

Soft-World International Corporation and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of affiliates of Soft-World International Corporation for the year ended December 31, 2022 under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with International Financial Reporting Standard No. 10, “Consolidated Financial Statements”. In addition, relevant information required to be disclosed in the consolidated financial statements of affiliates has all been included in the consolidated financial statements of parent and subsidiary companies. Consequently, Soft-World International Corporation and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Soft-World International Corporation

By

Wang, Chun - Po
Chairman

March 15, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Soft-World International Corporation

Opinion

We have audited the accompanying consolidated financial statements of Soft-World International Corporation (the "Corporation") and its subsidiaries (collectively known as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of 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, 2022. 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, 2022 is described as follows:

Revenue Recognition - MyCard transactions

The Corporation is an agent in its exclusive card (MyCard) transactions. Net service revenue is recognized at the time customers use MyCard in exchange for game points. Please refer to Notes 4 and 24 to the consolidated financial statements for more details. We considered the risk of material misstatement of the recognition of revenue as the risk of incorrect calculation of the aforementioned game points and the amount needed to be transferred to the related game operators. Therefore, we focused on the accuracy of revenue recognized from MyCard transactions.

The main audit procedures performed by us included the following:

1. We understood and tested the operating effectiveness of the internal controls of the MyCard internet platform and the interface control between MyCard and the ERP system;
2. We implemented computer-assisted audit techniques to test the process by which MyCard points which are deposited, exchanged and consumed. We also verified the amount from MyCard points exchanged and needed to be transferred to the related game operators, and confirmed that the net service revenue amounts had been recorded appropriately.

Other Matter

We have also audited the parent company only financial statements of the Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgment and 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, 2022 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 Chen-Li Chen and Kai-Ning Hsu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 15, 2023

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.

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 5,497,047	33	\$ 5,701,412	37
Contract assets - current (Note 24)	2,264	-	2,831	-
Notes receivable (Notes 4 and 7)	-	-	445	-
Accounts receivable, net (Notes 4, 7 and 30)	357,357	2	413,072	3
Other receivables (Notes 4, 7 and 30)	1,634,405	10	1,940,867	13
Current tax assets (Notes 4 and 26)	6,311	-	699	-
Inventories (Notes 4 and 8)	61,741	-	33,829	-
Other financial assets - current (Notes 9 and 31)	6,915,027	41	5,533,757	36
Other current assets (Note 7)	681,621	4	177,132	1
Total current assets	15,155,773	90	13,804,044	90
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss - noncurrent (Notes 4 and 10)	10,075	-	19,060	-
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4 and 11)	523,152	3	504,999	4
Investments accounted for using the equity method (Notes 4 and 13)	38,324	-	37,600	-
Property, plant and equipment (Notes 4, 14 and 31)	368,011	2	382,135	3
Right-of-use assets (Notes 4 and 15)	56,821	1	27,464	-
Investment properties (Notes 4 and 16)	39,225	-	38,337	-
Goodwill (Note 5)	457,621	3	457,621	3
Other intangible assets (Notes 4 and 17)	46,992	1	12,437	-
Deferred tax assets (Notes 4, 5 and 26)	30,022	-	41,793	-
Prepayment of equipment	884	-	-	-
Refundable deposits	28,884	-	31,245	-
Net defined benefit assets (Notes 4 and 22)	26,679	-	22,565	-
Other financial assets - noncurrent (Note 9)	31,841	-	30,445	-
Other noncurrent assets	526	-	629	-
Total noncurrent assets	1,659,057	10	1,606,330	10
TOTAL	\$ 16,814,830	100	\$ 15,410,374	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 24)	\$ 275,943	2	\$ 229,101	1
Notes payable (Notes 18 and 30)	7,077	-	8,584	-
Accounts payable (Note 18)	359,282	2	327,236	2
Other payables (Notes 19 and 30)	4,364,896	26	3,803,071	25
Current tax liabilities (Notes 4 and 26)	141,435	1	171,056	1
Lease liabilities - current (Notes 4 and 15)	28,021	-	22,053	-
Other financial liabilities - current (Notes 4 and 20)	800,826	5	780,160	5
Other current liabilities (Note 21)	2,566,250	15	2,092,596	14
Total current liabilities	8,543,730	51	7,433,857	48
NONCURRENT LIABILITIES				
Deferred tax liabilities (Notes 4, 5 and 26)	92,076	-	117,878	1
Lease liabilities - noncurrent (Notes 4 and 15)	29,198	-	5,406	-
Net defined benefit liabilities (Notes 4 and 22)	57,179	-	89,038	1
Guarantee deposits received	95,856	1	88,248	-
Total noncurrent liabilities	274,309	1	300,570	2
Total liabilities	8,818,039	52	7,734,427	50
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 23)				
Share capital	1,274,743	8	1,274,743	8
Capital surplus	1,842,281	11	1,816,989	12
Retained earnings				
Legal reserve	1,214,851	8	1,132,078	7
Special reserve	25,117	-	25,117	-
Unappropriated earnings	2,717,604	16	2,608,227	17
Total retained earnings	3,957,572	24	3,765,422	24
Other equity	231,623	1	154,829	1
Treasury shares	(515,770)	(3)	(510,162)	(3)
Total equity attributable to owners of the Corporation	6,790,449	41	6,501,821	42
NON-CONTROLLING INTERESTS (Note 23)	1,206,342	7	1,174,126	8
Total equity	7,996,791	48	7,675,947	50
TOTAL	\$ 16,814,830	100	\$ 15,410,374	100

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

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 24 and 30)	\$ 6,098,078	100	\$ 6,601,378	100
OPERATING COSTS (Notes 4, 25 and 30)	<u>2,811,125</u>	<u>46</u>	<u>3,285,751</u>	<u>50</u>
GROSS PROFIT	<u>3,286,953</u>	<u>54</u>	<u>3,315,627</u>	<u>50</u>
OPERATING EXPENSES (Notes 25 and 30)				
Selling and marketing expenses	1,659,145	27	1,605,000	24
General and administrative expenses	340,795	6	344,176	5
Research and development expenses	292,344	5	275,973	4
Expected credit loss (Notes 7 and 24)	<u>12,900</u>	<u>-</u>	<u>36,822</u>	<u>1</u>
Total operating expenses	<u>2,305,184</u>	<u>38</u>	<u>2,261,971</u>	<u>34</u>
OPERATING INCOME	<u>981,769</u>	<u>16</u>	<u>1,053,656</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES (Note 25)				
Interest income	60,447	1	38,794	1
Other income	47,585	1	57,011	1
Other gains and losses	18,206	-	(38,534)	(1)
Finance costs	(1,020)	-	(944)	-
Share of gain (loss) of associates accounted for using the equity method	<u>724</u>	<u>-</u>	<u>(1,041)</u>	<u>-</u>
Total non-operating income and expenses	<u>125,942</u>	<u>2</u>	<u>55,286</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	1,107,711	18	1,108,942	17
INCOME TAX EXPENSE (Notes 4 and 26)	<u>226,004</u>	<u>4</u>	<u>235,613</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>881,707</u>	<u>14</u>	<u>873,329</u>	<u>13</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 22)	24,620	1	(4,940)	-
Unrealized income on investments in equity instruments at fair value through other comprehensive income (Note 23)	17,511	-	102,225	1
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 26)	<u>(4,924)</u>	<u>-</u>	<u>996</u>	<u>-</u>
	<u>37,207</u>	<u>1</u>	<u>98,281</u>	<u>1</u>

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SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 23)	\$ 69,759	1	\$ (26,593)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 26)	(13,402)	-	4,167	-
	<u>56,357</u>	<u>1</u>	<u>(22,426)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>93,564</u>	<u>2</u>	<u>75,855</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 975,271</u>	<u>16</u>	<u>\$ 949,184</u>	<u>14</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 836,417	13	\$ 829,934	12
Non-controlling interests	<u>45,290</u>	<u>1</u>	<u>43,395</u>	<u>1</u>
	<u>\$ 881,707</u>	<u>14</u>	<u>\$ 873,329</u>	<u>13</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 928,893	15	\$ 910,874	14
Non-controlling interests	<u>46,378</u>	<u>1</u>	<u>38,310</u>	<u>-</u>
	<u>\$ 975,271</u>	<u>16</u>	<u>\$ 949,184</u>	<u>14</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 6.90</u>		<u>\$ 6.84</u>	
Diluted	<u>\$ 6.85</u>		<u>\$ 6.80</u>	

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

(Concluded)

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation											
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Other Equity	Subtotal	Treasury shares	Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income					
BALANCE AT JANUARY 1, 2021	\$ 1,274,743	\$ 1,781,028	\$ 1,037,835	\$ 30,984	\$ 2,630,355	\$ (48,030)	\$ 119,713	\$ 71,683	\$ (510,393)	\$ 6,316,235	\$ 1,143,160	\$ 7,459,395
Appropriation of 2020 earnings (Note 23)												
Legal reserve	-	-	94,243	-	(94,243)	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(761,480)	-	-	-	-	(761,480)	-	(761,480)
Reversal of special reserve	-	-	-	(5,867)	5,867	-	-	-	-	-	-	-
	-	-	94,243	(5,867)	(849,856)	-	-	-	-	(761,480)	-	(761,480)
Cash dividends distributed by subsidiaries (Note 23)	-	-	-	-	-	-	-	-	-	-	(11,334)	(11,334)
Net profit in 2021	-	-	-	-	829,934	-	-	-	-	829,934	43,395	873,329
Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	(3,840)	(19,460)	104,240	84,780	-	80,940	(5,085)	75,855
Total comprehensive income (loss) in 2021	-	-	-	-	826,094	(19,460)	104,240	84,780	-	910,874	38,310	949,184
Changes in other capital surplus	-	90	-	-	-	-	-	-	-	90	-	90
Adjustments of capital surplus for the Corporation’s cash dividends received by subsidiaries	-	33,436	-	-	-	-	-	-	-	33,436	-	33,436
Changes in percentage of ownership interests in subsidiaries	-	2,435	-	-	-	-	-	-	231	2,666	(2,666)	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	6,656	6,656
Disposal of investment in equity instruments designated as at fair value through other comprehensive income (Note 11)	-	-	-	-	1,634	-	(1,634)	(1,634)	-	-	-	-
BALANCE AT DECEMBER 31, 2021	1,274,743	1,816,989	1,132,078	25,117	2,608,227	(67,490)	222,319	154,829	(510,162)	6,501,821	1,174,126	7,675,947
Appropriation of 2021 earnings (Note 23)												
Legal reserve	-	-	82,773	-	(82,773)	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(659,949)	-	-	-	-	(659,949)	-	(659,949)
	-	-	82,773	-	(742,722)	-	-	-	-	(659,949)	-	(659,949)
Cash dividends distributed by the subsidiaries (Note 23)	-	-	-	-	-	-	-	-	-	-	(14,147)	(14,147)
Net profit in 2022	-	-	-	-	836,417	-	-	-	-	836,417	45,290	881,707
Other comprehensive income in 2022, net of income tax	-	-	-	-	15,682	47,912	28,882	76,794	-	92,476	1,088	93,564
Total comprehensive income in 2022	-	-	-	-	852,099	47,912	28,882	76,794	-	928,893	46,378	975,271
Purchase of the Corporation's shares by subsidiaries	-	-	-	-	-	-	-	-	(5,816)	(5,816)	(3,491)	(9,307)
Adjustments of capital surplus for the Corporation’s cash dividends received by subsidiaries	-	28,976	-	-	-	-	-	-	-	28,976	-	28,976
Changes in percentage of ownership interests in subsidiaries	-	(3,684)	-	-	-	-	-	-	208	(3,476)	3,476	-
BALANCE AT DECEMBER 31, 2022	\$ 1,274,743	\$ 1,842,281	\$ 1,214,851	\$ 25,117	\$ 2,717,604	\$ (19,578)	\$ 251,201	\$ 231,623	\$ (515,770)	\$ 6,790,449	\$ 1,206,342	\$ 7,996,791

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

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,107,711	\$ 1,108,942
Adjustments for:		
Income and expenses		
Depreciation expenses	62,836	63,223
Amortization expenses	23,229	35,967
Expected credit loss recognized on accounts receivable	12,900	36,822
Loss on financial assets at fair value through profit or loss	8,985	32,402
Finance costs	1,020	944
Interest income	(60,447)	(38,794)
Dividend income	(15,260)	(4,405)
Share of (profit) loss of associates accounted for using the equity method	(724)	1,041
Others	(37)	2,367
Changes in operating assets and liabilities		
Contract assets	(304)	(2,831)
Notes receivable	445	3,580
Accounts receivable	55,898	160,097
Other receivables	295,898	(249,943)
Inventories	(27,973)	5,777
Other current assets	(507,850)	25,262
Other financial assets	(229,408)	(1,022,192)
Contract liabilities	46,842	26,808
Notes payable	(1,507)	968
Accounts payable	32,046	(173,658)
Other payables	561,813	1,073,662
Other financial liabilities	20,666	(17,362)
Other current liabilities	473,654	490,134
Net defined benefit liabilities	(11,341)	(485)
Cash generated from operations	1,849,092	1,558,326
Interest received	61,914	37,615
Dividends received	15,260	4,405
Interest paid	(1,020)	(944)
Income tax paid	(293,594)	(133,139)
Net cash generated from operating activities	<u>1,631,652</u>	<u>1,466,263</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(642)	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	51,588
Proceeds from disposal of subsidiaries	-	18,466
Payments for property, plant and equipment	(12,589)	(16,427)
Proceeds from disposal of property, plant and equipment	122	30

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SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Decrease (increase) in refundable deposits	\$ 2,361	\$ (3,026)
Payments for intangible assets	(57,786)	(21,826)
Increase in other financial assets	<u>(1,153,258)</u>	<u>(74,615)</u>
Net cash used in investing activities	<u>(1,221,792)</u>	<u>(45,810)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits received	7,608	4,105
Repayment of the principal portion of lease liabilities	(35,395)	(39,042)
Cash dividends distributed	(630,973)	(728,044)
Acquisition of the parent company's shares held by subsidiaries	(9,307)	-
Changes in non-controlling interests	(14,147)	(4,678)
Unclaimed overdue dividends	<u>-</u>	<u>90</u>
Net cash used in financing activities	<u>(682,214)</u>	<u>(767,569)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>67,989</u>	<u>(25,808)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(204,365)	627,076
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>5,701,412</u>	<u>5,074,336</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 5,497,047</u>	<u>\$ 5,701,412</u>
The accompanying notes are an integral part of the consolidated financial statements.		(Concluded)

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Soft-World International Corporation (the “Corporation”) was incorporated in July 1983, The Corporation is mainly engaged in the production, sales and provides agency services of entertainment and commercial software; editing, printing and publishing of game magazines; commercial advertising services; and purchase and sale of entertainment products and accessories of game software.

The Corporation’s shares have been trading on the Taipei Exchange since March 2001.

The consolidated financial statements 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 15, 2023.

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)

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by International Accounting Standards Board (IASB)
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: The amendments will be 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.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
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
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of the above 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.

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 profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, 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 on the percentages of ownership and main operating activities of the subsidiaries, refer to Note 12, Table 4 and Table 5.

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 except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

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 the consolidated financial statements, the functional currencies of the entities in the Group (including subsidiaries and associates operating in other countries that use currencies which are 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).

On the disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Corporation are reclassified to profit or loss.

f. Inventories

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 accounted for using the equity method

The Group uses the equity method to account for its 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.

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 and investments 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 losses. 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's consolidated financial statements only to the extent that interests in the associate are not related to the Group.

h. Property, plant, and equipment

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

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. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Freehold investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of the property for subsequent accounting is its carrying amount at the end of owner-occupation.

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

j. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating

units or groups of cash-generating units (referred to as “cash-generating units”) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Other intangible assets

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.

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.

l. Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets (excluding goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and intangible assets, excluding goodwill, 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.

m. 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 category

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses.

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, 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.

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.

iii Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

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 and other receivables) and contract assets.

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable, other receivables and contract assets. 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 determines that the internal or external information show that the debtor is unlikely to pay its creditors indicate that a financial asset is in default (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. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

The repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Corporation's own equity instruments.

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.

n. Revenue recognition

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

The Group estimates sales returns and allowances based on historical experience and different contracts. The Group's customary business practices allow customers to return certain goods. To account for the transfer of products with a right of return, the Group recognizes revenue and at the same time recognizes refund liabilities (classified under other current liabilities) rate and rights to recover a product (classified under other current assets). Refund liabilities are estimated based on the historical average return rate.

1) Sale of goods

Revenue from the sale of goods comes from sales of game points and game magazines, which are sold at the contract price through the online platform or different retailers (e.g. brick-and-mortar stores and convenience stores etc.). When game points and game magazines, etc. are transferred to the customer, the customer has the right to use, and assumes the risk of ownership of the goods. The Group recognizes the related revenue and accounts receivable at the point of time the goods are transferred. Advance receipts from selling of merchandise are recognized as contract liabilities.

2) Operation of games

Refers to the revenue from operation of games redeemed by the consumers via the online platform (generally known as "virtual goods"), where revenue is recognized over time as the virtual goods are consumed or over the estimated usable period of the goods. If the sales obligations have not been fulfilled, the revenue should be deferred, and recognized as contract liabilities.

3) Rendering of services

a) The exclusive card ("MyCard") issued by the Group provides game operators an online platform and services to sell game points directly to the consumers through the MyCard network or other distributors (e.g. convenience stores, supermarkets and telecommunication companies). Sales of MyCard is recognized as "Other financial liabilities - noncurrent". When the consumers use MyCard in exchange for specified goods or service via the online platform, the Group recognizes service revenue for the net amount after deducting receipts needed to be transferred to the related game operators.

b) Fee income from electronic payments and third-party payments is obtained from providing services to customers on online cash flow platforms and is recognized as revenue when cash has been received and the performance obligation has been mostly completed.

c) Other revenue from the rendering of services

For other services - advertising design and exhibition marketing projects, etc., revenue is recognized when the project has been completed and transferred to the customer. Advance receipts of services are recognized as contract liabilities.

For other services - art designing projects, etc., the Group measures revenue by the percentage of completion determined on the basis of the proportion of the number of working hours incurred for work performed to date to the estimated total number of working hours, while revenue and contract assets are recognized and are reclassified to accounts receivable at the point the customer is invoiced.

4) Licensing revenue

The Group authorizes other game developers to have access to some intellectual property rights of games for cooperation and development. The non-refundable premiums collected at the time of signing of contracts are recognized as revenue at the date the license is granted when meeting certain criteria which means providing a customer the right to use the intellectual property; subsequent follow-up fees based on the customers' sales are recognized when the sales of the customer occur.

o. 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 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.

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. Lease liabilities are presented on a separate line in the consolidated balance sheets.

p. 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 related to income 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.

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.

q. 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 they occur. 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.

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 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 tax for the year

Current and deferred tax 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 tax are also recognized in other comprehensive income or directly in equity respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for business combination.

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, estimates 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 possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, profitability, etc. 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.

Key Sources of Estimation Uncertainty

a. Assessment of goodwill from business combinations

Determining whether goodwill from the subsidiary, Newweb Technologies, is impaired requires an estimation of the value in use of the cash-generating units to which the goodwill has been allocated. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

b. Income taxes

As of December 31, 2022 and 2021, the carrying amounts of deferred tax assets in relation to unused tax losses and temporary differences were \$370,302 thousand and \$413,134 thousand, respectively. The realizability of deferred tax assets mainly depends on whether sufficient future profit or taxable temporary differences will be available. In cases where the actual future profit generated is more than expected, material deferred tax assets may be realized in profit or loss for the period.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 1,495	\$ 2,498
Bank deposits	3,032,232	3,004,309
Cash equivalents		
Time deposits with original maturities of less than 3 months	<u>2,463,320</u>	<u>2,694,605</u>
	<u>\$ 5,497,047</u>	<u>\$ 5,701,412</u>

7. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2022	2021
Notes receivable		
Operating	<u>\$ -</u>	<u>\$ 445</u>
Accounts receivable		
At amortized cost		
Gross carrying amount	\$ 360,847	\$ 416,748
Less: Allowance for impairment loss	<u>(3,490)</u>	<u>(3,676)</u>
	<u>\$ 357,357</u>	<u>\$ 413,072</u>
Other receivables		
Gross carrying amount	\$ 1,693,845	\$ 2,006,706
Less: Allowance for impairment loss	<u>(59,440)</u>	<u>(65,839)</u>
	<u>\$ 1,634,405</u>	<u>\$ 1,940,867</u>

(Continued)

	December 31	
	2022	2021
Receivables for agency transactions (classified under other current assets)		
Gross carrying amount	\$ 515,309	\$ 55,831
Less: Allowance for impairment loss	<u>(34,909)</u>	<u>(31,548)</u>
	<u>\$ 480,400</u>	<u>\$ 24,283</u>
		(Concluded)

a. Notes receivable

At the end of the reporting period, there were no past due notes receivable.

b. Accounts receivable

The main credit period is 30 to 120 days. The Group adopted a policy of only dealing with entities that have good credit ratings, and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved.

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 debtor and an analysis of the debtor's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. The loss allowance is further distinguished according to the Group's different customer segments based on the aging of accounts receivable or past due status.

The Group writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation, or when the accounts receivable are past due. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the aging analysis and the loss allowance of accounts receivable:

December 31, 2022

	Up to 90 Days	91 to 180 Days	181 to 365 Days	More than 1 year	Total
<u>Customer segment A</u>					
Gross carrying amount	\$ 316,105	\$ 2,222	\$ 324	\$ 63	\$ 318,714
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(1,656)</u>	<u>(313)</u>	<u>(63)</u>	<u>(2,032)</u>
Amortized cost	<u>\$ 316,105</u>	<u>\$ 566</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 316,682</u>

	Not past due	Past due 1-90 Days	Past due 91-180 Days	Past due 181-270 Days	Past due Over 270 Days	Total
<u>Customer segment B</u>						
Gross carrying amount	\$ 40,185	\$ 668	\$ 17	\$ 2	\$ 1,261	\$ 42,133
Loss allowance (lifetime ECLs)	<u>(197)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,261)</u>	<u>(1,458)</u>
Amortized cost	<u>\$ 39,988</u>	<u>\$ 668</u>	<u>\$ 17</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 40,675</u>

December 31, 2021

	Up to 90 Days	91 to 180 Days	181 to 365 Days	More than 1 year	Total
<u>Customer segment A</u>					
Gross carrying amount	\$ 370,874	\$ 12,654	\$ 113	\$ 1,971	\$ 385,612
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(81)</u>	<u>(33)</u>	<u>(1,971)</u>	<u>(2,085)</u>
Amortized cost	<u>\$ 370,874</u>	<u>\$ 12,573</u>	<u>\$ 80</u>	<u>\$ -</u>	<u>\$ 383,527</u>

	Not past due	Past due 1-90 Days	Past due 91-180 Days	Past due 181-270 Days	Past due Over 270 Days	Total
<u>Customer segment B</u>						
Gross carrying amount	\$ 27,244	\$ 1,132	\$ 1,359	\$ 3	\$ 1,398	\$ 31,136
Loss allowance (lifetime ECLs)	<u>(195)</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(1,395)</u>	<u>(1,591)</u>
Amortized cost	<u>\$ 27,049</u>	<u>\$ 1,132</u>	<u>\$ 1,359</u>	<u>\$ 2</u>	<u>\$ 3</u>	<u>\$ 29,545</u>

c. Other receivables

The Group's other receivables are mainly receipts under custody of cooperative channels from the sale of the Corporation's exclusive card (MyCard). The Corporation sold MyCard to customers via cooperative channels, and the main credit period of receivables from channels was 30 to 120 days.

The following table details the aging analysis and the loss allowance of other receivables:

December 31, 2022

		Up to 90 Days	91 to 180 Days	181 to 365 Days	More than 1 year	Total	
<u>Customer segment A</u>							
Gross carrying amount		\$ 1,593,336	\$ 32,680	\$ 10,404	\$ 32,485	\$ 1,668,905	
Loss allowance (Lifetime ECLs)		<u>-</u>	<u>(1,420)</u>	<u>(7,379)</u>	<u>(32,485)</u>	<u>(41,284)</u>	
Amortized cost		<u>\$ 1,593,336</u>	<u>\$ 31,260</u>	<u>\$ 3,025</u>	<u>\$ -</u>	<u>\$ 1,627,621</u>	
	Not past due	Past due 1-90 Days	Past due 91-180 Days	Past due 181-270 Days	Past due Over 270 Days	Customers With Signs of Default	Total
<u>Customer segment B</u>							
Gross carrying amount	\$ 6,784	\$ -	\$ -	\$ -	\$ 2,721	\$ 15,435	\$ 24,940
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,721)</u>	<u>(15,435)</u>	<u>(18,156)</u>
Amortized cost	<u>\$ 6,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,784</u>

December 31, 2021

		Up to 90 Days	91 to 180 Days	181 to 365 Days	More than 1 year	Total	
<u>Customer segment A</u>							
Gross carrying amount		\$ 1,868,263	\$ 44,398	\$ 28,767	\$ 38,227	\$ 1,979,655	
Loss allowance (Lifetime ECLs)		<u>-</u>	<u>(1,358)</u>	<u>(9,902)</u>	<u>(38,227)</u>	<u>(49,487)</u>	
Amortized cost		<u>\$ 1,868,263</u>	<u>\$ 43,040</u>	<u>\$ 18,865</u>	<u>\$ -</u>	<u>\$ 1,930,168</u>	
	Not past due	Past due 1-90 Days	Past due 91-180 Days	Past due 181-270 Days	Past due Over 270 Days	Customers With Signs of Default	Total
<u>Customer segment B</u>							
Gross carrying amount	\$ 9,126	\$ -	\$ 58	\$ 94	\$ 2,582	\$ 15,191	\$ 27,051
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,161)</u>	<u>(15,191)</u>	<u>(16,352)</u>
Amortized cost	<u>\$ 9,126</u>	<u>\$ -</u>	<u>\$ 58</u>	<u>\$ 94</u>	<u>\$ 1,421</u>	<u>\$ -</u>	<u>\$ 10,699</u>

d. Other current assets

The Group's receivables for agency transactions from operating third-party payments are usually received within 1 to 10 days. The Group assesses the receivables on a case-by-case basis and recognizes impairment losses when there is a higher probability of non-collection or loss due to consumer disputes or disputes related to the payments received.

e. The movements of the loss allowance of accounts receivable, other receivables and other current assets were as follows:

	For the Year Ended December 31, 2022			
	Accounts Receivable	Other Receivables	Other Current Assets	Total
Balance at January 1	\$ 3,676	\$ 65,839	\$ 31,548	\$ 101,063
Recognition (reversal)	(186)	8,854	3,361	12,029
Amounts written off	(3)	(15,496)	-	(15,499)
Foreign exchange gains and losses	<u>3</u>	<u>243</u>	<u>-</u>	<u>246</u>
Balance at December 31	<u>\$ 3,490</u>	<u>\$ 59,440</u>	<u>\$ 34,909</u>	<u>\$ 97,839</u>

	For the Year Ended December 31, 2021			
	Accounts Receivable	Other Receivables	Other Current Assets	Total
Balance at January 1	\$ 3,521	\$ 88,075	\$ 13,587	\$ 105,183
Recognition	1,331	17,530	17,961	36,822
Amounts written off	(1,174)	(39,676)	-	(40,850)
Foreign exchange gains and losses	<u>(2)</u>	<u>(90)</u>	<u>-</u>	<u>(92)</u>
Balance at December 31	<u>\$ 3,676</u>	<u>\$ 65,839</u>	<u>\$ 31,548</u>	<u>\$ 101,063</u>

8. INVENTORIES

	December 31	
	2022	2021
Finished goods	\$ 134	\$ 141
Merchandise	<u>61,607</u>	<u>33,688</u>
	<u>\$ 61,741</u>	<u>\$ 33,829</u>

9. OTHER FINANCIAL ASSETS

	December 31	
	2022	2021
Pledged demand deposits (Note 31)	\$ 11,650	\$ 122
Pledged time deposits (Note 31)	51,000	51,000
Restricted trust deposits	1,912,694	1,684,682
Restricted bank deposits	31,841	30,445
Time deposits with original maturities of more than 3 months	<u>4,939,683</u>	<u>3,797,953</u>
	<u>\$ 6,946,868</u>	<u>\$ 5,564,202</u>

(Continued)

	December 31	
	2022	2021
Current	\$ 6,915,027	\$ 5,533,757
Noncurrent	<u>31,841</u>	<u>30,445</u>
	<u>\$ 6,946,868</u>	<u>\$ 5,564,202</u>
Maturity dates	2023.01-2025.12	2022.01-2024.12
Interest rates intervals (%)	0.16-3.20	0.03-3.20 (Concluded)

The Group's proxy receipts from third-party and electronic payments and stored-values received are deposited in a dedicated bank account as a trust account that was included in "Other financial assets - restricted trust deposits".

10. FINANCIAL ASSETS AT FVTPL - NONCURRENT

	December 31	
	2022	2021
<u>Mandatorily classified as at FVTPL</u>		
Foreign listed shares	<u>\$ 10,075</u>	<u>\$ 19,060</u>

11. FINANCIAL ASSETS AT FVTOCI - NONCURRENT

	December 31	
	2022	2021
Listed shares	\$ 151,618	\$ 176,364
Emerging market shares	-	18,306
Private - placement shares of listed companies	256,498	294,600
Domestic and foreign unlisted shares	<u>115,036</u>	<u>15,729</u>
	<u>\$ 523,152</u>	<u>\$ 504,999</u>

The equity of Mobix Corporation held by the Group was converted into the shares of its parent company, KouBrothers Corporation, and regarded as a disposal in May 2021, and therefore, the unrealized income on financial assets at FVTOCI of \$1,634 thousand was transferred to retained earnings.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

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

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2022	2021	
The Corporation	Chinese Gamer International Corporation (Chinese Gamer)	Online game service	48	49	Note 1 and 5
	Soft-World Technology Pte. Ltd. (Soft-World (Singapore))	Trading of game software	100	100	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2022	2021	
Chinese Gamer	Game Flier International Corporation (Game Flier)	Online game service	98	98	
	Global Concept Corporation (Global Concept)	Investment related business	100	100	
	Game First International Corporation (Game First)	Online game service	70	70	
	Zealot Digital International Corporation (Zealot Digital)	Development and sales of game software	99	99	
	Soft-World International (Hong Kong) Corporation (Soft-World (Hong Kong))	Trading of game software	100	100	
	Dynasty International Information Co., Ltd. (Dynasty)	Design, development and trading of computer software	86	86	
	Jhih Long Venture Capital Corporation (Jhih Long)	Investment related business	13	13	
	Sofaman Corporation (Sofaman)	Development and sales of game software	-	-	Note 2
	Interactive Entertainment Technology Co., Ltd (Interactive Entertainment)	Investment related business	80	80	
	Fast Distributed Cloud Computing Co., Ltd (Fast Distributed Cloud)	Retail, wholesale and service of information software	90	90	
	Newweb Technologies Corporation Ltd. (Newweb Technologies)	Information software wholesale and retail and electronic data supply services	50	50	
	Efun International Corporation (Efun)	Information software and data processing services	80	80	
	Long Xiang Investment Co., Ltd. (Long Xiang Investment)	Investment related business	44	44	
	CELAD Game Corporation (CELAD)	Online game service	32	32	
	We Can Financial Technology Co., Ltd. (We Can)	Development of financial system and equipment, etc.	51	51	
	Taichigamer (B.V.I.) Co., Ltd. (Taichigamer)	Investment related business	100	100	
	Walkfun International Corporation (Walkfun)	Network authentication, data processing services and electronic information providing services	100	100	
	CELAD Game Corporation (CELAD)	Online game service	68	68	
	Super Game Corporation (Super Game)	Online game service	88	88	
	Taichigamer	Jhih Long Venture Capital Corporation (Jhih Long)	Investment related business	13	13
Star Diamond Universal Corporation (Star Diamond)		Investment related business	100	100	
Transasiagamer	Fun Bear Corporation (Fun Bear)	Online game service	100	100	
	Game Topia Co., Ltd. (Game Topia)	Online game service	65	65	
Star Diamond	Oriental Dragon Digital Co., Ltd. (Oriental Dragon)	Online game service	100	100	
	Long Xiang Investment Co., Ltd. (Long Xiang Investment)	Investment related business	30	30	
Game Topia	Transasiagamer (B.V.I.) Co., Ltd. (Transasiagamer)	Investment related business	100	100	
	You Long Online (Beijing) Technology Corporation (You Long Beijing Online)	Online game service	100	100	
Game Flier	Dragon Gamer (Hong Kong) Co., Ltd. (Dragon Gamer)	Online game service	100	100	
	Game Topia (Hong Kong) Technology Corporation (Game Topia Hong Kong)	Information service industry	100	100	
Global Concept	Soft-Orient Corporation (Soft-Orient)	Investment related business	-	100	Note 3
	Value Central Corporation (Value Central)	Investment related business	100	100	
Gamers Grande	Gamers Grande Corporation (Gamers Grande)	Investment related business	100	100	
	Picked United Development Ltd. (Picked United Development)	Acquisition and authorization of game software	100	100	
Game First	Game Flier (Beijing) Sdn. Bhd. (Beijing Game Flier)	Information processing and supply services	100	100	
	Compete ! Games Interactive Entertainment Corporation (Compete ! Games Interactive Entertainment)	Agent and operation of sports type of games	100	100	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2022	2021	
Interactive Entertainment	Interactive Entertainment Technologies Corporation (Interactive Entertainment)	Wholesale and service of information software	100	100	
Neweb Technologies	ezPay Taiwan Co., Ltd. (ezPay Taiwan Co., Ltd.)	Third party payment service	100	100	
	Newebpay Corporation. (Newebpay)	Electronic data supply service	-	-	Note 4
	CService Technology Co., Ltd. (CService)	Information software	100	100	
Efun International Corporation	Re: Ad Media Corporation. (Re: Ad)	General advertising service	100	100	
Long Xiang Investment	Jhih Long Venture Capital Corporation (Jhih Long)	Investment related business	74	74	
(Concluded)					

- 1) A subsidiary with material non-controlling interests, listed on the mainboard of the Taipei Exchange. Since the Corporation can direct the company's relevant activities due to its holding of an absolute majority of the company's voting rights, the company is recognized as a subsidiary.
 - 2) Completed liquidation procedures in 2021.
 - 3) Completed liquidation procedures in 2022.
 - 4) To integrate enterprise resources and enhance operating efficiency, Neweb Technologies merged its subsidiary Newebpay on September 1, 2021, and Neweb Technologies is the surviving company while Newebpay is the dissolving company.
 - 5) The Corporation's shareholding ratio decreased from 49% to 48% due to the conversion of common stock upon exercise of employee stock options issued by Chinese Gamer.
- b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests (%)	
	December 31	
	2022	2021
Chinese Gamer (%)	52	51

For information on the main operating locations and countries of incorporation of the subsidiaries, refer to Table 4.

Name of Subsidiary	Loss Allocated to Non-controlling Interests For the Year Ended December 31		Non-controlling Interests December 31	
	2022	2021	2022	2021
Chinese Gamer	\$ (11,698)	\$ (20,269)	\$ 573,292	\$ 574,168

The summarized financial information below represents amounts before intragroup eliminations.

Chinese Gamer and Chinese Gamer's subsidiaries

	December 31	
	2022	2021
Current assets	\$ 894,424	\$ 903,794
Noncurrent assets	471,294	451,971
Current liabilities	(121,516)	(114,883)
Noncurrent liabilities	<u>(15,387)</u>	<u>(9,477)</u>
Equity	<u>\$ 1,228,815</u>	<u>\$ 1,231,405</u>
Equity attributable to:		
The Corporation	\$ 626,399	\$ 628,956
Non-controlling interests of Chinese Gamer International Corporation	573,292	574,168
Non-controlling interests of Chinese Gamer International Corporation's subsidiaries	<u>29,124</u>	<u>28,281</u>
	<u>\$ 1,228,815</u>	<u>\$ 1,231,405</u>
	For the Year Ended December 31	
	2022	2021
Revenue	<u>\$ 366,361</u>	<u>\$ 341,914</u>
Loss for the year	\$ (22,692)	\$ (38,530)
Other comprehensive income (loss) for the year	<u>15,372</u>	<u>(7,889)</u>
Total comprehensive loss for the year	<u>\$ (7,320)</u>	<u>\$ (46,419)</u>
Profit (loss) attributable to:		
The Corporation	\$ (11,020)	\$ (19,157)
Non-controlling interests of Chinese Gamer International Corporation	(11,698)	(20,269)
Non-controlling interests of Chinese Gamer International Corporation's subsidiaries	<u>26</u>	<u>896</u>
	<u>\$ (22,692)</u>	<u>\$ (38,530)</u>
Comprehensive (loss) income attributable to:		
The Corporation	\$ (4,326)	\$ (22,754)
Non-controlling interests of Chinese Gamer International Corporation	(4,644)	(24,132)
Non-controlling interests of Chinese Gamer International Corporation's subsidiaries	<u>1,650</u>	<u>467</u>
	<u>\$ (7,320)</u>	<u>\$ (46,419)</u>
Cash flow		
Operating activities	\$ (17,655)	\$ 25,599
Investing activities	26,887	(35,663)
Financing activities	<u>(8,893)</u>	<u>(12,829)</u>
Net cash inflow (outflow)	<u>\$ 339</u>	<u>\$ (22,893)</u>

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investments in associates - not individually material	\$ <u>38,324</u>	\$ <u>37,600</u>
Aggregate information of associates that are not individually material:		
	For the Year Ended December 31	
	2022	2021
The Group's share of:		
Total profit (loss) and other comprehensive (loss) income for the year	\$ <u>724</u>	\$ <u>(1,041)</u>

14. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2022

	Land	Buildings	Equipment	Miscellaneous Equipment	Others	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 215,321	\$ 200,268	\$ 215,406	\$ 29,893	\$ 22,701	\$ 683,589
Additions	-	-	7,825	3,250	630	11,705
Disposals	-	-	(27,626)	(522)	(1,128)	(29,276)
Transfers from investment property	-	301	-	-	-	301
Transfers to investment property	-	(5,237)	-	-	-	(5,237)
Effect of foreign currency exchange differences	-	456	2,056	22	386	2,920
Balance at December 31, 2022	\$ <u>215,321</u>	\$ <u>195,788</u>	\$ <u>197,661</u>	\$ <u>32,643</u>	\$ <u>22,589</u>	\$ <u>664,002</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ -	\$ 74,051	\$ 195,683	\$ 14,788	\$ 16,932	\$ 301,454
Disposals	-	-	(27,582)	(507)	(1,128)	(29,217)
Depreciation expense	-	4,964	7,978	8,591	1,916	23,449
Transfers from investment property	-	245	-	-	-	245
Transfers to investment property	-	(2,361)	-	-	-	(2,361)
Effect of foreign currency exchange differences	-	277	1,929	(118)	333	2,421
Balance at December 31, 2022	\$ <u>-</u>	\$ <u>77,176</u>	\$ <u>178,008</u>	\$ <u>22,754</u>	\$ <u>18,053</u>	\$ <u>295,991</u>
Carrying amounts at December 31, 2022	\$ <u>215,321</u>	\$ <u>118,612</u>	\$ <u>19,653</u>	\$ <u>9,889</u>	\$ <u>4,536</u>	\$ <u>368,011</u>

For the year ended December 31, 2021

	Land	Buildings	Equipment	Miscellaneous Equipment	Others	Total
<u>Cost</u>						
Balance at January 1, 2021	\$ 215,321	\$ 200,433	\$ 251,322	\$ 27,243	\$ 23,091	\$ 717,410
Additions	-	-	7,826	7,350	1,251	16,427
Disposals	-	-	(42,797)	(4,688)	(1,520)	(49,005)
Effect of foreign currency exchange differences	-	(165)	(945)	(12)	(121)	(1,243)
Balance at December 31, 2021	\$ <u>215,321</u>	\$ <u>200,268</u>	\$ <u>215,406</u>	\$ <u>29,893</u>	\$ <u>22,701</u>	\$ <u>683,589</u>

(Continued)

	Land	Buildings	Equipment	Miscellaneous Equipment	Others	Total
<u>Accumulated depreciation</u>						
Balance at January 1, 2021	\$ -	\$ 69,187	\$ 231,842	\$ 13,101	\$ 16,445	\$ 330,575
Disposals	-	-	(42,768)	(4,688)	(1,520)	(48,976)
Depreciation expense	-	4,965	7,488	6,524	2,106	21,083
Effect of foreign currency exchange differences	-	(101)	(879)	(149)	(99)	(1,228)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 74,051</u>	<u>\$ 195,683</u>	<u>\$ 14,788</u>	<u>\$ 16,932</u>	<u>\$ 301,454</u>
Carrying amounts at December 31, 2021	<u>\$ 215,321</u>	<u>\$ 126,217</u>	<u>\$ 19,723</u>	<u>\$ 15,105</u>	<u>\$ 5,769</u>	<u>\$ 382,135</u>

(Concluded)

- a. The reconciliation of additions to property, plant and equipment and the cash payments stated in the statements of cash flows is as follows:

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Additions to property, plant and equipment	\$ 11,705	\$ 16,427
Increase in prepayments for equipment	<u>884</u>	<u>-</u>
Cash payments	<u>\$ 12,589</u>	<u>\$ 16,427</u>

- b. Property, plant and equipment are depreciated on a straight-line basis over their useful lives as follows:

Buildings	
Main buildings	20-55 years
Equipment	2-10 years
Miscellaneous Equipment	3-5 years
Others	3-6 years

- c. For the amount of property, plant and equipment that the Company pledged or mortgaged as collateral, refer to Note 31.

15. LEASE ARRANGEMENTS

- a. Right-of-use assets

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Carrying amount		
Buildings	<u>\$ 56,821</u>	<u>\$ 27,464</u>
<u>For the Year Ended December 31</u>		
	<u>2022</u>	<u>2021</u>
Additions to right-of-use assets	<u>\$ 65,155</u>	<u>\$ 14,048</u>
Depreciation of right-of-use assets		
Buildings	<u>\$ 35,899</u>	<u>\$ 38,771</u>

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	\$ 28,021	\$ 22,053
Noncurrent	\$ 29,198	\$ 5,406

Range of discount rate (%) for lease liabilities was as follows:

	December 31	
	2022	2021
Buildings	1.95-2.81	1.95-2.63

c. Material leasing activities and terms

The Group leases buildings with lease terms which will expire before December 2026 in a row. The Group does not have bargain purchase options to acquire the buildings at the expiry of the lease term.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	\$ 8,538	\$ 7,518
Expenses relating to low-value asset leases	\$ 650	\$ 1,986
Total cash outflow for leases	\$ 45,595	\$ 49,485

The Group has elected to apply the recognition exemption for leases which qualify as short-term leases and low-value asset leases and thus did not recognize right-of-use assets and lease liabilities for these leases.

16. INVESTMENT PROPERTIES

For the year ended December 31, 2022

	Buildings
Cost	
Balance at January 1, 2022	\$ 98,156
Transfers from property, plant and equipment	5,237
Transfers to property, plant and equipment	(301)
Effect of foreign currency exchange differences	4,200
Balance at December 31, 2022	\$ 107,292
Accumulated depreciation	
Balance at January 1, 2022	\$ 59,819
Depreciation expenses	3,488
Transfers from property, plant and equipment	2,361
	(Continued)

	Buildings
Transfers to property, plant and equipment	\$ (245)
Effect of foreign currency exchange differences	<u>2,644</u>
Balance at December 31, 2022	<u>\$ 68,067</u>
Carrying amount at December 31, 2022	<u>\$ 39,225</u> (Concluded)

For the year ended December 31, 2021

	Buildings
<hr/>	
Cost	
Balance at January 1, 2021	\$ 99,483
Effect of foreign currency exchange differences	<u>(1,327)</u>
Balance at December 31, 2021	<u>\$ 98,156</u>
<hr/>	
Accumulated depreciation	
Balance at January 1, 2021	\$ 57,264
Depreciation expenses	3,369
Effect of foreign currency exchange differences	<u>(814)</u>
Balance at December 31, 2021	<u>\$ 59,819</u>
Carrying amount at December 31, 2021	<u>\$ 38,337</u>

The investment properties were leased out for 1 to 3 years and 3 months. The lessees do not have bargain purchase options to acquire the investment properties but have extension options under the same terms at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	December 31	
	2022	2021
Year 1	\$ 19,059	\$ 18,787
Year 2	10,870	8,807
Year 3	<u>2,038</u>	<u>1,451</u>
	<u>\$ 31,967</u>	<u>\$ 29,045</u>

Investment properties are depreciated on a straight-line basis over their useful lives of 20 to 30 years.

The fair values of investment properties as of December 31, 2022 and 2021 were \$570,000 thousand and \$670,000 thousand, respectively, which were assessed by the Group's management based on the market prices of similar properties in the vicinity.

17. OTHER INTANGIBLE ASSETS

For the year ended December 31, 2022

	Computer Software	Copyright and Royalty for Game Software	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 15,066	\$ 17,113	\$ 32,179
Additions	13,150	44,636	57,786
Write-off	(7,648)	(2,797)	(10,445)
Effect of foreign currency exchange differences	<u>17</u>	<u>-</u>	<u>17</u>
Balance at December 31, 2022	<u>\$ 20,585</u>	<u>\$ 58,952</u>	<u>\$ 79,537</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2022	\$ 8,877	\$ 10,865	\$ 19,742
Amortization expenses	10,172	13,057	23,229
Write-off	(7,648)	(2,797)	(10,445)
Effect of foreign currency exchange differences	<u>18</u>	<u>1</u>	<u>19</u>
Balance at December 31, 2022	<u>\$ 11,419</u>	<u>\$ 21,126</u>	<u>\$ 32,545</u>
Carrying amount at December 31, 2022	<u>\$ 9,166</u>	<u>\$ 37,826</u>	<u>\$ 46,992</u>

For the year ended December 31, 2021

	Computer Software	Copyright and Royalty for Game Software	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 51,196	\$ 20,908	\$ 72,104
Additions	10,620	11,206	21,826
Write-off	(46,741)	(15,001)	(61,742)
Effect of foreign currency exchange differences	<u>(9)</u>	<u>-</u>	<u>(9)</u>
Balance at December 31, 2021	<u>\$ 15,066</u>	<u>\$ 17,113</u>	<u>\$ 32,179</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2021	\$ 37,108	\$ 8,418	\$ 45,526
Amortization expenses	18,519	17,448	35,967
Write-off	(46,741)	(15,001)	(61,742)
Effect of foreign currency exchange differences	<u>(9)</u>	<u>-</u>	<u>(9)</u>
Balance at December 31, 2021	<u>\$ 8,877</u>	<u>\$ 10,865</u>	<u>\$ 19,742</u>
Carrying amount at December 31, 2021	<u>\$ 6,189</u>	<u>\$ 6,248</u>	<u>\$ 12,437</u>

The Group's intangible assets are amortized on a straight-line basis over the following useful lives:

Computer software	1-10 years
Copyright and royalty for game software	1-3 years

18. NOTES PAYABLE AND ACCOUNTS PAYABLE

The Group's notes payable and accounts payable are generated from operating activities. The average credit period on purchases of goods and services is around 30 to 90 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 no interest was charged on the outstanding balance.

19. OTHER PAYABLES

	December 31	
	2022	2021
Payables for receipts under custody	\$ 3,736,220	\$ 3,194,553
Payables for salaries or bonuses	189,349	187,691
Payables for circulation	134,035	127,326
Payables for compensation of employees, board of directors and supervisors	67,651	68,912
Payables for annual leave	24,736	24,532
Payables for royalty	11,492	15,549
Others	<u>201,413</u>	<u>184,508</u>
	<u>\$ 4,364,896</u>	<u>\$ 3,803,071</u>

Payables for receipts under custody are receipts from MyCard online platform service and points sales provided by the Group, which should to be transferred to the game operators.

20. OTHER FINANCIAL LIABILITIES - CURRENT

	December 31	
	2022	2021
Temporary receipts from the sale of MyCard	<u>\$ 800,826</u>	<u>\$ 780,160</u>

21. OTHER CURRENT LIABILITIES

	December 31	
	2022	2021
Payables for agency transactions	\$ 2,539,242	\$ 2,049,571
Others	<u>27,008</u>	<u>43,025</u>
	<u>\$ 2,566,250</u>	<u>\$ 2,092,596</u>

The Group's payables for agency transactions are the proxy receipts from third-party and electronic payments and stored values received, and the uncollected amounts from users are classified under other current liabilities.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation and its 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.

Foreign subsidiaries in the Group are required to make contributions to the central provident fund of the country of operations and retirement insurance for being a part of the state-managed retirement benefit plan. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plan

The defined benefit plans adopted by the Corporation and its domestic subsidiaries are in accordance with the Labor Standards Law 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 and domestic subsidiaries of the Group contribute amounts equal to 2% of total monthly salaries and wages to a pension fund which is deposited in the Bank of Taiwan in the name of and administered by the pension fund monitoring committee. 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	
	2022	2021
Present value of defined benefit obligation	\$ 151,657	\$ 167,830
Fair value of plan assets	<u>(121,028)</u>	<u>(101,240)</u>
Deficit	30,629	66,590
Net defined benefit assets	26,679	22,565
Other payables	<u>(129)</u>	<u>(117)</u>
Net defined benefit liabilities	<u>\$ 57,179</u>	<u>\$ 89,038</u>

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, 2021	<u>\$ 161,325</u>	<u>\$ (99,190)</u>	<u>\$ 62,135</u>
Service cost			
Current service cost	848	-	848
Interest expense (income)	<u>804</u>	<u>(498)</u>	<u>306</u>
Recognized in profit or loss	<u>1,652</u>	<u>(498)</u>	<u>1,154</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (1,288)	\$ (1,288)
Actuarial loss - changes in demographic assumptions	4,516	-	4,516
Actuarial gain - changes in financial assumptions	(139)	-	(139)
Actuarial loss - experience adjustments	<u>1,851</u>	<u>-</u>	<u>1,851</u>
Recognized in other comprehensive income (loss)	<u>6,228</u>	<u>(1,288)</u>	<u>4,940</u>
Contributions from the employer	<u>-</u>	<u>(1,639)</u>	<u>(1,639)</u>
Benefits paid	<u>(1,375)</u>	<u>1,375</u>	<u>-</u>
Balance at December 31, 2021	<u>167,830</u>	<u>(101,240)</u>	<u>66,590</u>
Service cost			
Current service cost	761	-	761
Interest expense (income)	<u>847</u>	<u>(552)</u>	<u>295</u>
Recognized in profit or loss	<u>1,608</u>	<u>(552)</u>	<u>1,056</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(8,039)	(8,039)
Actuarial loss - changes in demographic assumptions	33	-	33
Actuarial gain - changes in financial assumptions	(11,995)	-	(11,995)
Actuarial gain - experience adjustments	<u>(4,619)</u>	<u>-</u>	<u>(4,619)</u>
Recognized in other comprehensive loss	<u>(16,581)</u>	<u>(8,039)</u>	<u>(24,620)</u>
Contributions from the employer	<u>-</u>	<u>(12,397)</u>	<u>(12,397)</u>
Benefits paid	<u>(1,200)</u>	<u>1,200</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 151,657</u>	<u>\$ (121,028)</u>	<u>\$ 30,629</u> (Concluded)

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

1) Investment risk

The plan assets are invested in domestic and foreign equity and debt securities and 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 should 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 by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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 were as follows:

	December 31	
	2022	2021
Discount rate(s)	1.375-1.750	0.500-0.625
Expected rate(s) of salary increase	2.250-3.000	2.250-3.000

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	
	2022	2021
Discount rate(s)		
Increase 0.25%	<u>\$ (4,524)</u>	<u>\$ (4,807)</u>
Decrease 0.25%	<u>\$ 3,127</u>	<u>\$ 4,634</u>
Expected rate(s) of salary increase/decrease		
Increase 0.25%	<u>\$ 3,013</u>	<u>\$ 4,464</u>
Decrease 0.25%	<u>\$ (4,433)</u>	<u>\$ (4,669)</u>

The sensitivity analysis presented above 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	
	2022	2021
Expected contributions to the plans for the next year	<u>\$ 12,747</u>	<u>\$ 1,638</u>
Average duration of the defined benefit obligation (in years)	8.40-20.20	8.67-18.20

23. EQUITY

a. Ordinary share capital

	December 31	
	2022	2021
Number of shares authorized (in thousands)	<u>180,000</u>	<u>180,000</u>
Shares authorized	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>
Number of shares issued and fully paid (in thousands)	<u>127,474</u>	<u>127,474</u>
Shares issued	<u>\$ 1,274,743</u>	<u>\$ 1,274,743</u>

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	
	2022	2021
May be used to offset deficits, distributed as cash dividends or transferred to share capital (Note)		
Issuance of ordinary shares	\$ 1,229,758	\$ 1,229,758
Conversion of bonds	245,975	245,975
Treasury share transactions	144,182	115,206
Difference between the consideration and carrying amount of subsidiaries acquired or disposed	59,180	59,180
May be used to offset deficits only		
Changes in percentage of ownership interests in subsidiaries	156,141	159,825
Changes in percentage of ownership interests in associates	6,955	6,955
Unclaimed dividends	<u>90</u>	<u>90</u>
	<u>\$ 1,842,281</u>	<u>\$ 1,816,989</u>

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

The Corporation's Articles of Incorporation (the "Articles") provide that, earnings distribution or offsetting of losses should be made on a quarterly basis after the close of each quarter. Where the Corporation made a profit in each quarter, the Corporation shall first estimate and reserve for the taxes to be paid, offset losses, estimate and reserve for the compensation of employees and remuneration of directors, set aside for legal reserve 10% of the remaining earnings, until the legal reserve equals the Corporation's share capital, then set aside or reverse a special reserve in accordance with the laws or regulations. 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 by the board of directors if distributed by way of cash dividend, or should be approved in the shareholders' meeting if distributed by way of stock dividend.

Where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, set aside as a legal reserve 10% of the remaining earnings until the legal reserve equals the Corporation's share capital, setting aside or reverse a special reserve in accordance with the laws or regulations or depending on the demand by the Corporation. 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 stock dividends and bonuses to shareholders.

In addition, as stipulated in the Articles, the board of directors is authorized under Article 240 of the Company Act to resolve the distribution of dividends and bonuses in cash or under Article 241 of the Company Act to resolve the distribution as dividends and bonuses in whole or in part of the legal reserve and capital surplus, and a report of such distribution shall be submitted to the shareholders in their meeting.

The dividends policy of the Corporation considers expanding the scale of operations and developing research plans, based on 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 shall be not less than 15% of the distributable earnings each year, but if the accumulated distributable earnings is less than 25% of the Corporation's paid-in capital, the Corporation should not make an appropriation for dividends. 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.

The 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.

The appropriations of earnings for 2021 and 2020, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2021	2020	2021	2020
Legal reserve	\$ 82,773	\$ 94,243		
Reversal of special reserve	-	(5,867)		
Cash dividends	<u>659,949</u>	<u>761,480</u>	<u>\$ 5.20</u>	<u>\$ 6.00</u>
	<u>\$ 742,722</u>	<u>\$ 849,856</u>		

The above cash dividends in 2021, were approved by the board of directors on March 16, 2022, and the remaining earnings distribution items cash dividends in 2020 were approved in the shareholders' meeting on June 21, 2022 and July 30, 2021, respectively.

The appropriations of earnings for 2022 was as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 85,210	
Special reserve	21,799	
Cash dividends	<u>888,393</u>	<u>\$ 7.00</u>
	<u>\$ 995,402</u>	

The above cash dividends were approved by the board of directors on March 15, 2023, and the remaining earnings distribution items will be resolved in the shareholders' meeting in June 2023.

d. Special reserve

Upon initial application of IFRSs, the amount of cumulative translation adjustments transferred to retained earnings was \$25,117 thousand, and the Corporation had set aside an equal amount of special reserve.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2022	2021
Balance, beginning of year	\$ (67,490)	\$ (48,030)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	61,314	(23,627)
Related income tax arising from exchange differences	<u>(13,402)</u>	<u>4,167</u>
Balance, end of year	<u>\$ (19,578)</u>	<u>\$ (67,490)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance, beginning of year	\$ 222,319	\$ 119,713
Recognized for the year		
Unrealized gain - equity instruments	28,882	104,240
Cumulative unrealized gain of equity instruments transferred earnings due to disposal	<u>-</u>	<u>(1,634)</u>
Balance, end of year	<u>\$ 251,201</u>	<u>\$ 222,319</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2022	2021
Balance, beginning of year	\$ 1,174,126	\$ 1,143,160
Share in profit for the period	45,290	43,395
Other comprehensive income (loss) for the year		
Exchange differences on translating the financial statements of foreign operations	8,445	(2,966)
Unrealized loss on financial assets at FVTOCI	(11,371)	(2,015)
Actuarial gain (loss) on defined benefit plans	4,014	(104)
Cash dividends distributed by subsidiaries	(14,147)	(11,334)
Shares held by the subsidiaries considered as treasury shares	(3,491)	-
Employees of subsidiaries exercise share options	3,558	4,275
Increase in non-controlling interests	<u>(82)</u>	<u>(285)</u>
Balance, end of year	<u>\$ 1,206,342</u>	<u>\$ 1,174,126</u>

g. Treasury shares

Purpose of Treasury Shares	Thousand Shares			December 31	
	Beginning of the Year	Addition	Reduction	Thousand Shares	Book Value
For the year ended December 31, 2022					
Shares of the Corporation held by subsidiaries	<u>5,573</u>	<u>72</u>	<u>-</u>	<u>5,645</u>	<u>\$ 472,278</u>
Transfer shares to employees	<u>561</u>	<u>-</u>	<u>-</u>	<u>561</u>	<u>\$ 43,492</u>
For the year ended December 31, 2021					
Shares of the Corporation held by subsidiaries	<u>5,575</u>	<u>-</u>	<u>2</u>	<u>5,573</u>	<u>\$ 466,670</u>
Transfer shares to employees	<u>561</u>	<u>-</u>	<u>-</u>	<u>561</u>	<u>\$ 43,492</u>

The Corporation's shares acquired and held by the subsidiaries for the purpose of making the medium to long-term profits are accounted for as treasury shares.

As of December 31, 2022 and 2021, the market values of the treasury shares calculated based on the consolidated shareholding percentage were \$450,478 thousand and \$548,900 thousand, respectively.

24. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
	2022	2021
Rendering of services	\$ 4,819,775	\$ 4,955,871
Sale of goods	585,234	834,129
Operation of games	534,527	605,602
Licensing revenue	<u>158,542</u>	<u>205,776</u>
	<u>\$ 6,098,078</u>	<u>\$ 6,601,378</u>

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable, accounts receivable, and other receivables (included classified under other current assets)	<u>\$ 2,472,162</u>	<u>\$ 2,378,667</u>	<u>\$ 2,121,833</u>
Contract assets	\$ 3,135	\$ 2,831	\$ -
Less: Allowance for impairment loss	<u>(871)</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,264</u>	<u>\$ 2,831</u>	<u>\$ -</u>

(Continued)

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities			
Advance receipts of services	\$ 34,456	\$ 29,422	\$ 20,358
Royalty fee for games	75,723	74,254	114,847
Others	<u>165,764</u>	<u>125,425</u>	<u>67,088</u>
	<u>\$ 275,943</u>	<u>\$ 229,101</u>	<u>\$ 202,293</u>
			(Concluded)

The changes in the contract liability and contract asset balances primarily result from the timing difference between the Group's fulfilment of its performance obligations and the customer's payment.

Movements of the loss allowance of contract assets were as follows:

	For the Year Ended December 31, 2022
Balance, beginning of year	\$ -
Recognition	<u>871</u>
Balance, end of year	<u>\$ 871</u>

c. Disaggregation of revenue

Refer to Note 34 for information about the disaggregation of revenue.

25. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	\$ 60,409	\$ 38,771
Others	<u>38</u>	<u>23</u>
	<u>\$ 60,447</u>	<u>\$ 38,794</u>

b. Other income

	For the Year Ended December 31	
	2022	2021
Rental income	\$ 23,374	\$ 25,033
Others	<u>24,211</u>	<u>31,978</u>
	<u>\$ 47,585</u>	<u>\$ 57,011</u>

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net foreign exchange gain (loss)	\$ 16,900	\$ (941)
Gain on disposal of property, plant and equipment	63	1
Loss on financial assets at FVTPL	(8,985)	(32,402)
Others expense	<u>10,228</u>	<u>(5,192)</u>
	<u>\$ 18,206</u>	<u>\$ (38,534)</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 23,449	\$ 21,083
Right-of-use assets	35,899	38,771
Investment properties	3,488	3,369
Other intangible assets	<u>23,229</u>	<u>35,967</u>
	<u>\$ 86,065</u>	<u>\$ 99,190</u>
An analysis of depreciation by function		
Operating costs	\$ 404	\$ 411
Operating expenses	58,944	59,443
Non-operating expenses	<u>3,488</u>	<u>3,369</u>
	<u>\$ 62,836</u>	<u>\$ 63,223</u>
An analysis of amortization by function		
Operating costs	\$ 14,537	\$ 18,680
Operating expenses	<u>8,692</u>	<u>17,287</u>
	<u>\$ 23,229</u>	<u>\$ 35,967</u>

e. Employee benefits

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	<u>\$ 1,075,103</u>	<u>\$ 1,044,781</u>
Post-employment benefits		
Defined contribution plans	43,151	41,260
Defined benefit plans (Note 22)	<u>1,056</u>	<u>1,154</u>
	<u>44,207</u>	<u>42,414</u>
Employee benefits expense	<u>\$ 1,119,310</u>	<u>\$ 1,087,195</u>
An analysis by function		
Operating costs	\$ 57,216	\$ 59,862
Operating expenses	<u>1,062,094</u>	<u>1,027,333</u>
	<u>\$ 1,119,310</u>	<u>\$ 1,087,195</u>

f. Compensation of employees and remuneration of directors and supervisors

According to the Articles of the Corporation, the Corporation accrued compensation of employees and remuneration of directors and supervisors at rates of no less than 2% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2022 and 2021, which were resolved to be paid in cash by the Corporation's board of directors on March 15, 2023 and March 16, 2022, respectively, are as follows:

	For the Year Ended December 31	
	2022	2021
Accrual rate		
Compensation of employees (%)	5	5
Remuneration of directors and supervisors (%)	1	1
Amount		
Compensation of employees	\$ 53,992	\$ 52,187
Remuneration of directors and supervisors	10,798	10,437

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, 2021 and 2020, 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, 2021 and 2020.

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.

26. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 251,550	\$ 233,356
Income tax on unappropriated earnings	8,590	10,411
Adjustments for prior years	(1,779)	(1,622)
Deferred tax		
In respect of the current year	(32,365)	(6,532)
Adjustments for prior years	<u>8</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 226,004</u>	<u>\$ 235,613</u>

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

	For the Year Ended December 31	
	2022	2021
Profit before income tax	\$ <u>1,107,711</u>	\$ <u>1,108,942</u>
Income tax expense calculated at the statutory rate	\$ 262,197	\$ 289,675
Deductible income and expenses in determining taxable income	(21,509)	(36,408)
Tax-exempt income	(18,310)	(12,563)
Realized investment losses	-	(6,632)
Income tax on unappropriated earnings	8,590	10,411
Unrecognized loss carryforwards	(5,751)	(14,798)
Unrecognized temporary differences	10	2,424
Adjustments for prior years' tax	(1,771)	(1,622)
Nondeductible withholding tax	-	5,317
Others	<u>2,548</u>	<u>(191)</u>
Income tax expense recognized in profit or loss	\$ <u>226,004</u>	\$ <u>235,613</u>

The applicable tax rate used by the entities in the Group in the ROC is 20%; the applicable tax rate used by subsidiaries in China is 25%; and the 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	
	2022	2021
In respect of the current period		
Remeasurement of defined benefit plans	\$ (4,924)	\$ 996
Translation of foreign operations	<u>(13,402)</u>	<u>4,167</u>
	\$ <u>(18,326)</u>	\$ <u>5,163</u>

c. Current tax assets and liabilities

	December 31	
	2022	2021
Tax refund receivable	\$ <u>6,311</u>	\$ <u>699</u>
Income tax payable	\$ <u>141,435</u>	\$ <u>171,056</u>

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2022

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligations	\$ 18,980	\$ (3,386)	\$ (4,194)	\$ 11,400
Loss on inventories	7,683	(1,725)	-	5,958
Exchange differences on translation of foreign operations	4,398	-	(4,398)	-
Others	<u>10,732</u>	<u>1,932</u>	<u>-</u>	<u>12,664</u>
	<u>\$ 41,793</u>	<u>\$ (3,179)</u>	<u>\$ (8,592)</u>	<u>\$ 30,022</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized gain from foreign investments	\$ 102,506	\$ (28,457)	\$ -	\$ 74,049
Exchange differences on translation of foreign operations	-	-	9,004	9,004
Defined benefit obligation	5,725	(1,118)	730	5,337
Others	<u>9,647</u>	<u>(5,961)</u>	<u>-</u>	<u>3,686</u>
	<u>\$ 117,878</u>	<u>\$ (35,536)</u>	<u>\$ 9,734</u>	<u>\$ 92,076</u>

For the year ended December 31, 2021

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligations	\$ 17,902	\$ (31)	\$ 1,109	\$ 18,980
Loss on inventories	9,252	(1,569)	-	7,683
Exchange differences on translation of foreign operations	231	-	4,167	4,398
Others	<u>8,655</u>	<u>2,077</u>	<u>-</u>	<u>10,732</u>
	<u>\$ 36,040</u>	<u>\$ 477</u>	<u>\$ 5,276</u>	<u>\$ 41,793</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized gain from foreign investments	\$ 94,047	\$ 8,459	\$ -	\$ 102,506
Defined benefit obligation	5,533	79	113	5,725
Financial assets at FVTPL	8,838	(8,838)	-	-
Others	<u>15,402</u>	<u>(5,755)</u>	<u>-</u>	<u>9,647</u>
	<u>\$ 123,820</u>	<u>\$ (6,055)</u>	<u>\$ 113</u>	<u>\$ 117,878</u>

- e. Deferred tax assets that have not been recognized in the consolidated balance sheets

	December 31	
	2022	2021
Loss carryforwards		
Expiry in 2022	\$ -	\$ 103,224
Expiry in 2023	234,530	234,530
Expiry in 2024	171,771	171,771
Expiry in 2025	285,748	285,748
Expiry in 2026	220,138	221,517
Expiry in 2027	244,195	244,408
Expiry in 2028	122,437	122,472
Expiry in 2029	115,260	110,308
Expiry in 2030	139,295	144,500
Expiry in 2031	85,920	81,916
Expiry in 2032	107,811	-
Without deduction time limit	<u>2,567</u>	<u>7,306</u>
	<u>\$ 1,729,672</u>	<u>\$ 1,727,700</u>
Deductible temporary differences	<u>\$ 122,224</u>	<u>\$ 339,071</u>

- f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2022 comprised:

Unused Amount	Expiry Year
\$ 234,530	2023
171,771	2024
285,748	2025
220,138	2026
244,195	2027
122,437	2028
115,260	2029
139,295	2030
85,920	2031
107,811	2032
<u>2,567</u>	Without deduction time limit
<u>\$ 1,729,672</u>	

- g. Income tax assessments

The income tax returns of the Corporation through 2020 and of its domestic subsidiaries from 2019-2021 have been assessed by the tax authorities.

27. EARNINGS PER SHARE

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

- a. Net profit for the year

	<u>For the Year Ended December 31</u>	
	2022	2021
Net profit attributable to owners of the Corporation	<u>\$ 836,417</u>	<u>\$ 829,934</u>

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

	<u>For the Year Ended December 31</u>	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	121,306	121,341
Add: Employees' compensation issued	<u>796</u>	<u>647</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>122,102</u>	<u>121,988</u>

Since the Corporation offered to settle the compensation paid to employees in cash or shares, the Corporation assumed that the entire amount of the compensation will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

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 Group's overall strategy remains unchanged from the last 2 years.

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

29. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments that are 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.

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

- 1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Foreign listed shares	<u>\$ 10,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,075</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Domestic and foreign listed marketable securities - investments in equity instruments	\$ 151,618	\$ -	\$ -	\$ 151,618
Private - placement shares of domestic listed companies	-	256,498	-	256,498
Domestic and foreign unlisted shares	<u>-</u>	<u>-</u>	<u>115,036</u>	<u>115,036</u>
	<u>\$ 151,618</u>	<u>\$ 256,498</u>	<u>\$ 115,036</u>	<u>\$ 523,152</u> (Concluded)

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Foreign listed shares	<u>\$ 19,060</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,060</u>
<u>Financial assets at FVTOCI</u>				
Domestic and foreign listed marketable securities - investments in equity instruments	\$ 176,364	\$ -	\$ -	\$ 176,364
Domestic emerging market shares	-	18,306	-	18,306
Private - placement shares of domestic listed companies	-	294,600	-	294,600
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>15,729</u>	<u>15,729</u>
	<u>\$ 176,364</u>	<u>\$ 312,906</u>	<u>\$ 15,729</u>	<u>\$ 504,999</u>

The equity of Mobix Corporation held by the Group was transferred from the level 2 to the level 1 in 2021 since it was converted into the shares of its parent company, KuoBrothers Corporation.

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

	<u>For the Year Ended December 31</u>	
	2022	2021
Balance at January 1	\$ 15,729	\$ 16,116
Recognized in other comprehensive income (loss)	<u>99,307</u>	<u>(387)</u>
Balance at December 31	<u>\$ 115,036</u>	<u>\$ 15,729</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Domestic emerging market shares	Refers to the transaction price supported by observable market prices or the price-earnings ratio of the comparable companies.
Private-placement shares of domestic listed companies	Refers to the transaction price supported by observable market prices and the liquidity discounts.

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

The fair values of domestic and foreign unlisted shares were assessed and determined by the management with reference to latest net value and liquidity discounts.

c. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
Financial assets at amortized cost (1)	\$ 14,944,961	\$ 13,675,526
Financial assets at FVTPL	10,075	19,060
Financial assets at FVTOCI	523,152	504,999
Financial liabilities		
Amortized cost (2)	8,167,179	7,056,870

- 1) The balances comprise cash and cash equivalents, notes and accounts receivable, other receivables, receivables for agency transactions (classified under other current assets), other financial assets and refundable deposits.
- 2) The balances comprise notes and accounts payable, other payables, other financial liabilities, payables for agency transactions (classified under other current liabilities), and guarantee deposits received.

d. Financial risk management objectives and policies

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, credit risk and liquidity risk.

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

1) Market risk

The Group's activities exposed it primarily to the market risks are as follows:

a) Foreign currency risk

There was no material impacts on the Group's foreign currency denominated monetary assets and monetary liabilities.

b) Interest rate risk

The carrying amounts of the Group's financial assets with exposure to cash flow interest rate risk at the end of the reporting period were as follows:

	December 31	
	2022	2021
Cash flow interest rate risk		
Financial assets	\$ 9,689,008	\$ 6,831,289

In addition, the Group assessed that the time deposits and lease liabilities at fixed-rate did not have material fair value risks.

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, the analysis was prepared assuming the amount of each asset outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 1% points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$96,890 thousand and \$68,313 thousand, respectively, which was mainly attributable to the Group's variable-rate bank deposits.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity instruments.

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 profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$101 thousand and \$191 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$5,232 thousand and \$5,050 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

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, 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 7.

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

	December 31	
	2022	2021
Group A	\$ 443,985	\$ 471,503
Group B	207,185	190,847
Group C	<u>189,333</u>	<u>172,075</u>
	<u>\$ 840,503</u>	<u>\$ 834,425</u>

The Group's concentration of credit risk accounted for 33% and 34% of total accounts receivable and other receivables and receivables for agency transactions (classified under other current assets) from the above-mentioned groups as of December 31, 2022 and 2021, respectively.

3) Liquidity risk

The Group 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 table for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed 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.

	Within 4 Months	At least 5 Months	More than 1 year	Total
<u>December 31, 2022</u>				
Non-interest bearing liabilities	\$ 7,972,490	\$ 98,833	\$ 95,856	\$ 8,167,179
Lease liabilities	<u>10,624</u>	<u>18,448</u>	<u>29,684</u>	<u>58,756</u>
	<u>\$ 7,983,114</u>	<u>\$ 117,281</u>	<u>\$ 125,540</u>	<u>\$ 8,225,935</u>
<u>December 31, 2021</u>				
Non-interest bearing liabilities	\$ 6,860,544	\$ 108,078	\$ 88,248	\$ 7,056,870
Lease liabilities	<u>11,995</u>	<u>10,337</u>	<u>5,568</u>	<u>27,900</u>
	<u>\$ 6,872,539</u>	<u>\$ 118,415</u>	<u>\$ 93,816</u>	<u>\$ 7,084,770</u>

30. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

Related Party Name	Related Party Category
Taiwan Taomee Co., Ltd.	Associates
Fun Yours Technology Co., Ltd.	Other related parties (The Corporation as legal directors of investee companies)
Asure Corporation	Other related parties (The person in charge is the second-degree relative of the Corporation's chairman)
Ko, Hsiu-Yen	Other related parties (Spouse of the Corporation's chairman)
Wang, Li-Chuan	Other related parties (Second-degree relative of the Corporation's chairman)
Wang, Chun-Hsiung	Other related parties (Second-degree relative of the Corporation's chairman)
Soft-world Arts and Culture Foundation	Other related parties (The person in charge is the Corporation's chairman)

b. Operating Revenue

Line Item	Related Party Category	For the Year Ended December 31	
		2022	2021
Sale of goods	Other related parties	<u>\$ 87,657</u>	<u>\$ 41,977</u>
Rendering of services	Associates	\$ 8,592	\$ 6,134
	Other related parties	<u>1,016</u>	<u>4,313</u>
		<u>\$ 9,608</u>	<u>\$ 10,447</u>

The selling price for the sale of goods to related parties was not significantly different from that of normal customers. The rendering of services are mainly from MyCard services was recognized according to the terms in each agreement. The payment terms to related parties was similar to those for third parties.

c. Purchase of goods

Related party type	For the Year Ended December 31	
	2022	2021
Other related parties	<u>\$ 7,988</u>	<u>\$ 6,704</u>

The Group purchases goods from the related parties, as the Group did not purchase similar products from third parties, the purchase prices cannot be compared. The payment terms are not significantly different from those for general suppliers.

d. Receivables from related parties

Line Item	Related Party Category	December 31	
		2022	2021
Accounts receivable	Associates	\$ 1,823	\$ 1,247
	Other related parties	<u>101</u>	<u>584</u>
		<u>\$ 1,924</u>	<u>\$ 1,831</u>
Other receivables	Other related parties	<u>\$ 15,370</u>	<u>\$ 52,517</u>

Other receivables are mainly from the Corporation's sale of its exclusive MyCard through its related parties.

The outstanding receivables from related parties were unsecured, with no impairment loss recognized.

e. Payables to related parties

Line Item	Related Party Category	December 31	
		2022	2021
Notes payable	Other related parties	<u>\$ 780</u>	<u>\$ 780</u>
Other payables	Associates	\$ 11,898	\$ 7,642
	Other related parties	<u>29</u>	<u>135</u>
		<u>\$ 11,927</u>	<u>\$ 7,777</u>

Other payables are mainly from the Group provides MyCard platform and point sales services and has received payments from game operators, etc.

The outstanding payables to related parties were unsecured.

f. Others

Fees such as commission, rent and miscellaneous fees which the Group paid to related parties were recognized under operating expenses based on their nature.

Related Party Category	For the Year Ended December 31	
	2022	2021
Other related parties	<u>\$ 183,410</u>	<u>\$ 164,926</u>

g. Remuneration 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	
	2022	2021
Short-term employee benefits	\$ 78,347	\$ 72,753
Post-employment benefits	<u>628</u>	<u>150</u>
	<u>\$ 78,975</u>	<u>\$ 72,903</u>

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

Except as stated in other notes, the following assets of the Group were provided as collateral for various service performance guarantees:

	December 31	
	2022	2021
Other financial assets - current		
Pledged demand deposits	\$ 11,650	\$ 122
Pledged time deposits	<u>51,000</u>	<u>51,000</u>
	<u>62,650</u>	<u>51,122</u>
Property, plant and equipment		
Land	109,463	109,463
Buildings	<u>74,682</u>	<u>79,896</u>
	<u>184,145</u>	<u>189,359</u>
	<u>\$ 246,795</u>	<u>\$ 240,481</u>

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2022 and 2021, the credit line committed for Mycard by banks was both \$800,000 thousand, respectively.

33. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others: None
- 2) Endorsements/guarantees provided: Table 1
- 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: None
- 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: None

- 10) Intercompany relationships and significant intercompany transactions: Table 3
- b. Information on investees: Table 4
- c. 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 5
 - 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: None
 - 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 6

34. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on each operating entity and the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as follows:

- Soft-World International Corporation (the Corporation), Soft-World (Hong Kong) International Corporation - Production and agents of computer game software and publishing of computer game magazines.
- Chinese Gamer International Corporation and its subsidiaries (Chinese Gamer) - Development of computer software and providing online game services.
- Game Flier International Corporation (Game Flier), Game First and its subsidiaries (Game First) - Agent of computer game and providing online game services.

- Neweb Technologies and its subsidiary (Neweb Technologies) - Data Processing, data software and third-party payment services.
- Efun Corporation and its subsidiary (Efun) - General advertising and advertisement data processing services.
- Others - operating segments are the subsidiaries in the Group, for related information, refer to Note 12 since the subsidiaries do not meet the threshold and thus are not recognized as reportable segments.

Segment revenues and operating results

- a. The following is an analysis of the Group's revenues and results of operations by reportable segment.

For the year ended December 31, 2022

	Soft-World and Soft-World (Hong Kong)	Chinese Gamer	Game Flier and Game First	Neweb Technologies	Efun	Others	Adjustment and Elimination	Total
Revenue from external customers	\$ 3,046,752	\$ 343,717	\$ 314,317	\$ 1,154,978	\$ 863,715	\$ 374,599	\$ -	\$ 6,098,078
Inter-segment revenue	64,456	22,644	17,975	11,369	53,839	82,637	(252,920)	-
Total revenue	<u>\$ 3,111,208</u>	<u>\$ 366,361</u>	<u>\$ 332,292</u>	<u>\$ 1,166,347</u>	<u>\$ 917,554</u>	<u>\$ 457,236</u>	<u>\$ (252,920)</u>	<u>\$ 6,098,078</u>
Segment profit (loss)	<u>\$ 815,047</u>	<u>\$ (54,864)</u>	<u>\$ 21,221</u>	<u>\$ 66,426</u>	<u>\$ 34,736</u>	<u>\$ 113,335</u>	<u>\$ (14,132)</u>	\$ 981,769
Interest income								60,447
Other income								47,585
Other gain and loss								18,206
Finance costs								(1,020)
Share of gain of associates accounted for using the equity method								724
Segment profit before tax								<u>\$ 1,107,711</u>
Segment assets	<u>\$ 9,413,900</u>	<u>\$ 972,769</u>	<u>\$ 1,295,526</u>	<u>\$ 3,715,167</u>	<u>\$ 575,946</u>	<u>\$ 908,303</u>	<u>\$ (66,781)</u>	<u>\$ 16,814,830</u>
Segment liabilities	<u>\$ 5,674,508</u>	<u>\$ 136,903</u>	<u>\$ 166,939</u>	<u>\$ 2,694,877</u>	<u>\$ 215,762</u>	<u>\$ 82,981</u>	<u>\$ (153,931)</u>	<u>\$ 8,818,039</u>

For the year ended December 31, 2021

	Soft-World and Soft-World (Hong Kong)	Chinese Gamer	Game Flier and Game First	Neweb Technologies	Efun	Others	Adjustment and Elimination	Total
Revenue from external customers	\$ 2,633,961	\$ 333,730	\$ 781,461	\$ 1,064,254	\$ 1,318,144	\$ 469,828	\$ -	\$ 6,601,378
Inter-segment revenue	131,006	8,184	(499)	10,371	30,664	109,781	(289,507)	-
Total revenue	<u>\$ 2,764,967</u>	<u>\$ 341,914</u>	<u>\$ 780,962</u>	<u>\$ 1,074,625</u>	<u>\$ 1,348,808</u>	<u>\$ 579,609</u>	<u>\$ (289,507)</u>	<u>\$ 6,601,378</u>
Segment profit (loss)	<u>\$ 723,361</u>	<u>\$ (63,082)</u>	<u>\$ 105,075</u>	<u>\$ 52,040</u>	<u>\$ 104,253</u>	<u>\$ 152,052</u>	<u>\$ (20,043)</u>	\$ 1,053,656
Interest income								38,794
Other income								57,011
Other gain and loss								(38,534)
Finance costs								(944)
Share of loss of associates accounted for using the equity method								(1,041)
Segment profit before tax								<u>\$ 1,108,942</u>
Segment assets	<u>\$ 8,316,225</u>	<u>\$ 972,467</u>	<u>\$ 1,374,385</u>	<u>\$ 3,137,272</u>	<u>\$ 972,529</u>	<u>\$ 749,045</u>	<u>\$ (111,549)</u>	<u>\$ 15,410,374</u>
Segment liabilities	<u>\$ 4,752,216</u>	<u>\$ 125,561</u>	<u>\$ 176,514</u>	<u>\$ 2,186,143</u>	<u>\$ 591,173</u>	<u>\$ 101,519</u>	<u>\$ (198,699)</u>	<u>\$ 7,734,427</u>

Segment profit represents the profit before tax earned by each segment without non-operating income and loss. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

- b. Revenue from major products and services: Note 24
- c. Geographical information

The Group operates in two principal geographical areas - Taiwan (ROC) and China.

The Group's revenue from external customers by location of operations and information about its noncurrent assets by location of assets are detailed below:

	Revenue from External Customers		Noncurrent Assets	
	For the Year Ended December 31		December 31	
	2022	2021	2022	2021
Taiwan (ROC)	\$ 4,759,465	\$ 5,471,717	\$ 458,530	\$ 405,939
China	910,701	691,091	43,228	44,704
Others	<u>427,912</u>	<u>438,570</u>	<u>10,701</u>	<u>10,359</u>
	<u>\$ 6,098,078</u>	<u>\$ 6,601,378</u>	<u>\$ 512,459</u>	<u>\$ 461,002</u>

Noncurrent assets exclude financial instruments, goodwill, deferred tax assets and net defined benefit assets, etc.

d. Information about major customers

There was no single customer contributing 10% or more to the Group's revenue in 2022 and 2021.

TABLE 1

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

No.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Limit on Amount Provided to Each Guaranteed Party	Maximum Amount During the Year	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement /Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship Limit on (Note 1)											
0	The Corporation	Neweb Technologies Co., Ltd.	Subsidiary	\$ 1,358,090	\$ 360,000	\$ 80,000	\$ -	\$ -	1.00	\$ 3,395,225	Y	N	N	Note

Note: The ceiling on the amounts for any single entity shall not exceed 20% of the equity of the Corporation. The ceiling on the amounts for the aggregate amounts to the entities shall not exceed 50% of the equity of the Corporation.

TABLE 2

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	December 31, 2022				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
The Corporation	Stock							
	Userjoy Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	535,698	\$ 41,302	1	\$ 41,302	
	Softstar Entertainment Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	3,461,506	162,690	4	162,690	
	China Communications Media Group Co.,Ltd	-	Financial assets at fair value through other comprehensive income - noncurrent	103,949	1,965	1	1,965	
	Fun Yours Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	2,249,902	93,821	12	93,821	
	Kuobrothers Corporation	-	Financial assets at fair value through other comprehensive income - noncurrent	625,207	11,003	2	11,003	
	Gameone Holdings Limited.	-	Financial assets at fair value through other comprehensive income - noncurrent	1,800,000	1,517	1	1,517	
	Archosaur Games Inc.	-	Financial assets at fair value through profit or loss - noncurrent	668,000	10,075	-	10,075	
					<u>\$ 322,373</u>		<u>\$ 322,373</u>	
Game Flier International Corporation	Stock							
	Softstar Entertainment Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	1,990,367	<u>\$ 93,808</u>	2	<u>\$ 93,808</u>	
Jhih Long Venture Capital Corporation	Stock							
	9Splay Entertainment Technology Co., LTD	-	Financial assets at fair value through other comprehensive income - noncurrent	956,919	\$ -	3	\$ -	
	Soft-World International Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	9,033,000	755,715	7	755,715	Note
					<u>\$ 755,715</u>		<u>\$ 755,715</u>	

(Continued)

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	December 31, 2022				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Neweb Technologies Co., Ltd.	Stock							
	Green World Hotels Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	258,625	\$ 2,010	-	\$ 2,010	
	Taiwan Smart Card Co.	-	Financial assets at fair value through other comprehensive income - noncurrent	3,140,671	8,036	20	8,036	
Global Concept Corporation	Stock							
	Ever Master Holding Limited	-	Financial assets at fair value through other comprehensive income - noncurrent	25,000,000	<u>\$ 107,000</u>	33	<u>\$ 107,000</u>	

(Concluded)

Note: The Corporation's shares held by its subsidiaries were considered treasury shares. For related information, refer to Note 23.

TABLE 3

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Operating Revenues (Assets)
0	The Corporation	Chinese Gamer International Corporation	Parent to subsidiary	Operating revenue	\$ 19,648	There were no significant difference between related parties and other clients	-
0	The Corporation	Chinese Gamer International Corporation	Parent to subsidiary	Accounts receivable	4,123	There were no significant difference between related parties and other clients	-
0	The Corporation	Game Flier International Corporation	Parent to subsidiary	Operating revenue	42,774	There were no significant difference between related parties and other clients	1.00
0	The Corporation	Game Flier International Corporation	Parent to subsidiary	Accounts receivable	17,603	There were no significant difference between related parties and other clients	-
0	The Corporation	Game Flier International Corporation	Parent to subsidiary	Other receivables	1,217	There were no significant difference between related parties and other clients	-
0	The Corporation	Game Topia. Co. Ltd.	Parent to subsidiary	Operating revenue	1,122	There were no significant difference between related parties and other clients	-
0	The Corporation	Soft-World International (Hong Kong) Corporation	Parent to subsidiary	Other receivables	34,599	There were no significant difference between related parties and other clients	-
1	Chinese Gamer International Corporation	The Corporation	Subsidiary to parent	Accounts receivable	23,104	There were no significant difference between related parties and other clients	-
2	Game Flier International Corporation	The Corporation	Subsidiary to parent	Accounts receivable	38,042	There were no significant difference between related parties and other clients	-
2	Game Flier International Corporation	Game Flier (Beijing) Sdn. Bhd.	Subsidiary to subsidiary	Operating revenue	16,697	There were no significant difference between related parties and other clients	-
2	Game Flier International Corporation	Game Flier (Beijing) Sdn. Bhd.	Subsidiary to subsidiary	Accounts receivable	3,077	There were no significant difference between related parties and other clients	-
3	Zealot Digital International Corporation	The Corporation	Subsidiary to parent	Operating revenue	30,277	There were no significant difference between related parties and other clients	-
3	Zealot Digital International Corporation	The Corporation	Subsidiary to parent	Contract assets	31,867	There were no significant difference between related parties and other clients	-

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Operating Revenues (Assets)
3	Zealot Digital International Corporation	Chinese Gamer International Corporation	Subsidiary to subsidiary	Operating revenue	\$ 3,131	There were no significant difference between related parties and other clients	-
4	Fast Distributed Cloud Computing Co., Ltd.	The Corporation	Subsidiary to parent	Accounts receivable	2,431	There were no significant difference between related parties and other clients	-
4	Fast Distributed Cloud Computing Co., Ltd.	Game Flier International Corporation	Subsidiary to subsidiary	Operating revenue	4,242	There were no significant difference between related parties and other clients	-
4	Fast Distributed Cloud Computing Co., Ltd.	Game Flier International Corporation	Subsidiary to subsidiary	Accounts receivable	1,199	There were no significant difference between related parties and other clients	-
5	Efun International Corporation	The Corporation	Subsidiary to parent	Operating revenue	2,449	There were no significant difference between related parties and other clients	-
5	Efun International Corporation	Game Flier International Corporation	Subsidiary to subsidiary	Operating revenue	15,488	There were no significant difference between related parties and other clients	-
5	Efun International Corporation	Game Flier International Corporation	Subsidiary to subsidiary	Accounts receivable	5,464	There were no significant difference between related parties and other clients	-
5	Efun International Corporation	Chinese Gamer International Corporation	Subsidiary to subsidiary	Operating revenue	8,083	There were no significant difference between related parties and other clients	-
6	Neweb Technologies Co., Ltd.	The Corporation	Subsidiary to parent	Operating revenue	4,923	There were no significant difference between related parties and other clients	-
6	Neweb Technologies Co., Ltd.	We Can Financial Technology Co., Ltd.	Subsidiary to subsidiary	Operating revenue	6,426	There were no significant difference between related parties and other clients	-
6	Neweb Technologies Co., Ltd.	We Can Financial Technology Co., Ltd.	Subsidiary to subsidiary	Accounts receivable	1,047	There were no significant difference between related parties and other clients	-
7	Re:Ad Media (Taiwan) Corporation	Chinese Gamer International Corporation	Subsidiary to subsidiary	Operating revenue	6,938	There were no significant difference between related parties and other clients	-
7	Re:Ad Media (Taiwan) Corporation	Game Flier International Corporation	Subsidiary to subsidiary	Operating revenue	20,295	There were no significant difference between related parties and other clients	-
7	Re:Ad Media (Taiwan) Corporation	Game Flier International Corporation	Subsidiary to subsidiary	Accounts receivable	6,390	There were no significant difference between related parties and other clients	-
8	Dynasty International Information Corporation	The Corporation	Subsidiary to parent	Operating revenue	11,345	There were no significant difference between related parties and other clients	-

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Operating Revenues (Assets)
9	You Long Online (Beijing) Technology Corporation	Game Flier (Beijing) Sdn. Bhd.	Subsidiary to subsidiary	Operating revenue	\$ 22,644	There were no significant difference between related parties and other clients	-
10	We Can Financial Technology Co., Ltd.	ezPay Co., Ltd.	Subsidiary to subsidiary	Operating revenue	1,516	There were no significant difference between related parties and other clients	-
10	We Can Financial Technology Co., Ltd.	ezPay Co., Ltd.	Subsidiary to subsidiary	Accounts receivable	1,554	There were no significant difference between related parties and other clients	-

(Concluded)

TABLE 4**SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES****INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	January 1, 2022	Number of shares	(%)	Carrying Amount			
The Corporation	Chinese Gamer International Corporation	Taiwan	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, and general advertising service, etc.	\$ 371,319	\$ 371,319	41,880,205	48	\$ 498,527	\$ (22,718)	\$ (18,874)	Subsidiary (Note 3)
The Corporation	Soft-World Technology Pte. Ltd.	Singapore	Manufacturing, processing, trading, , design and selling and also an agent of various computer software and accessories, etc.	8,959	8,959	390,000	100	14,229	161	161	Subsidiary (Note 3)
The Corporation	Game Flier International Corporation	Taiwan	Electronic data information providing service, etc.	218,017	218,017	28,332,800	98	784,889	57,735	56,882	Subsidiary (Note 3)
The Corporation	Global Concept Corporation	Samoa	Investment company	295,068	295,068	9,631,253	100	414,960	15,606	15,606	Subsidiary (Note 3)
The Corporation	Game First International Corporation	Taiwan	Online game service	27,813	27,813	16,684,063	70	232,335	(8,380)	(5,866)	Subsidiary (Note 3)
The Corporation	Zealot Digital International Corporation	Taiwan	Electronic data information providing service, etc.	50,874	50,874	8,904,162	99	85,985	(4,394)	(4,347)	Subsidiary (Note 3)
The Corporation	Soft-World International (Hong Kong) Corporation	Hong Kong	Trading of game software	88,858	88,858	3,883,558	100	453,020	39,723	39,723	Subsidiary (Note 3)
The Corporation	Dynasty International Information Corporation	Taiwan	Development, design, trading of computer software,	14,667	14,667	2,190,915	86	33,609	8,497	7,300	Subsidiary (Note 3)
The Corporation	Jhih Long Venture Capital Corporation	Taiwan	Investment company	100,000	100,000	11,081,197	13	15,159	45,732	(80)	Subsidiary (Note 3)
The Corporation	Interactive Entertainment Technology Co., Ltd.	Samoa	Investment company	15,485	15,485	480,000	80	17,542	(25)	(20)	Subsidiary (Note 3)
The Corporation	Fast Distributed Cloud Computing Co., Ltd.	Taiwan	Retail sale, wholesale and service for information software, etc.	13,812	13,812	2,745,190	90	106,011	45,075	40,567	Subsidiary (Note 3)
The Corporation	Neweb Technologies Co., Ltd.	Taiwan	Wholesale and retail sale of information software and electronic information providing service	510,567	510,567	38,104,043	50	514,634	76,561	38,613	Subsidiary (Note 3)
The Corporation	Efun International Corporation	Taiwan	Information software, data processing service and general advertising service, etc.	91,364	91,364	16,016,347	80	288,255	28,861	23,096	Subsidiary (Note 3)
The Corporation	Long Xiang Investment Corporation	Taiwan	Investment company	250,000	250,000	25,000,000	44	39,956	31,955	(1,011)	Subsidiary (Note 3)
The Corporation	CELAD Incorporated	Taiwan	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	17,500	17,500	477,273	32	225	(342)	(109)	Subsidiary (Note 3)

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	January 1, 2022	Number of shares	(%)	Carrying Amount			
The Corporation	We Can Financial Technology Co., Ltd.	Taiwan	Development of financial system and equipment, etc.	\$ 27,824	\$ 27,824	5,106,000	51	\$ 4,742	\$ 1,466	\$ 749	Subsidiary (Note 3)
The Corporation	Joy Children Technology Co., Ltd.	Taiwan	Wholesale and retail sale of stationery articles, musical instruments and educational entertainment article, etc.	20,512	20,512	2,051,153	32	11,558	1,302	175	Note 1
Chinese Gamer International Corporation	Taichigamer (B.V.I.) Co., Ltd.	British Virgin Islands	Investment company	96,942	96,942	3,041,698	100	241,681	11,036	11,036	Subsidiary (Note 3)
Chinese Gamer International Corporation	Walkfun International Corporation	Taiwan	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	15,000	15,000	1,500,000	100	16,731	77	77	Subsidiary (Note 3)
Chinese Gamer International Corporation	CELAD Incorporated	Taiwan	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	27,620	27,620	1,022,727	68	482	(342)	(232)	Subsidiary (Note 3)
Chinese Gamer International Corporation	Super Game Corporation	Taiwan	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	5,771	5,771	880,000	88	1,696	(28)	(25)	Subsidiary (Note 3)
Chinese Gamer International Corporation	Jhih Long Venture Capital Corporation	Taiwan	Investment company	100,000	100,000	11,081,197	13	109,228	45,732	5,968	Subsidiary (Note 3)
Chinese Gamer International Corporation	Star Diamond Universal Corporation	British Virgin Islands	Business related investee	82,772	82,772	52,000	100	33,124	(19,368)	(19,368)	Subsidiary (Note 3)
Chinese Gamer International Corporation	Fun Bear Corporation	Taiwan	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	16,552	16,552	1,600,000	100	16,613	84	84	Subsidiary (Note 3)
Chinese Gamer International Corporation	Game Topia Co.	Taiwan	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	30,994	30,994	3,784,063	65	40,997	397	259	Subsidiary (Note 3)
Chinese Gamer International Corporation	Oriental Dragon Digital Co., Ltd.	Taiwan	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	19,369	19,369	1,520,000	100	16,883	207	207	Subsidiary (Note 3)
Chinese Gamer International Corporation	Long Xiang Investment Corporation	Taiwan	Investment company	168,000	168,000	16,800,000	30	184,427	31,955	9,452	Subsidiary (Note 3)
Taichigamer (B.V.I.) Co., Ltd.	Transasiagamer (B.V.I.) Co., Ltd.	British Virgin Islands	Investment company	94,264	94,264	2,976,934	100	235,277	11,148	11,148	Subsidiary (Note 3)
Transasiagamer Co., Ltd.	You Long Online (Beijing) Technology Corporation	China - Beijing	Development, production of computer software and accessories; homemade products, installation of computer hardware, repair, technique consulting, technique training, and sale of homemade products	69,569	69,569	-	100	210,783	11,868	11,868	Subsidiary (Note 3)

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	January 1, 2022	Number of shares	(%)	Carrying Amount			
Star Diamond Universal Corporation	Dragon Gamer (Hong Kong) Co., Ltd.	Hong Kong	Online game service	\$ 82,772	\$ 82,772	260,000	100	\$ 33,124	\$ (19,368)	\$ (19,368)	Subsidiary (Note 3)
Game Topia. Co. Ltd.	Game Topia (Hong Kong) Technology Corporation	Hong Kong	Information software service	987	987	3,300	100	51,942	6,856	6,856	Subsidiary (Note 3)
Game Flier International Corporation	Soft-Orient Corporation	Samoa	Business related investee	-	254,872	-	-	-	(11)	(11)	Subsidiary (Note 4)
Global Concept Corporation	Value Central Corporation	Samoa	Investment company	45,452	45,452	1,450,000	100	19,171	(124)	(124)	Subsidiary (Note 3)
Global Concept Corporation	Gamers Grande Corporation	Malaysia	Business related investee	179,788	179,788	6,453,621	100	218,606	10,607	10,607	Subsidiary (Note 3)
Global Concept Corporation	Playgame Sdn. Bhd.	Malaysia	Investment company	56,074	56,074	30,250	30	25,112	3,740	521	Note 1
Value Central Corporation	Picked United Development	Hong Kong	Acquisition and royalty for game software	20,255	20,255	4,700,000	100	15,467	(468)	(468)	Subsidiary (Note 3)
Game First International Corporation	Compete ! Games Interactive Entertainment Corporation	Taiwan	Agent and operation of sports games	21,342	21,342	2,941,520	100	8,384	4	4	Subsidiary (Note 3)
Jhih Long Venture Capital Corporation	SkyTouch Co., Ltd.	Taiwan	Manufacture of computers and accessories	20,002	20,002	673,915	31	1,654	90	28	Note 1
Interactive Entertainment Technology Co., Ltd.	Interactive Entertainment Technologies Corporation	Taiwan	Wholesale and service of information software	18,000	18,000	1,800,000	100	20,773	(106)	(106)	Subsidiary (Note 3)
Neweb Technologies Co., Ltd.	ezPay Co., Ltd.	Taiwan	Third party payment service	966,748	966,748	61,400,000	100	378,655	(56,046)	(55,503)	Subsidiary (Note 3)
Neweb Technologies Co., Ltd.	CSservice Technology Co., Ltd.	Taiwan	Information software	5,000	5,000	515,000	100	5,333	147	147	Subsidiary (Note 3)
Efun International Corporation	Re: Ad Media (Taiwan) Corporation	Taiwan	General advertising service	26,000	26,000	5,886,000	100	62,890	(1,254)	(1,254)	Subsidiary (Note 3)
Long Xiang Investment Corporation	Jhih Long Venture Capital Corporation	Taiwan	Investment company	566,000	566,000	62,719,574	74	644,320	45,732	33,795	Subsidiary (Note 3)

(Concluded)

Note 1: Investment accounted for using the equity method.

Note 2: For investees in China, refer to Table 5.

Note 3: Eliminated when preparing the consolidated financial statements.

Note 4: The company had completed liquidation in 2022.

TABLE 5

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 1)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
Game Flier International Corporation (Beijing)	Development of techniques, transferring, service, consulting, training; production and sale of computer software and related hardware; internet information service	\$ 214,678	Investment through a holding company were registered in a third region.	\$ 186,300	\$ -	\$ -	\$ 186,300	\$ 10,779	100	\$ 10,779	\$ 211,711	\$ -	Note 2

Investee Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA (Note 3)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
The Corporation	\$ 186,300	\$ 332,198 (USD10,936 thousand)	\$ 4,074,269

Note 1: Recognized gain/loss on investments based on the audited financial statements.

Note 2: Game Flier International Corporation (Beijing) distributed earnings that amounted to RMB10,719 thousand to Gamers Grande Corporation in August 2010 and December 2022, respectively. As of December 31, 2022, Game Flier International Corporation (Beijing) has not transferred to Taiwan.

Note 3: The difference between the amount of accumulated outward remittance for investments and the investment amount authorized by the Investment Commission was \$145,898 thousand, including investments without significant influence of \$56,965 thousand and investments sold out but not withdrawn of \$88,933 thousand.

TABLE 6**SOFT-WORLD INTERNATIONAL CORPORATION**

INFORMATION OF MAJOR SHAREHOLDERS

DECEMBER 31, 2022[illegible]

Note 1: Major shareholders in the Table above are shareholders owning 5% or more of the Corporation's common and preferred stocks (only ones that have completed dematerialized registration and delivery) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter.

Note 2: Where the stocks are entrusted by shareholders, information is disclosed by the individual account of settlor who has segregated trust accounts opened by trustees. As for shareholders filing shareholdings of insiders with 10% or more of the Corporation's stocks pursuant to the securities and exchange laws and regulations, the number of stocks owned shall be ones owned by the persons plus ones entrusted where the shareholders have the power to decide how to utilize the trust property. Please access the Market Observation Post System website for information on insiders' shareholding filings.