

Brogent Technologies Inc. 2021 Annual Shareholders' Meeting Minutes

Time: 9:00AM, Tuesday, August 31, 2021

Venue: No. 9, Fuxing 4th Road, Qianzhen District, Kaohsiung City

(Assembly Hall, Building A, Brogent Technologies)

Total Outstanding Brogent shares: 56,831,797 shares

Total shares represented by shareholders present in person or by proxy: 34,295,035 shares
(among them 14,490,574 shares voted via electronic transmission.), percentage of shares held
by shareholders present in person or by proxy: 60.34%.

Chairman: Chih-Hung Ouyang , the Chairman of the Board of Directors

Presenters: Chih-Hung Ouyang (C.E.O.), Chin-Huo Huang (Director),
Lewis Lee (Independent Director), Jih-Ching Chiu (Independent Director),
Chiu-Yen Wu (CPA of Deloitte & Touche. Taiwan),
Kalvin Huang (Lawyer of Formosan Brothers),
Hui-Chuang Lin (C.F.O.)

Minutes Recorder: Shu-Ching Lin

The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

A. Chairman's Address (omitted)

B.Reports

I: The 2020 Business Report is hereby submitted for review.

Explanation: Please refer to Attachment 1 for the Business Report.

II: The 2020 Audit Committee Audit Report is hereby submitted for review.

Explanation: Please refer to Attachment 2 for the Audit Committee Audit Report.

III: The status of issuing corporate bonds is hereby submitted for review.

Explanation: The status of issuing corporate bonds is as follows:

Type	Third domestic unsecured convertible bonds	Forth domestic unsecured convertible bonds
Issue date	2020.10.12	2020.10.15
Par value	NTD\$100,000	NTD\$100,000
Issue price	Issued by 101.64% of par value	Issued by par value
Total value	NTD\$700,000,000	NTD\$500,000,000
Interest rate	0%	0%
Expiration date	5 year Expiration date : Oct. 12, 2025	4 year Expiration date : Oct. 15, 2024
Assurance institution	None	None
Repayment	Except for the repayment by the company, sell of the bond holders or person who convert, when it comes to expiration, the company will repay per par value along with interest by cash.	Except for the repayment by the company, sell of the bond holders or person who convert, when it comes to expiration, the company will repay per par value along with interest by cash.
Outstanding principal	NTD\$630,600,000 元	NTD\$454,900,000
Till March 30, 2021 book closing date amount of the corporate bonds convertible into shares	Amount of execution on conversion bonds: NT\$69,400,000; total (converted) common shares: 660,927	Amount of execution on conversion bonds: NT\$45,100,000; total (converted) common shares: 423,460
The possible dilution conditions and influence on shareholders' equity caused by the issuance and conversion and the terms of issuance	No great influences yet	No great influences yet

C.Ratifications

Item 1: The 2020 Business Report and Financial Report are hereby submitted for ratification. (Proposed by the Board of Directors)

Explanation: 1.The Company's 2020 Financial Report has been audited by CPAs Chiu-Yen Wu and Li-Yuan Kuo of Deloitte & Touche. The Financial Report and Business Report have been forwarded to the Audit Committee for review, and the written Audit Report is submitted for approval.

2.The Company's 2020 Business Report (please refer to Attachment 1 of the Manual) and Financial Report (please refer to Attachment 3 of the Manual).

3.The reports are hereby submitted for ratification.

Resolution: The balloting outcome including votes exercised through electronic voting: 31,918,033 pro votes, accounting for 96.72% of the aggregate total votes; 3,891 disapproval votes, 0 invalid vote, abstention/ Non-voting votes: 1,076,697 votes. The present issue is duly resolved exactly as proposed.

Item 2: The 2020 Deficit Compensation Statement is hereby submitted for ratification. (Proposed by the Board of Directors)

Explanation: 1. The Company's 2020 Deficit Compensation Statement is as follows:

BROGENT TECHNOLOGIES INC.		
Deficit Compensation Statement		
2020		UNIT : NT\$
Item	Amount	
	Subtotal	Total
Accumulated earnings at beginning of 2020		2,720,302
ADD(LESS) :		
Remeasurement of defined benefit plan	(720,607)	
Retained earnings adjusted for investments accounted for using equity method	(1,787,284)	
Net loss of 2020	(49,184,019)	
accumulated deficit		(51,691,910)
Deficit un-compensated at end of 2020		(48,971,608)

Chairman:



General Manager:



Accounting Manager:



2. The reports are hereby submitted for ratification.

Resolution: The balloting outcome including votes exercised through electronic voting: 31,926,529 pro votes, accounting for 96.75% of the aggregate total votes; 2,396 disapproval votes, 0 invalid vote, abstention/ Non-voting votes: 1,069,696 votes. The present issue is duly resolved exactly as proposed.

D. Extempore motions

There being no other business and special motion, upon a motion duly made and seconded, the meeting was adjourned.

E. Meeting adjourned

Meeting adjourned at 9:14 AM Tuesday, August 31, 2021.

Brogent Technologies Inc. Business Report

1) Operating policies

In 2021, Brogent Group will step forward toward the following directions: 1. Diverse and flexible product lines: to increase the sales of small and medium sized equipment by the worldwide reputation for i-Ride quality. 2. Design and planning: the demand of turnkey solution service is soaring. With the integration advantages, Brogent will continue expanding the business scope. 3. Implement of new technologies, such as artificial intelligence, Internet of Things, 5G high-speed networks, Augmented Reality/Virtual Reality, real-time interaction, LED Dome Screen to integrate online and offline activities, and further upgrade theme park experience.

2) Business Plan Implementation Results:

The Company's net operating revenue in 2020 amounted to NT\$1,062.899 million, a decrease of approximately 48.91% from the net operating revenue of NT\$2,080.441 million in 2019. The Company's net loss in the current period amounted to NT\$51.758 million, a decrease of 113.49% from the net income of NT\$383.810 million in 2019.

3) Operating Income and Budget Execution

(1) Operating Income

The categories of consolidated operating revenue in 2020 included project revenue, service revenue, ticket revenue and other operations, and the total amount was NT\$1,062.899 million. Affected by COVID-19, the progress of projects and new orders was relatively delayed; as a result, the income recognition was postponed.

(2) Operating Expenses

Total consolidated operating expenses in 2020 amounted to NT\$524.940 million, a decrease of NT\$39.930 million from the NT\$564.870 million of 2019. Through the integration of the group resources, the consolidated operating expenses of the overall group were reduced in 2020 compared to 2019.

4) Profitability Analysis

The Company's operating expense ratio decreased 7.07% and net profits decreased 113.49% compared with 2019, mainly affected by COVID-19. The Company will maximize shareholder's value through product diversification, revenue diversification, high-end technology, and high competitiveness in 2021.

5) Research and Development

With the Company's R&D and system integration capabilities, we continue to provide customers with the best services. The R&D expenses decreased NT\$5.090 million compared with 2019. The R&D expenditures were mainly to refine our mid-sized and small-sized products, by optimizing product design to reduce the capital expenditures. Through securing our patents various countries, we are able to

enhance the technology entry barrier for competitors and reinforce the competitiveness of the company. Furthermore, the implementation of advanced technology and innovative application help us retain the worldwide leading position of Brogent.

Chairman: 

General Manager: 

Accounting Manager: 

(Attachment 2)

Brogent Technologies Inc.
Audit Committee Audit Report

The Business Report, Financial statements and Deficit Compensation Statement of 2020 prepared by the Board of Directors have been audited and certified by Chiu-Yen Wu and Li-Yuan Kuo of Deloitte & Touche. After reviewing such documents, this Audit Committee found no nonconformity, in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To

2021 Annual Shareholders Meeting of Brogent Technologies Inc.

Audit Committee Convener:



March 10, 2021

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:

The recognition of construction contract revenue

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

Notice to Readers

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

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

Brogent Technologies Inc. and Subsidiaries

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

ASSETS	December 31, 2020		December 31, 2019	
	Amount	%	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)				
Total equity	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)	<u>560,483</u>	<u>53</u>	<u>1,094,762</u>	<u>53</u>
GROSS PROFIT	<u>502,416</u>	<u>47</u>	<u>985,679</u>	<u>47</u>
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)	<u>62,120</u>	<u>6</u>	<u>20,606</u>	<u>1</u>
Total operating expenses	<u>524,940</u>	<u>49</u>	<u>564,870</u>	<u>27</u>
OPERATING INCOME (LOSS)	<u>(22,524)</u>	<u>(2)</u>	<u>420,809</u>	<u>20</u>
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)	<u>1,142</u>	<u>-</u>	<u>(5,535)</u>	<u>-</u>
Total non-operating income and expenses	<u>(19,314)</u>	<u>(2)</u>	<u>51,092</u>	<u>2</u>
PROFIT (LOSS) BEFORE INCOME TAX	(41,838)	(4)	471,901	22
INCOME TAX EXPENSE (Note 25)	<u>9,920</u>	<u>1</u>	<u>88,091</u>	<u>4</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>(51,758)</u>	<u>(5)</u>	<u>383,810</u>	<u>18</u>
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	<u>\$ (63,492)</u>	<u>(6)</u>	<u>\$ 361,568</u>	<u>17</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ (49,184)	(5)	\$ 366,525	17
Non-controlling interests	(2,574)	-	17,285	1
	<u>\$ (51,758)</u>	<u>(5)</u>	<u>\$ 383,810</u>	<u>18</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ (61,512)	(6)	\$ 344,255	16
Non-controlling interests	(1,980)	-	17,313	1
	<u>\$ (63,492)</u>	<u>(6)</u>	<u>\$ 361,568</u>	<u>17</u>
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					Other Equity Exchange Differences on Translation of Foreign Operations	Total	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings		Unappropriated Earnings				
			Legal Reserve	Special Reserve					
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)	-	-	16,992	-	(16,992)	-	-	-	-
Legal reserve	-	-	-	-	4,049	-	-	-	-
Special reserve	-	-	-	(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)	-	-	36,612	-	(36,612)	-	-	-	-
Legal reserve	-	-	-	-	14,857	-	-	-	-
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	<u>8,493</u>	<u>10,485</u>
Net cash generated from (used in) investing activities	<u>19,492</u>	<u>(274,393)</u>
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	<u>-</u>	<u>(2,335)</u>
Net cash generated from financing activities	<u>76,690</u>	<u>130,860</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(5,452)</u>	<u>(21,674)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	89,524	114,468
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>774,817</u>	<u>660,349</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 864,341</u>	<u>\$ 774,817</u>

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

(Concluded)