subsidiary to parent	Service revenue	9,260	No similar transactions with unrelated person	1.00
1	Brogent Global	The Corporation	Subsidiary to parent	Licensing revenue	5,730	No similar transactions with unrelated person	1.00
1	Brogent Global	Hai Wei Culture Creative	Subsidiary to subsidiary	Accounts receivable	17,520	No similar transactions with unrelated person	-
2	Brogent Mechanical	The Corporation	Subsidiary to parent	Sales revenue	133,600	No similar transactions with unrelated person	13.00
3	StarLite	Brogent Global	Subsidiary to subsidiary	Service revenue	7,277	No similar transactions with unrelated person	1.00
3	StarLite	The Corporation	Subsidiary to parent	Service revenue	5,087	No similar transactions with unrelated person	-

TABLE 5

Brogent Technologies Inc. and Subsidiaries

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of shares	(%)	Carrying Amount			
The Corporation	Brogent Mechanical	Taiwan	Manufacture and sales of the simulator rides and its key components	$ -	$ 55,000	-	-	$ -	$ 25,884	$ 27,453	Subsidiary and Note 3
The Corporation	Brogent Creative Inc.	Taiwan	Development and sales of the peripheral products of simulator rides	-	14,539	-	-	-	2	896	Subsidiary and Note 3
The Corporation	Brogent Hong Kong	Hong Kong	Reinvestment and trading business	270,727	200,338	-	100.00	263,931	(6,503)	(6,478)	Subsidiary
The Corporation	Brogent Global	Taiwan	Development and management business of self-operated outlets	300,000	300,000	36,214,332	100.00	345,088	(21,932)	(26,754)	Subsidiary
The Corporation	Dili Jie	British Virgin Islands	Reinvestment and trading business	267,955	267,955	-	100.00	307,117	(20,384)	(20,384)	Subsidiary
Brogent Hong Kong	Brogent Japan Entertainment	Japan	Management business development and sales of the peripheral products of simulator rides in Japan	10,161	10,161	-	40.00	3,331	1,142	1,142	Associates
Brogent Hong Kong	hexaRide the first LLP	Japan	Management business of self-operated outlets	44,122	35,818	-	88.89	22,066	(15,880)	(14,875)	Subsidiary
Dili Jie	Jetway	Cayman Islands	Reinvestment and trading business	270,020	270,020	-	100.00	307,104	(20,366)	(20,366)	Subsidiary
Jetway	Garley	British Virgin Islands	Reinvestment and trading business	131,258	131,258	-	100.00	188,404	(18,225)	(18,225)	Subsidiary
Jetway	Holey Holdings Limited	British Virgin Islands	Reinvestment and trading business	139,753	139,753	-	100.00	117,779	(38,408)	(38,408)	Subsidiary
Brogent Global	Jetmay	British Virgin Islands	Reinvestment and trading business	112,164	61,489	-	100.00	181,345	21,972	20,462	Subsidiary
Brogent Global	Ou Wei Limited	Hong Kong	Reinvestment and trading business	43,641	18,635	-	100.00	32,559	(5,111)	(5,111)	Subsidiary
Jetmay	StarLite	Canada	Management business of self-operated outlets	15,054	15,054	-	100.00	12,825	1,766	1,766	Subsidiary

Note 1: The share of profit (loss) recognized for the year ended December 31, 2020 included eliminated unrealized gains or losses.

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

Note 3: Dissolved after being merged by the Corporation on September 30, 2020.

Note 4: Please refer to Table 6 for the information on investments in mainland China.

Brogent Technologies Inc. and Subsidiaries

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 2)	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outward	Inward							
Brogent Rides	Import and export business	$ 216,650	Reinvested through the third region Brogent Hong Kong and Garley	$ 222,712	$ -	$ -	$ 222,712	$ 31,791	100.00	$ 31,791	$ 322,741	$ -	
Brogent Creative	Management business of self-operated outlets	56,940	Reinvested through the third region Brogent Rides	-	-	-	-	(1,051)	100.00	(1,051)	73,342	-	
Hai Wei Culture Creative	Management business of self-operated outlets	42,720	Reinvested through the third region Jetmay	46,334	42,120	-	88,454	20,273	100.00	20,273	170,006	-	
Beijing Huawei Global Cultural Development Co., Ltd.	Management business of self-operated outlets	-	Reinvested through the third region Brogent Rides	-	-	-	-	-	35.00	-	4,599	-	Note 2

Investee Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
The Corporation	$ 311,166	$ 311,166	$ 1,587,761

Note 1: The basis for investment income (loss) recognition is from the financial statements audited and attested by parent company's CPA.

Note 2: The certificate verification procedure is not completed, accounted for as prepaid investment.

TABLE 7

Brogent Technologies Inc. and Subsidiaries

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of the Shareholder	Shares	
	Number of Shares Owned	Percentage of Ownership (%)
Chih-Hung Ouyang	3,807,191	6.82
Fu Wu Investment Ltd.	3,137,246	5.62
Profit Power Management Consulting Limited	2,997,400	5.37
Ruentex Industries Ltd.	2,910,310	5.22

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

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