

4.2 Supply Chain Management

Brogent's simulator rides are developed via the synchronized integration of multiple systems and high-end technologies. To manufacture stable and safe products, mechanical manufacturing, electrical control, audiovisual system, and safety

certification system in the upstream industry chain must be integrated to successfully create various new-generation entertainment facilities with the latest form of media.

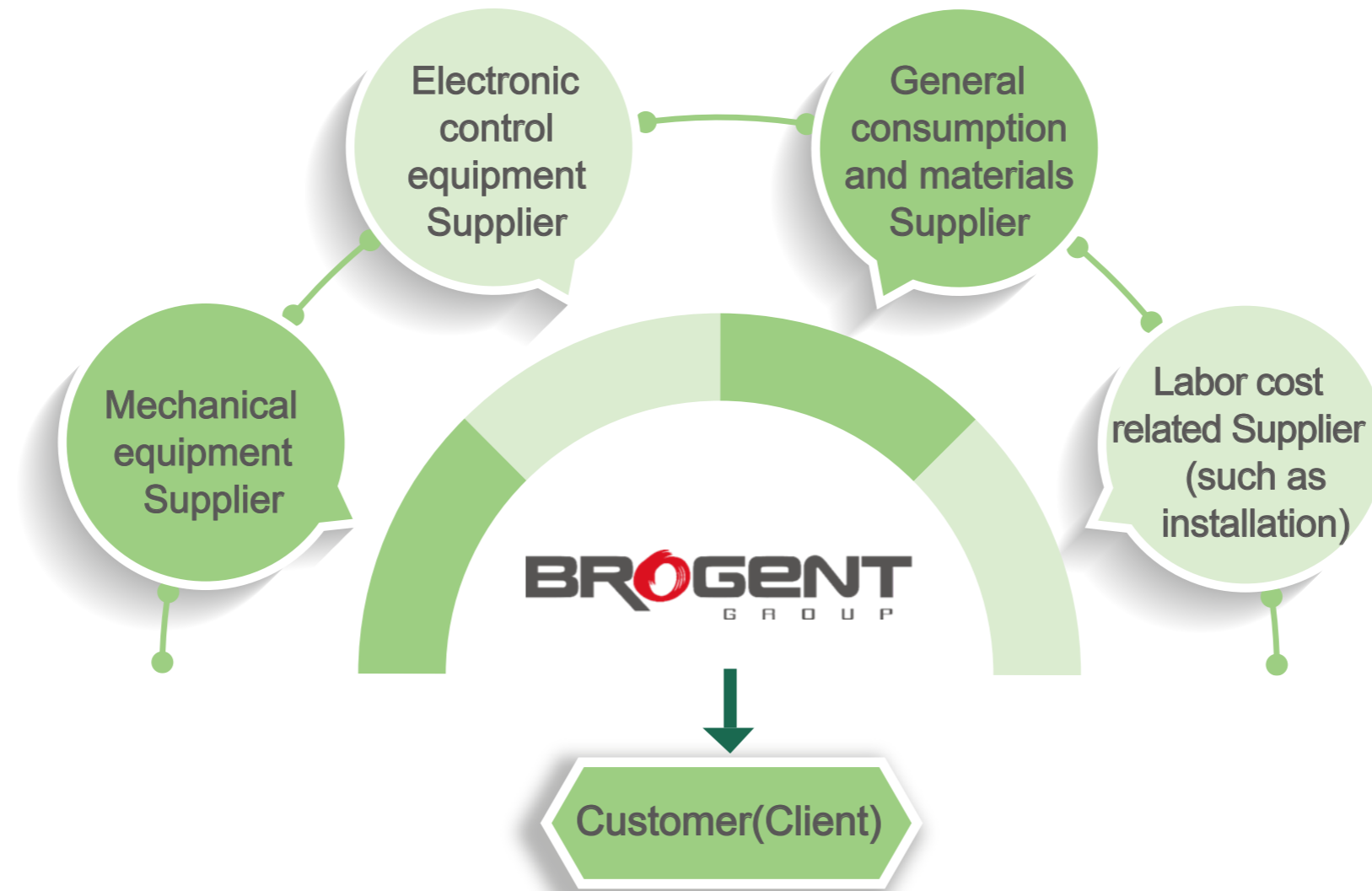
Brogent has established complete supply chain

management regulations and measures, including supplier management principles, new supplier review system, and supplier risk classification, and supplier management (including evaluation and consultation). In addition, Brogent focuses

on issues of quality and safety, endeavoring to optimize the supplier cooperation models, guide suppliers to grow together, work together to improve immersive simulation technology, and fulfill CSR to achieve sustainable operations.



Playful and Physical Equipment Industry Chain



Major Changes in the Supply Chain

Brogent rose in Taiwan and takes initiatives in supporting high-quality and reliable local suppliers. By actively collaborating with local Taiwanese suppliers, Brogent hopes to promote industrial development concerning immersive simulation technology and economic growth.

In 2020, the proportion of local procurement in Taiwan is 83.7%. However, in the procurement of steel structure and audio-visual equipment, the priority of procurement in Taiwan is adjusted to local procurement flexibly outside of Taiwan due to factors such as customer's local regulations, transportation costs and quick maintenance services. The major supply chain changes are as follows.

- For some projects, new suppliers from US and Hong Kong have been added in response to meet local regulations. This change will also reduce transportation emissions and further improve environmental friendliness.
- Considering overseas quick maintenance service for audio-visual system, we add Japanese supplier to shorten maintenance time and improve customer satisfaction.

»» 4.2.1 Supplier Management Principles

Brogent chooses qualified suppliers and sets Quality, Schedule, and Cost as the three primary factors of the management principles to ensure a steady supply of materials and high-quality engineering.

Starting from 2020, Brogent add a new green energy and environmental certification or label field in the survey form as one of the evaluation items for new suppliers to evaluate sustainability items. Preference

will be given to suppliers who have a label. For suppliers who can provide the same services, priority is given to those who are located closer to the supplier for procurement, thus reducing the distance between personnel

and air pollution caused by transportation of goods. In order to jointly pursue sustainable business operation and growth, we create a win-win sustainable supply chain.

Specific Measures for Supplier Management in 2020

- In order to enhance the safety and health awareness of suppliers, we must sign a consent form for the implementation of safety and health management by the contractor at the same time when signing the procurement contract.
- Continuously require suppliers to comply with and sign an integrity pledge.
- We continue to promote supplier appraisal, through appraisal, we understand that suppliers how to take environmental protection seriously (electricity, water, waste reduction, etc.).
- Keep local procurement >80%.
- Key suppliers are evaluated during site visits to understand environmental safety and whether they have relevant certifications.

»» 4.2.2 Supplier Cooperation Regulations

Brogent's new supplier evaluation takes into account the capital, operation situation, production capacity, and actual performance for preliminary reviews. The results of the preliminary review determine whether an on-site inspection is necessary. When working with a new supplier,

purchase contracts or orders are made depending on the case, while the supplier is required to hire legal workers and provide adequate insurance to all employees to ensure their basic labor rights. Through reviewing purchase contracts, Brogent prevents cases of child labor,

discrimination, or forced labor in the purchase activities to ensure the basic human rights of all workers.

In terms of existing suppliers, Brogent conducts annual supplier evaluations with human rights issues specified in the Labor Standards Act as

key evaluation items to review whether a supplier has fulfilled relevant responsibilities stated in a contract. In the case of any violation against the purchase contract, the supplier has to take all legal liabilities and Brogent will suspend all payments until the situation is improved.

»» 4.2.3 Supplier Risk Management

Brogent divides suppliers into those providing general materials and those taking outsourced projects. By 2020, Brogent worked with a total of 835 suppliers. According to the risk analysis of the purchase management procedure, as

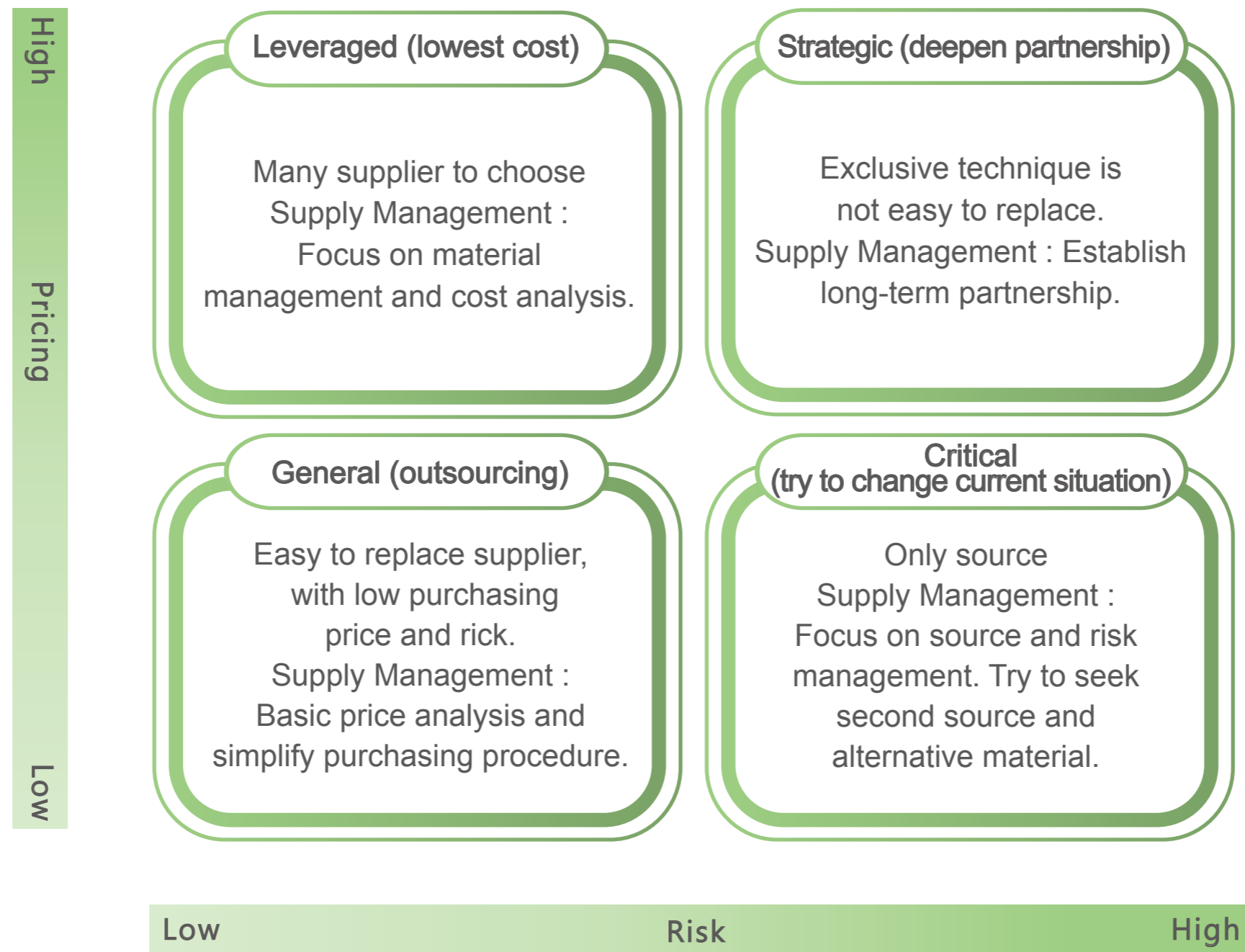
well as purchase risks and purchase prices identified in the management procedure, Brogent classifies suppliers into four risk quadrants and applies different management methods accordingly.

Some huge equipment is

designed and manufactured for a long time with only a few sources, some are single original manufacturers. In addition to developing new business sources, we also develop our own purchase of materials and market purchases, manufacturing

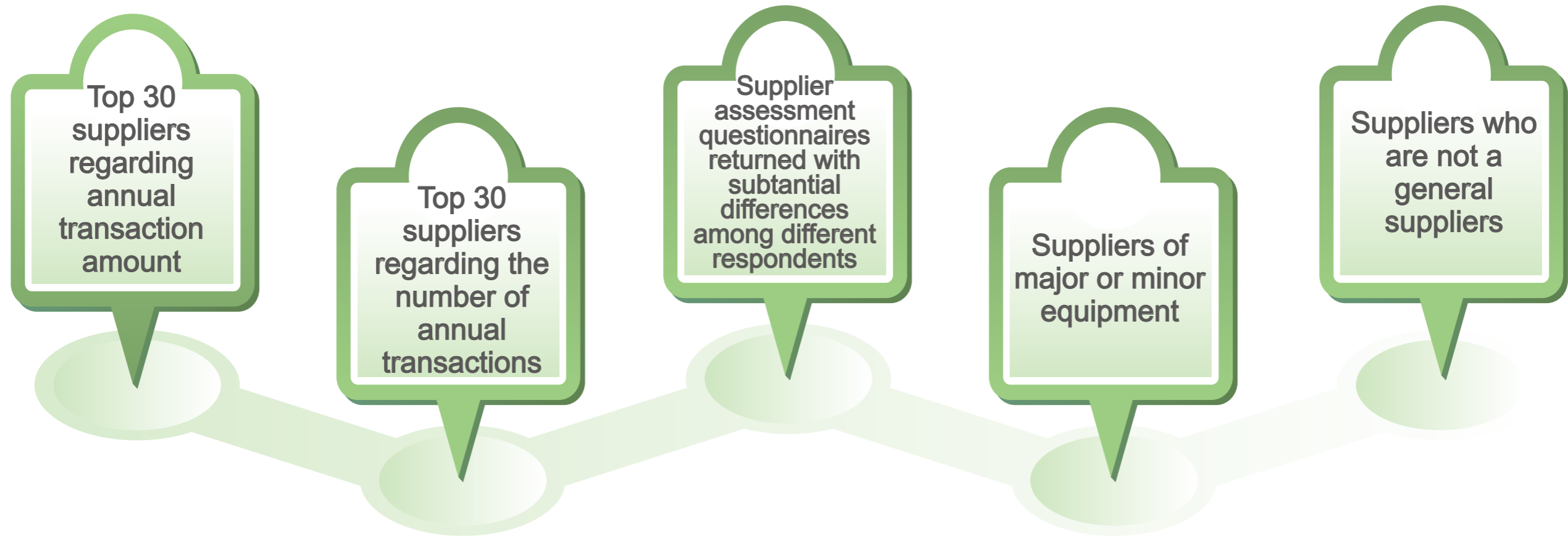
of parts, and finally assembly by the manufacturing center itself. From full outsourcing in the past to in-house assembly and production of key equipment, we can improve our mastery and increase our bargaining power with suppliers.

Four Quadrants of Suppliers

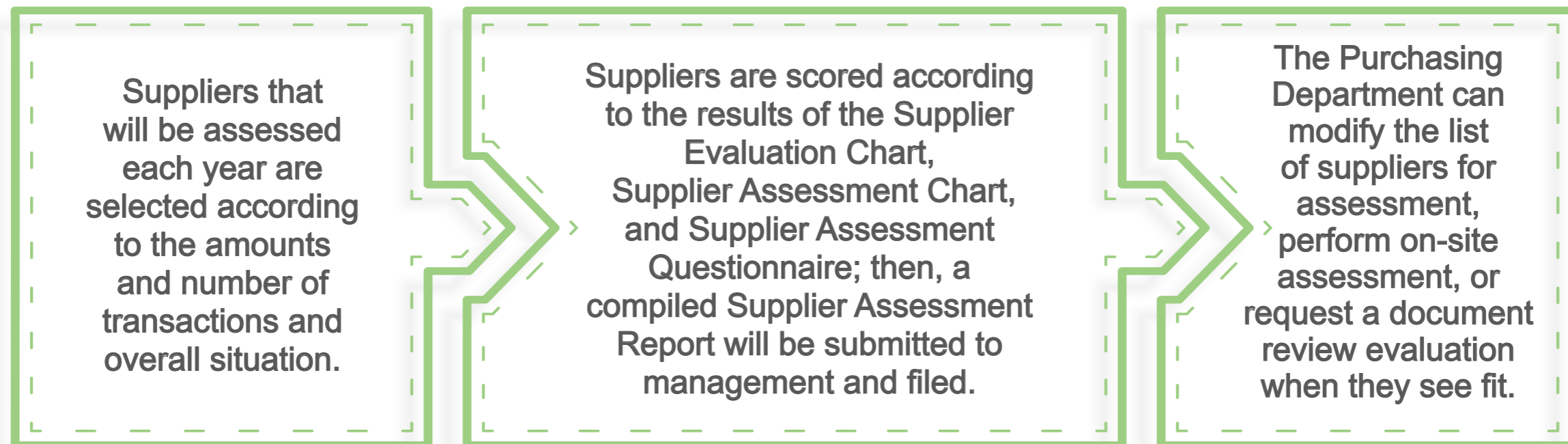


» 4.2.4 Supplier Evaluation

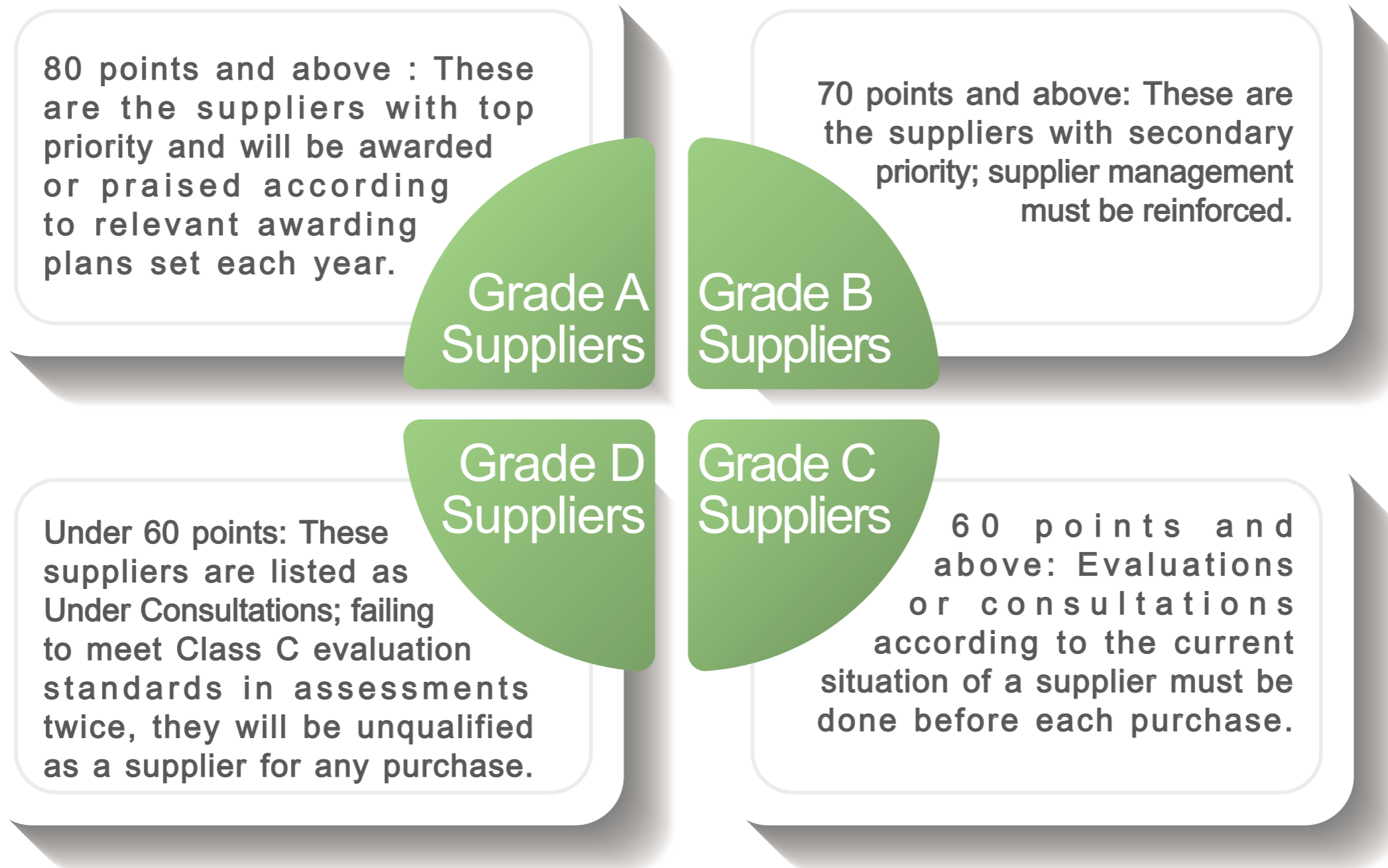
Supplier Evaluation and Screening Principles



Supplier Evaluation Process



Supplier Assessment Level



2020 Supplier Evaluation Results

There are two types of vendor evaluation: electronic questionnaire and annual evaluation, and electronic questionnaire is conducted on weekdays for a sample

of cases after inspection. Selection of annual evaluation vendors based on questionnaire information and transaction status (transaction amount and special key suppliers).

The actual implementation of supplier evaluation is 5 in 2020, the average score falls in 79 ~ 82, including 4 A grade and 1 B grade. The B grade is because there was a delivery problem,

and the company was asked to propose improvement measures for this part of the evaluation in order to improve to A grade in the future.