

Soft-World International Corporation

**Parent Company Only Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Soft-World International Corporation

Opinion

We have audited the accompanying parent company only financial statements of Soft-World International Corporation (the "Corporation"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Corporation as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of 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 Parent Company Only Financial Statements section of our report. We are independent of the Corporation 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 parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only 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 Corporation's parent company only financial statements for the year ended December 31, 2023 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. 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 that we performed included the following:

1. We obtained an understanding of 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 and tested the process by which MyCard points were deposited, exchanged and consumed. We also verified the amount from MyCard points exchanged that needed to be transferred to the related game operators and confirmed that the net service revenue amounts had been recorded appropriately.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Corporation'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 Corporation 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 Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only 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 Corporation'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 Corporation'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 parent company only 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 Corporation to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 Corporation to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the 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 parent company only financial statements for the year ended December 31, 2023, 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 audits resulting in this independent auditors' report are Chen-Li Chen and Chiu-Yen Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 6, 2024

Notice to Readers

The accompanying parent company only financial statements are intended only to present the parent company only 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 parent company only financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.

SOFT-WORLD INTERNATIONAL CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,691,507	22	\$ 2,799,346	23
Notes receivable (Notes 4, 5 and 7)	83	-	-	-
Accounts receivable, net (Notes 4, 5 and 7)	122,664	1	98,691	1
Accounts receivable - related parties (Notes 4, 5, 7 and 28)	29,384	-	23,682	-
Other receivables (Notes 4 and 7)	1,408,587	12	1,458,362	12
Other receivables - related parties (Notes 4, 7 and 28)	83,552	1	53,071	-
Inventories (Notes 4 and 8)	26,846	-	54,095	-
Other financial assets - current (Notes 9 and 29)	3,467,489	28	3,391,310	28
Other current assets	66,844	1	110,329	1
Total current assets	7,896,956	65	7,988,886	65
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss - noncurrent (Notes 4 and 10)	5,144	-	10,075	-
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4 and 11)	247,311	2	312,298	3
Investments accounted for using the equity method (Notes 4 and 12)	3,576,322	30	3,515,636	29
Property, plant and equipment (Notes 4, 13 and 29)	338,489	3	335,629	3
Right-of-use assets (Notes 4 and 14)	16,262	-	13,725	-
Investment properties (Notes 4, 15 and 29)	2,755	-	2,852	-
Other intangible assets (Notes 4 and 16)	3,429	-	3,227	-
Deferred tax assets (Notes 4 and 24)	17,697	-	24,765	-
Refundable deposits	10,710	-	11,427	-
Other financial assets - noncurrent (Note 9)	42,084	-	18,666	-
Total noncurrent assets	4,260,203	35	4,248,300	35
TOTAL	\$ 12,157,159	100	\$ 12,237,186	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 22)	\$ 36,978	-	\$ 87,738	1
Notes payable (Note 17)	10,974	-	5,765	-
Notes payable - related parties (Notes 17 and 28)	780	-	780	-
Accounts payable (Note 17)	196,419	2	199,766	2
Accounts payable - related parties (Notes 17 and 28)	4,991	-	4,217	-
Other payables (Note 18)	3,770,878	31	4,046,399	33
Other payables - related parties (Note 28)	212,219	2	106,100	1
Current tax liabilities (Notes 4 and 24)	73,189	-	128,223	1
Lease liabilities - current (Notes 4 and 14)	7,035	-	5,050	-
Other financial liabilities - current (Note 19)	686,010	6	701,792	6
Other current liabilities	22,224	-	12,811	-
Total current liabilities	5,021,697	41	5,298,641	44
NONCURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 24)	90,218	1	83,053	1
Lease liabilities - noncurrent (Notes 4 and 14)	9,449	-	8,765	-
Net defined benefit liabilities (Notes 4 and 20)	42,350	-	55,840	-
Guarantee deposits received	468	-	438	-
Total noncurrent liabilities	142,485	1	148,096	1
Total liabilities	5,164,182	42	5,446,737	45
EQUITY (Note 21)				
Share capital	1,274,743	11	1,274,743	10
Capital surplus	1,882,495	16	1,842,281	15
Retained earnings				
Legal reserve	1,300,061	11	1,214,851	10
Special reserve	46,916	-	25,117	-
Unappropriated earnings	2,889,129	24	2,717,604	22
Total retained earnings	4,236,106	35	3,957,572	32
Other equity	172,873	1	231,623	2
Treasury shares	(573,240)	(5)	(515,770)	(4)
Total equity	6,992,977	58	6,790,449	55
TOTAL	\$ 12,157,159	100	\$ 12,237,186	100

The accompanying notes are an integral part of the parent company only financial statements.

SOFT-WORLD INTERNATIONAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 22 and 28)	\$ 3,060,525	100	\$ 2,969,704	100
OPERATING COSTS (Notes 23 and 28)	<u>741,769</u>	<u>24</u>	<u>704,491</u>	<u>24</u>
GROSS PROFIT	<u>2,318,756</u>	<u>76</u>	<u>2,265,213</u>	<u>76</u>
OPERATING EXPENSES (Notes 23 and 28)				
Selling and marketing expenses	1,208,647	40	1,251,376	42
General and administrative expenses	208,327	7	190,000	6
Research and development expenses	42,430	1	49,030	2
Expected credit loss/(gain) (Note 7)	<u>(2,151)</u>	<u>-</u>	<u>4,216</u>	<u>-</u>
Total operating expenses	<u>1,457,253</u>	<u>48</u>	<u>1,494,622</u>	<u>50</u>
OPERATING INCOME	<u>861,503</u>	<u>28</u>	<u>770,591</u>	<u>26</u>
NON-OPERATING INCOME AND EXPENSES (Note 23)				
Interest income	64,664	2	30,904	1
Other income	18,997	-	25,973	1
Other gains and losses	(3,555)	-	(4,781)	-
Finance costs	(423)	-	(203)	-
Share of profit or loss of subsidiaries and associates accounted for using the equity method	<u>112,310</u>	<u>4</u>	<u>192,565</u>	<u>6</u>
Total non-operating income and expenses	<u>191,993</u>	<u>6</u>	<u>244,458</u>	<u>8</u>
PROFIT BEFORE INCOME TAX	1,053,496	34	1,015,049	34
INCOME TAX EXPENSE (Notes 4 and 24)	<u>193,670</u>	<u>6</u>	<u>178,632</u>	<u>6</u>
NET PROFIT FOR THE YEAR	<u>859,826</u>	<u>28</u>	<u>836,417</u>	<u>28</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	(1,436)	-	11,866	-
Unrealized (loss) income on investments in equity instruments at fair value through other comprehensive income (Note 21)	178,912	6	(48,654)	(2)
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	75,892	2	83,725	3

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SOFT-WORLD INTERNATIONAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	\$ 287	-	\$ (2,373)	-
	<u>253,655</u>	<u>8</u>	<u>44,564</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 21)	(5,054)	-	67,014	2
Share of other comprehensive loss of subsidiaries and associates accounted for using equity method (Note 21)	(1,261)	-	(5,700)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 24)	<u>1,011</u>	<u>-</u>	<u>(13,402)</u>	<u>-</u>
	<u>(5,304)</u>	<u>-</u>	<u>47,912</u>	<u>2</u>
Other comprehensive income for the year, net of income tax	<u>248,351</u>	<u>8</u>	<u>92,476</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,108,177</u>	<u>36</u>	<u>\$ 928,893</u>	<u>31</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 7.09</u>		<u>\$ 6.90</u>	
Diluted	<u>\$ 7.06</u>		<u>\$ 6.85</u>	

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

SOFT-WORLD INTERNATIONAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

			Retained Earnings			Exchange Differences on Translating Foreign Operations	Other Equity Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Subtotal	Treasury Shares	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2022	\$ 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
Appropriation of 2021 earnings (Note 21)										
Legal reserve	-	-	82,773	-	(82,773)	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(659,949)	-	-	-	-	(659,949)
	-	-	82,773	-	(742,722)	-	-	-	-	(659,949)
Net profit in 2022	-	-	-	-	836,417	-	-	-	-	836,417
Other comprehensive income in 2022, net of income tax	-	-	-	-	15,682	47,912	28,882	76,794	-	92,476
Total comprehensive income in 2022	-	-	-	-	852,099	47,912	28,882	76,794	-	928,893
Purchase of the Corporation' s shares by subsidiaries	-	-	-	-	-	-	-	-	(5,816)	(5,816)
Adjustments of capital surplus for the Corporation' s cash dividends received by subsidiaries	-	28,976	-	-	-	-	-	-	-	28,976
Changes in percentage of ownership interests in subsidiaries	-	(3,684)	-	-	-	-	-	-	208	(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
Appropriation of 2022 earnings (Note 21)										
Legal reserve	-	-	85,210	-	(85,210)	-	-	-	-	-
Special reserve	-	-	-	21,799	(21,799)	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(888,393)	-	-	-	-	(888,393)
	-	-	85,210	21,799	(995,402)	-	-	-	-	(888,393)
Net profit in 2023	-	-	-	-	859,826	-	-	-	-	859,826
Other comprehensive income (loss) in 2023, net of income tax	-	-	-	-	(341)	(5,304)	253,996	248,692	-	248,351
Total comprehensive income (loss) in 2023	-	-	-	-	859,485	(5,304)	253,996	248,692	-	1,108,177
Purchase of the Corporation' s shares by subsidiaries	-	-	-	-	-	-	-	-	(57,523)	(57,523)
Adjustments of capital surplus for the Corporation' s cash dividends received by subsidiaries	-	39,511	-	-	-	-	-	-	-	39,511
Changes in percentage of ownership interests in subsidiaries	-	703	-	-	-	-	-	-	53	756
Disposal of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	307,442	-	(307,442)	(307,442)	-	-
BALANCE AT DECEMBER 31, 2023	\$ 1,274,743	\$ 1,882,495	\$ 1,300,061	\$ 46,916	\$ 2,889,129	\$ (24,882)	\$ 197,755	\$ 172,873	\$ (573,240)	\$ 6,992,977

The accompanying notes are an integral part of the parent company only financial statements.

SOFT-WORLD INTERNATIONAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,053,496	\$ 1,015,049
Adjustments for:		
Income and expenses		
Depreciation expenses	17,280	14,418
Amortization expenses	5,089	4,072
Expected credit (gain reversed) loss recognized on accounts receivable	(2,151)	4,216
Loss on financial assets at fair value through profit or loss	4,931	8,985
Finance costs	423	203
Interest income	(64,664)	(30,904)
Dividend income	(7,855)	(10,667)
Share of profit of subsidiaries and associates accounted for using the equity method	(112,310)	(192,565)
Others	(1,959)	69
Changes in operating assets and liabilities		
Notes receivable	(83)	55
Accounts receivable	(24,115)	(17,368)
Accounts receivable - related parties	(5,702)	(3,783)
Other receivables	52,864	(93,305)
Other receivables - related parties	(30,481)	33,446
Inventories	29,208	(25,553)
Other current assets	43,485	(18,466)
Other financial assets	(23,418)	(11,136)
Contract liabilities	(50,760)	37,332
Notes payable	5,209	(1,289)
Accounts payable	(3,347)	82,458
Accounts payable - related parties	774	(48,471)
Other payables	(275,508)	824,527
Other payables - related parties	106,119	(4,848)
Other financial liabilities	(15,782)	12,226
Other current liabilities	9,413	(12,748)
Net defined benefit liabilities	(14,939)	(10,973)
Cash generated from operations	695,217	1,554,980
Interest received	63,868	30,230
Dividends received	93,825	351,658
Interest paid	(423)	(203)
Income tax paid	(233,173)	(184,088)
Net cash generated from operating activities	619,314	1,752,577

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SOFT-WORLD INTERNATIONAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ -	\$ (642)
Disposal of financial assets at fair value through other comprehensive income	243,899	-
Acquisition of investments accounted for using the equity method	(4,000)	-
Proceeds from sale of subsidiaries	21,975	-
Payments for property, plant and equipment	(13,057)	(5,771)
Decrease (increase) in refundable deposits	717	(239)
Payments for intangible assets	(5,291)	(4,788)
Increase in other financial assets	<u>(76,179)</u>	<u>(958,028)</u>
Net cash generated from (used in) investing activities	<u>168,064</u>	<u>(969,468)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in guarantee deposits received	30	(5,632)
Repayment of the principal portion of lease liabilities	(6,854)	(7,057)
Cash dividends distributed	<u>(888,393)</u>	<u>(659,949)</u>
Net cash used in financing activities	<u>(895,217)</u>	<u>(672,638)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(107,839)	110,471
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,799,346</u>	<u>2,688,875</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,691,507</u>	<u>\$ 2,799,346</u>

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

SOFT-WORLD INTERNATIONAL CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (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 digital content point service platforms, production and publication of computer game magazines, commercial advertising services and the retail sale of entertainment products and accessories for game software. The Corporation also acts as an agent for games and commercial software.

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

The parent company only financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Corporation’s board of directors on March 6, 2024.

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), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by International Accounting Standards Board (IASB) (Note 1)
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the parent company only financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which 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.

When preparing the parent company only financial statements, the Corporation accounted for subsidiaries and associates using the equity method. In order for the amount of net income, other comprehensive income and equity in the parent company only financial statements to be the same as that attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the account investments accounted for using the equity method, share of profit of subsidiaries and associates and share of other comprehensive income of subsidiaries in the parent company only financial statements.

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 Corporation 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 non-current.

d. Foreign currencies

In preparing the Corporation's financial statements, transactions in currencies other than the Corporation'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 denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is 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 denominated in a foreign currency and measured at historical cost are translated using the exchange rate at the date of the transaction.

For the purposes of presenting the parent company only financial statements, the investments of the Corporation's foreign operations (including subsidiaries and associates operating in other countries using currencies different from the Corporation's currency) 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; income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income.

On a disposal of the Company's entire interest in a foreign operation, the retained surplus of the associate is a financial asset and is accounted by accounting policy of financial instrument, all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

e. 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.

f. Investments accounted for using the equity method

The Corporation uses the equity method to account for its investments in subsidiaries and associates.

1) Investments in subsidiaries

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, an investment is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation's share of other equity of subsidiaries attributable to the Corporation.

Changes in the Corporation's ownership interest in a subsidiary that do not result in the Corporation losing control of the subsidiary are equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Corporation's share of losses of a subsidiary exceeds its interest in that subsidiary (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 Corporation's net investment in the subsidiary), the Corporation continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized current year in profit or loss.

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot

be reversed in a subsequent period.

When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Corporation had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the Corporation's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the Corporation's financial statements and only to the extent of interests in the subsidiaries that are not related to the Corporation.

2) Investments in associates

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

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the associate. The Corporation also recognizes the changes in the Corporation's share of equity of associates attributable to the Corporation.

When the Corporation 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 Corporation's proportionate interest in the associate. The Corporation 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 Corporation's ownership interest is reduced due to non-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 had 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 Corporation'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 Corporation's net investment in the associate), the Corporation discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Corporation has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

When impairment loss is evaluated, the entire carrying amount of the 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, that 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 has subsequently increased.

When the Corporation transacts with its associate, profits or losses resulting from these transactions with the associate are recognized in the parent company only financial statements only to the extent of interests in the associate that are not related to the Corporation.

g. Property, plant and equipment

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

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 methods are reviewed at the end of each reporting period, with the effect of any changes in estimates 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.

h. 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.

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 recognized in profit or loss.

i. 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.

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

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation 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 on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation 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 assets are 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 assets 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 Corporation 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 Corporation'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

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

The Corporation always recognizes lifetime expected credit losses (ECLs) for accounts receivable and other receivables. For all other financial instruments, the Corporation 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 Corporation 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 Corporation determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Corporation):

- i Internal or external information show that the debtor is unlikely to pay its creditors.
- ii When a financial asset is more than 365 days past due unless the Corporation has reasonable and corroborative information to support a more lagged default criterion.

The Corporation 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 Corporation 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 Corporation 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

All 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.

1. Revenue recognition

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

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

1) Revenue from the 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 Corporation 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) Revenue from the rendering of services

a) The exclusive card ("MyCard") issued by the Corporation 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 Corporation recognizes service revenue for the net amount after deducting receipts needed to be transferred to the related game operators.

b) 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.

3) Licensing revenue

The Corporation 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.

m. Leases

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

1) The Corporation 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 Corporation as lessee

The Corporation 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 parent company only 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 Corporation 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 Corporation 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 parent company only balance sheets.

n. 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 services.

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 represent the actual deficit in the Corporation's defined benefit plans.

o. 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 the tax jurisdiction.

According to the Income Tax Act 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 to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Corporation 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 Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation'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.

When developing material accounting estimates, the Corporation considers the possible impact of its economic environment implications when making its material accounting estimates on cash flow projection, growth rates, discount rates, and profitabilities, etc. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key Sources of Estimation Uncertainty - Estimated impairment of financial assets

The provision for impairment of receivables is based on assumptions about risk of default and expected loss rates. The Corporation uses judgment in making these assumptions and in selecting the inputs to the impairment calculation; the judgment is based on the Corporation's past history and existing market conditions. If the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 771	\$ 942
Bank deposits	1,771,216	1,817,484
Cash equivalents		
Time deposits with original maturities of less than 3 months	<u>919,520</u>	<u>980,920</u>
	<u>\$ 2,691,507</u>	<u>\$ 2,799,346</u>

7. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2023	2022
Notes receivable		
Operating	<u>\$ 83</u>	<u>\$ -</u>
Accounts receivable - unrelated parties		
At amortized cost		
Gross carrying amount	\$ 122,793	\$ 98,752
Less: Allowance for impairment loss	<u>(129)</u>	<u>(61)</u>
	<u>\$ 122,664</u>	<u>\$ 98,691</u>
Accounts receivable - related parties		
At amortized cost	<u>\$ 29,384</u>	<u>\$ 23,682</u>
Other receivables		
Gross carrying amount	\$ 1,512,920	\$ 1,551,988
Less: Allowance for impairment loss	<u>(20,781)</u>	<u>(40,555)</u>
	<u>\$ 1,492,139</u>	<u>\$ 1,511,433</u>
Unrelated parties	\$ 1,408,587	\$ 1,458,362
Related parties	<u>83,552</u>	<u>53,071</u>
	<u>\$ 1,492,139</u>	<u>\$ 1,511,433</u>

a. Notes receivable

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

b. Accounts receivable

The Corporation's main credit period is 30 to 90 days. The Corporation 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 Corporation uses other publicly available financial information or its own trading records to rate its major customers. The Corporation's exposure and the credit ratings of its counterparties are continuously monitored. Also, credit exposure is controlled by counterparty limits that are reviewed and approved.

The Corporation 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 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. As the Corporation's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished according to the Corporation's different customer segments.

The Corporation writes off accounts 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 overdue. For accounts receivable that have been written off, the Corporation 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, 2023

	Up to 90 Days	91 to 180 Days	181 to 365 Days	More than 1year	Total
Expected credit loss rate (%)	-	3	100	100	
Gross carrying amount	\$ 152,048	\$ -	\$ 80	\$ 49	\$ 152,177
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>(80)</u>	<u>(49)</u>	<u>(129)</u>
Amortized cost	<u>\$ 152,048</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,048</u>

December 31, 2022

	Up to 90 Days	91 to 180 Days	181 to 365 Days	More than 1year	Total
Expected credit loss rate (%)	-	3	30	100	
Gross carrying amount	\$ 122,373	\$ -	\$ -	\$ 61	\$ 122,434
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(61)</u>	<u>(61)</u>
Amortized cost	<u>\$ 122,373</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,373</u>

c. Other receivables

The Corporation'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, 2023

	Up to 90 Days	91 to 180 Days	181 to 365 Days	More than 1year	Total
Expected credit loss rate (%)	-	3	56	100	
Gross carrying amount	\$1,434,706	\$ 50,586	\$ 19,155	\$ 8,473	\$1,512,920
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(1,553)</u>	<u>(10,755)</u>	<u>(8,473)</u>	<u>(20,781)</u>
Amortized cost	<u>\$1,434,706</u>	<u>\$ 49,033</u>	<u>\$ 8,400</u>	<u>\$ -</u>	<u>\$1,492,139</u>

December 31, 2022

	Up to 90 Days	91 to 180 Days	181 to 365 Days	More than 1year	Total
Expected credit loss rate (%)	-	3	71	100	
Gross carrying amount	\$1,477,066	\$ 32,392	\$ 10,235	\$ 32,295	\$1,551,988
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(1,043)</u>	<u>(7,217)</u>	<u>(32,295)</u>	<u>(40,555)</u>
Amortized cost	<u>\$1,477,066</u>	<u>\$ 31,349</u>	<u>\$ 3,018</u>	<u>\$ -</u>	<u>\$1,511,433</u>

d. The movements of the loss allowance of accounts receivable and other receivables were as follows:

	For the Year Ended December 31, 2023		
	Accounts Receivable	Other Receivables	Total
Balance at January 1	\$ 61	\$ 40,555	\$ 40,616
Recognition (reversal)	142	(2,293)	(2,151)
Amounts written off	<u>(74)</u>	<u>(17,481)</u>	<u>(17,555)</u>
Balance at December 31	<u>\$ 129</u>	<u>\$ 20,781</u>	<u>\$ 20,910</u>
	For the Year Ended December 31, 2022		
	Accounts Receivable	Other Receivables	Total
Balance at January 1	\$ 1,972	\$ 49,297	\$ 51,269
Recognition (reversal)	(1,911)	6,127	4,216
Amounts written off	<u>-</u>	<u>(14,869)</u>	<u>(14,869)</u>
Balance at December 31	<u>\$ 61</u>	<u>\$ 40,555</u>	<u>\$ 40,616</u>

8. INVENTORIES

	December 31	
	2023	2022
Merchandise	\$ 26,846	\$ 53,961
Finished goods	<u>-</u>	<u>134</u>
	<u>\$ 26,846</u>	<u>\$ 54,095</u>

9. OTHER FINANCIAL ASSETS

	December 31	
	2023	2022
Pledged demand deposits (Note 29)	\$ 3,469	\$ 11,650
Restricted bank deposits	42,084	18,666
Time deposits with original maturities of more than 3 months	<u>3,464,020</u>	<u>3,379,660</u>
	<u>\$ 3,509,573</u>	<u>\$ 3,409,976</u>

(Continued)

	December 31	
	2023	2022
Current	\$ 3,467,489	\$ 3,391,310
Noncurrent	<u>42,084</u>	<u>18,666</u>
	<u>\$ 3,509,573</u>	<u>\$ 3,409,976</u>
		(Concluded)

The maturity dates and the annual interest rates of the above time deposits were as follows:

	December 31	
	2023	2022
Maturity date	2024.01-2024.12	2023.01-2023.12
Interest rates intervals (%)	1.28-1.57	0.87-1.45

10. FINANCIAL ASSETS AT FVTPL - NONCURRENT

	December 31	
	2023	2022
<u>Mandatorily classified as at FVTPL</u>		
Foreign listed shares	<u>\$ 5,144</u>	<u>\$ 10,075</u>

11. FINANCIAL ASSETS AT FVTOCI - NONCURRENT

	December 31	
	2023	2022
Listed shares	\$ 247,311	\$ 149,608
Private - placement shares of listed companies	<u>-</u>	<u>162,690</u>
	<u>\$ 247,311</u>	<u>\$ 312,298</u>

During the year ended December 31, 2023, the Corporation disposed of certain shares of Softstar Entertainment Inc. with a fair value of \$243,899 thousand; therefore, the unrealized income on financial assets at FVTOCI of \$185,799 thousand was transferred to retained earnings.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	\$ 3,564,384	\$ 3,504,078
Investments in associates	<u>11,938</u>	<u>11,558</u>
	<u>\$ 3,576,322</u>	<u>\$ 3,515,636</u>

a. Investments in subsidiaries

	December 31			
	2023		2022	
	Amount	Proportion of Ownership and Voting Rights (%)	Amount	Proportion of Ownership and Voting Rights (%)
Listed company				
Chinese Gamer International Corporation (Chinese Gamer)	\$ 483,073	48	\$ 498,527	48
Unlisted company				
Soft-World Technology Pte. Ltd. (Soft-World (Singapore))	14,613	100	14,229	100
Gameflir International Corporation (Game Flier)	832,024	98	784,889	98
Global Concept Corporation (Global Concept)	426,215	100	414,960	100
Game First International Corporation (Game First)	234,776	70	232,335	70
Zealot Digital International Corporation (Zealot Digital)	89,182	99	85,985	99
Softworld (Hong Kong) International Co., (Soft-World (Hong Kong))	484,639	100	453,020	100
Dynasty International Information Co., Ltd. (Dynasty)	30,958	86	33,609	86
Intelligent Dragon Venture Capital Corporation (Intelligent Dragon)	10,779	13	15,159	13
Interactive Entertainment Technology Co., Ltd. (Interactive Entertainment)	-	-	17,542	80
Fast Distributed Cloud Computing (Taiwan) Co., Ltd. (Fast Distributed Cloud)	117,718	90	106,011	90
Neweb Technologies Co., Ltd. (Neweb Technologies)	510,286	50	514,634	50
Efun International Corporation (Efun)	294,508	80	288,255	80
Lung Hsiang Investment Co., Ltd. (Lung Hsiang)	30,012	44	39,956	44
Celad International Corp. (CELAD)	71	32	225	32
We Can Financial Technology Co., Ltd. (We Can)	<u>5,530</u>	51	<u>4,742</u>	51
	<u>\$ 3,564,384</u>		<u>\$ 3,504,078</u>	

Information on the market price of investments in listed companies accounted for using the equity method on the balance sheet date calculated based on the stock closing price is as follows:

	December 31	
	2023	2022
Chinese Gamer	<u>\$ 1,901,361</u>	<u>\$ 2,135,890</u>

For a brief description of each long-term investment, refer to Table 5. The related main changes were the liquidation procedures of Interactive Entertainment, which were completed in October 2023, and the capital of \$21,975 thousand was refunded.

b. Investments in associates

	December 31	
	2023	2022
Investments in associates - are not individually material	<u>\$ 11,938</u>	<u>\$ 11,558</u>

Aggregate information of associates that are not individually material :

	For the Year Ended December 31	
	2023	2022
The Corporation's share of:		
Total profit and other comprehensive income (loss) for the year	<u>\$ 380</u>	<u>\$ 175</u>

13. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2023

	Land	Buildings	Equipment	Miscellaneous Equipment	Others	Total
Cost						
Balance at January 1, 2023	\$ 215,321	\$ 178,170	\$ 3,977	\$ 4,533	\$ 1,673	\$ 403,674
Additions	-	-	11,282	1,775	-	13,057
Disposals	-	-	(145)	-	-	(145)
Balance at December 31, 2023	<u>\$ 215,321</u>	<u>\$ 178,170</u>	<u>\$ 15,114</u>	<u>\$ 6,308</u>	<u>\$ 1,673</u>	<u>\$ 416,586</u>
Accumulated depreciation						
Balance at January 1, 2023	\$ -	\$ 64,596	\$ 1,414	\$ 1,621	\$ 414	\$ 68,045
Depreciation expenses	-	4,211	4,108	1,544	334	10,197
Disposals	-	-	(145)	-	-	(145)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 68,807</u>	<u>\$ 5,377</u>	<u>\$ 3,165</u>	<u>\$ 748</u>	<u>\$ 78,097</u>
Carrying amounts at December 31, 2023	<u>\$ 215,321</u>	<u>\$ 109,363</u>	<u>\$ 9,737</u>	<u>\$ 3,143</u>	<u>\$ 925</u>	<u>\$ 338,489</u>

For the year ended December 31, 2022

	Land	Buildings	Equipment	Miscellaneous Equipment	Others	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 215,321	\$ 183,407	\$ 3,057	\$ 1,430	\$ 1,102	\$ 404,317
Additions	-	-	1,950	3,250	571	5,771
Disposals	-	-	(1,030)	(147)	-	(1,177)
Transfers to investment properties	-	(5,237)	-	-	-	(5,237)
Balance at December 31, 2022	<u>\$ 215,321</u>	<u>\$ 178,170</u>	<u>\$ 3,977</u>	<u>\$ 4,533</u>	<u>\$ 1,673</u>	<u>\$ 403,674</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ -	\$ 62,676	\$ 968	\$ 466	\$ 108	\$ 64,218
Depreciation expenses	-	4,281	1,476	1,302	306	7,365
Disposals	-	-	(1,030)	(147)	-	(1,177)
Transfers to investment properties	-	(2,361)	-	-	-	(2,361)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 64,596</u>	<u>\$ 1,414</u>	<u>\$ 1,621</u>	<u>\$ 414</u>	<u>\$ 68,045</u>
Carrying amounts at December 31, 2022	<u>\$ 215,321</u>	<u>\$ 113,574</u>	<u>\$ 2,563</u>	<u>\$ 2,912</u>	<u>\$ 1,259</u>	<u>\$ 335,629</u>

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

Buildings	
Main buildings	25-55 years
Equipment	3 years
Miscellaneous Equipment	3-5 years
Others	5 years

b. For the amount of property, plant and equipment that the Company pledged or mortgaged as collateral, refer to Note 29.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

For the year ended December 31, 2023

	Buildings
<u>Cost</u>	
Balance at January 1, 2023	\$ 41,587
Additions	<u>9,523</u>
Balance at December 31, 2023	<u>\$ 51,110</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2023	\$ 27,862
Depreciation expenses	<u>6,986</u>
Balance at December 31, 2023	<u>\$ 34,848</u>
Carrying amount at December 31, 2023	<u>\$ 16,262</u>

For the year ended December 31, 2022

	Buildings
<u>Cost</u>	
Balance at January 1, 2022	\$ 32,948
Additions	<u>8,639</u>
Balance at December 31, 2022	<u>\$ 41,587</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2022	\$ 20,833
Depreciation expenses	<u>7,029</u>
Balance at December 31, 2022	<u>\$ 27,862</u>
Carrying amount at December 31, 2022	<u>\$ 13,725</u>

b. Lease liabilities

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Carrying amounts		
Current	<u>\$ 7,035</u>	<u>\$ 5,050</u>
Noncurrent	<u>\$ 9,449</u>	<u>\$ 8,765</u>

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Buildings	1.98-2.81	1.98-2.81

c. Material leasing activities and terms

The Corporation's leases buildings with lease terms which will expire before May 2029 in a row. At the expiry of the lease term, the Corporation does not have bargain purchase options to acquire the buildings.

d. Other lease information

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Expenses relating to short-term leases	<u>\$ 9,654</u>	<u>\$ 7,022</u>
Expenses relating to low-value asset leases	<u>\$ 565</u>	<u>\$ 541</u>
Total cash outflow for leases	<u>\$ 17,496</u>	<u>\$ 14,823</u>

The Corporation 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.

15. INVESTMENT PROPERTIES

For the year ended December 31, 2023

	Building
Cost	
Balance at January 1, 2023 and December 31, 2023	\$ <u>5,237</u>
Accumulated depreciation	
Balance at January 1, 2023	\$ 2,385
Depreciation	<u>97</u>
Balance at December 31, 2023	\$ <u>2,482</u>
Carrying amount at December 31, 2023	\$ <u>2,755</u>

For the year ended December 31, 2022

	Building
Cost	
Balance at January 1, 2022	\$ -
Transfers from property	<u>5,237</u>
Balance at December 31, 2022	\$ <u>5,237</u>
Accumulated depreciation	
Balance at January 1, 2022	\$ -
Transfers from property	2,361
Depreciation	<u>24</u>
Balance at December 31, 2022	\$ <u>2,385</u>
Carrying amount at December 31, 2022	\$ <u>2,852</u>

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

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

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Year 1	\$ 617	\$ 617
Year 2	618	617
Year 3	<u>-</u>	<u>618</u>
	\$ <u>1,235</u>	\$ <u>1,852</u>

Investment properties are depreciated on a straight-line basis over their useful lives of 29.75 years.

The fair value of investment properties as of December 31, 2023 and 2022 were \$16,780 thousand and \$17,000 thousand, respectively, which was assessed by the Corporation's management based on the market prices of similar properties in the vicinity.

For the amount of investment properties that the Company pledged or mortgaged as collateral, refer to Note 29.

16. OTHER INTANGIBLE ASSETS

For the year ended December 31, 2023

	Computer Software
<u>Cost</u>	
Balance at January 1, 2023	\$ 6,225
Additions	5,291
Write-off	<u>(4,898)</u>
Balance at December 31, 2023	<u>\$ 6,618</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2023	\$ 2,998
Amortization expenses	5,089
Write-off	<u>(4,898)</u>
Balance at December 31, 2023	<u>\$ 3,189</u>
Carrying amount at December 31, 2023	<u>\$ 3,429</u>

For the year ended December 31, 2022

	Computer Software
<u>Cost</u>	
Balance at January 1, 2022	\$ 4,928
Additions	4,788
Write-off	<u>(3,491)</u>
Balance at December 31, 2022	<u>\$ 6,225</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2022	\$ 2,417
Amortization expenses	4,072
Write-off	<u>(3,491)</u>
Balance at December 31, 2022	<u>\$ 2,998</u>
Carrying amount at December 31, 2022	<u>\$ 3,227</u>

The above intangible assets are amortized on a straight-line basis over the useful lives of 1 to 3 years.

17. NOTES PAYABLE AND ACCOUNTS PAYABLE

The Corporation's notes payable and accounts payable are generated from operating activities. The average credit period on purchases of goods and services was 30 to 90 days. The Corporation 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.

18. OTHER PAYABLES

	December 31	
	2023	2022
Payables for receipts under custody	\$ 3,366,227	\$ 3,614,196
Payables for circulation	121,469	132,478
Payables for salaries or bonuses	91,965	91,313
Payables for business taxes	71,903	96,171
Payables for compensation of employees, board of director	67,244	64,790
Payables for annual leave	12,470	12,403
Others	<u>39,600</u>	<u>35,048</u>
	<u>\$ 3,770,878</u>	<u>\$ 4,046,399</u>

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

19. OTHER FINANCIAL LIABILITIES - CURRENT

	December 31	
	2023	2022
Temporary receipts from the sale of MyCard	<u>\$ 686,010</u>	<u>\$ 701,792</u>

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plan

The Corporation adopted the defined benefit plan under the Labor Standards Law of the ROC, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation makes contributions equal to 2% of total monthly salaries to a pension fund, which are 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 Corporation 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

Corporation 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 Corporation has no right to influence the investment policy and strategy.

The amounts of defined benefit plans included in the parent company only balance sheets were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 100,972	\$ 97,983
Fair value of plan assets	<u>(58,506)</u>	<u>(42,014)</u>
Deficit	42,466	55,969
Recognized in other payables	<u>(116)</u>	<u>(129)</u>
Net defined benefit liabilities	<u>\$ 42,350</u>	<u>\$ 55,840</u>

Movements of 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, 2022	<u>\$ 106,337</u>	<u>\$ (27,529)</u>	<u>\$ 78,808</u>
Service cost			
Current service cost	761	-	761
Interest expense (income)	<u>531</u>	<u>(147)</u>	<u>384</u>
Recognized in profit or loss	<u>1,292</u>	<u>(147)</u>	<u>1,145</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,220)	(2,220)
Actuarial gain			
changes in demographic assumptions	(5,434)	-	(5,434)
experience adjustments	<u>(4,212)</u>	<u>-</u>	<u>(4,212)</u>
Recognized in other comprehensive income	<u>(9,646)</u>	<u>(2,220)</u>	<u>(11,866)</u>
Contributions from the employer	<u>-</u>	<u>(12,118)</u>	<u>(12,118)</u>
Balance at December 31, 2022	<u>97,983</u>	<u>(42,014)</u>	<u>55,969</u>
Service cost			
Current service cost	707	-	707
Interest expense (income)	<u>1,470</u>	<u>(724)</u>	<u>746</u>
Recognized in profit or loss	<u>2,177</u>	<u>(724)</u>	<u>1,453</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(267)	(267)
Actuarial loss/(gain)			
changes in demographic assumptions	2,421	-	2,421
experience adjustments	<u>(718)</u>	<u>-</u>	<u>(718)</u>
Recognized in other comprehensive income	<u>1,703</u>	<u>(267)</u>	<u>1,436</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Contributions from the employer	\$ -	\$ (16,392)	\$ (16,392)
Benefits paid	<u>(891)</u>	<u>891</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 100,972</u>	<u>\$ (58,506)</u>	<u>\$ 42,466</u> (Concluded)

Through the defined benefit plans under the Labor Standards Law, the Corporation 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 plan's 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 obligations were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate (%)	1.250	1.500
Expected rate of salary increase (%)	3.000	3.000

If possible reasonable change 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	
	2023	2022
Discount rate		
0.25% increase	<u>\$ (2,421)</u>	<u>\$ (2,489)</u>
0.25% decrease	<u>\$ 2,505</u>	<u>\$ 2,579</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 2,420</u>	<u>\$ 2,498</u>
0.25% decrease	<u>\$ (2,352)</u>	<u>\$ (2,423)</u>

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

	December 31	
	2023	2022
Expected contributions to the plan for the next year	<u>\$ 9,620</u>	<u>\$ 12,118</u>
Average duration of the defined benefit obligation (in years)	9.9	10.6

21. EQUITY

a. Ordinary share capital

	December 31	
	2023	2022
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</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	
	2023	2022
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	183,693	144,182
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	156,844	156,141
Changes in percentage of ownership interests in associates	6,955	6,955
Unclaimed dividends	<u>90</u>	<u>90</u>
	<u>\$ 1,882,495</u>	<u>\$ 1,842,281</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 at 10% of the remaining profit 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 in 2022 and 2021 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2022	2021	2022	2021
Legal reserve	\$ 85,210	\$ 82,773		
Special reserve	21,799	-		
Cash dividends	<u>888,393</u>	<u>659,949</u>	<u>\$ 7.00</u>	<u>\$ 5.20</u>
	<u>\$ 995,402</u>	<u>\$ 742,722</u>		

The above appropriations for cash dividends were resolved by the Corporation's board of directors on March 15, 2023 and March 16, 2022, respectively; the other proposed appropriations were resolved by the shareholders in their meetings on June 26, 2023 and June 21, 2022, respectively.

The appropriation of earnings for 2023 is as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 116,693	
Reversal of special reserve	(21,799)	
Cash dividends	<u>1,088,593</u>	<u>\$ 7.00</u>
	<u>\$ 1,183,487</u>	

The above appropriatoin for cash dividends and the distribution of \$311,027 thousand in cash from capital surplus at \$2 per share were resolved by the Corporation's board of directors on March 6, 2024, and the other proposed appropriations will be resolved by the shareholders in their meeting in June 2024.

d. Special reserve

Upon initial application of IFRS Account Standards, 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. In June 2023, the shareholders held a meeting and resolved to set aside a special reserve of \$21,799 thousand for the difference between the market value of the parent company's stock held by subsidiaries as of December 31, 2022 and its carrying amount, based on the Corporation's consolidated percentage of ownership, which has been reversed for the recovery of the market value.

e. Other equity items

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

	For the Year Ended December 31	
	2023	2022
Balance, beginning of year	\$ (19,578)	\$ (67,490)
Recognized for the year		
Exchange differences on translating the net investments in foreign operations	(5,054)	67,014
Related income tax arising from exchange differences	1,011	(13,402)
Share from subsidiaries accounted for using the equity method	<u>(1,261)</u>	<u>(5,700)</u>
Balance, end of year	<u>\$ (24,882)</u>	<u>\$ (19,578)</u>

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

	For the Year Ended December 31	
	2023	2022
Balance, beginning of year	\$ 251,201	\$ 222,319
Recognized for the year		
Unrealized gain (loss) - equity instruments	178,912	(48,654)
Share from subsidiaries accounted for using the equity method	75,084	77,536
		(Continued)

	For the Year Ended December 31	
	2023	2022
Cumulative unrealized gain of equity instrument transferred earnings due to disposal	\$ (307,442)	\$ -
Balance, end of year	\$ 197,755	\$ 251,201
		(Concluded)

f. 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, 2023					
The Corporation's shares held by its subsidiaries	<u>5,645</u>	<u>357</u>	<u>-</u>	<u>6,002</u>	<u>\$ 529,748</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, 2022					
The Corporation's shares held by its 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>

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

As of December 31, 2023 and 2022, the market values of the treasury shares calculated by the consolidated shareholding percentage were \$903,284 thousand and \$450,478 thousand, respectively.

22. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
	2023	2022
Rendering of services	\$ 2,508,597	\$ 2,419,177
Sale of goods	537,084	517,055
Licensing revenue	<u>14,844</u>	<u>33,472</u>
	<u>\$ 3,060,525</u>	<u>\$ 2,969,704</u>

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable, accounts receivable, and other receivables (Note 7)	<u>\$ 1,644,270</u>	<u>\$ 1,633,806</u>	<u>\$ 1,556,393</u>
Contract liabilities			
Advance receipts of services and sales	\$ 36,270	\$ 86,457	\$ 50,092
Others	<u>708</u>	<u>1,281</u>	<u>314</u>
	<u>\$ 36,978</u>	<u>\$ 87,738</u>	<u>\$ 50,406</u>

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

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods was in the amount of \$87,738 thousand and \$50,406 thousand for the years ended December 31, 2023 and 2022, respectively.

23. PROFIT BEFORE INCOME TAX

a. Interest income

	<u>For the Year Ended December 31</u>	
	2023	2022
Bank deposits	\$ 64,653	\$ 30,900
Others	<u>11</u>	<u>4</u>
	<u>\$ 64,664</u>	<u>\$ 30,904</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	2023	2022
Rental income	\$ 2,422	\$ 2,339
Dividend income	7,855	10,667
Others	<u>8,720</u>	<u>12,967</u>
	<u>\$ 18,997</u>	<u>\$ 25,973</u>

c. Other gains and losses

	<u>For the Year Ended December 31</u>	
	2023	2022
Net foreign exchange gain	\$ 5,491	\$ 4,968
Net loss on financial assets designated as at FVTPL	(4,931)	(8,985)
Others	<u>(4,115)</u>	<u>(764)</u>
	<u>\$ (3,555)</u>	<u>\$ (4,781)</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 10,197	\$ 7,365
Right-of-use assets	6,986	7,029
Investment properties	97	24
Other intangible assets	<u>5,089</u>	<u>4,072</u>
	<u>\$ 22,369</u>	<u>\$ 18,490</u>
An analysis of depreciation by function		
Operating costs	\$ 490	\$ 404
Operating expenses	16,693	13,990
Non-operating expenses	<u>97</u>	<u>24</u>
	<u>\$ 17,280</u>	<u>\$ 14,418</u>
An analysis of amortization by function		
Operating costs	\$ 20	\$ 34
Operating expenses	<u>5,069</u>	<u>4,038</u>
	<u>\$ 5,089</u>	<u>\$ 4,072</u>

e. Employee benefits

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	<u>\$ 471,941</u>	<u>\$ 453,335</u>
Post-employment benefits		
Defined contribution plans	16,275	15,448
Defined benefit plans (Note 20)	<u>1,453</u>	<u>1,145</u>
	<u>17,728</u>	<u>16,593</u>
Employee benefits expense	<u>\$ 489,669</u>	<u>\$ 469,928</u>
An analysis by function		
Operating costs	\$ 11,489	\$ 10,252
Operating expenses	<u>478,180</u>	<u>459,676</u>
	<u>\$ 489,669</u>	<u>\$ 469,928</u>

f. Compensation of employees and remuneration of directors

According to the Articles of the Corporation, the Corporation accrued compensation of employees and remuneration of directors 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. The compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022, which were resolved to be paid in cash by the Corporation's board of directors on March 13, 2024 and March 15, 2023, respectively, are as follows:

	For the Year Ended December 31	
	2023	2022
<hr/>		
Accrual rate		
Compensation of employees (%)	5	5
Remuneration of directors (%)	1	1
<hr/>		
Amount		
Compensation of employees	\$ 56,037	\$ 53,992
Remuneration of directors	11,207	10,798

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

For the years ended December 31, 2022 and 2021, there is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2022 and 2021.

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

24. 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	
	2023	2022
Current tax		
In respect of the current year	\$ 179,350	\$ 202,879
Income tax on unappropriated earnings	-	4,250
Adjustments for prior years	<u>(1,211)</u>	<u>(301)</u>
	178,139	206,828
Deferred tax		
In respect of the current year	<u>15,531</u>	<u>(28,196)</u>
Income tax expense recognized in profit or loss	<u>\$ 193,670</u>	<u>\$ 178,632</u>

The reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2023	2022
Profit before income tax	<u>\$ 1,053,496</u>	<u>\$ 1,015,049</u>
Income tax expense calculated at the statutory rate (20%)	\$ 210,699	\$ 203,010
Deductible income and expenses in determining taxable income	(14,302)	(26,194)
Tax-exempt income	(1,571)	(2,133)
Adjustments for temporary differences	55	-

(Continued)

	For the Year Ended December 31	
	2023	2022
Income tax on unappropriated earnings	\$ -	\$ 4,250
Adjustments for prior years' tax	<u>(1,211)</u>	<u>(301)</u>
Income tax expense recognized in profit or loss	<u>\$ 193,670</u>	<u>\$ 178,632</u> (Concluded)

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

	For the Year Ended December 31	
	2023	2022
Recognized during the year		
Translation of foreign operations	\$ 1,011	\$ (13,402)
Remeasurement of defined benefit plan	<u>287</u>	<u>(2,373)</u>
	<u>\$ 1,298</u>	<u>\$ (15,775)</u>

c. Current tax liabilities

	December 31	
	2023	2022
Income tax payable	<u>\$ 73,189</u>	<u>\$ 128,223</u>

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2023

	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	\$ 11,168	\$ (2,985)	\$ 287	\$ 8,470
Loss on inventories	2,507	(1,000)	-	1,507
Others	<u>11,090</u>	<u>(3,370)</u>	<u>-</u>	<u>7,720</u>
	<u>\$ 24,765</u>	<u>\$ (7,355)</u>	<u>\$ 287</u>	<u>\$ 17,697</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Gain from foreign investments accounted for using the equity method	\$ 74,049	\$ 8,176	\$ -	\$ 82,225
Exchange differences on translation of foreign operations	<u>9,004</u>	<u>-</u>	<u>(1,011)</u>	<u>7,933</u>
	<u>\$ 83,053</u>	<u>\$ 8,176</u>	<u>\$ (1,011)</u>	<u>\$ 90,218</u>

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	\$ 15,738	\$ (2,197)	\$ (2,373)	\$ 11,168
Loss on inventories	2,507	-	-	2,507
Exchange differences on translation of foreign operations	4,398	-	(4,398)	-
Others	<u>9,199</u>	<u>1,891</u>	<u>-</u>	<u>11,090</u>
	<u>\$ 31,842</u>	<u>\$ (306)</u>	<u>\$ (6,771)</u>	<u>\$ 24,765</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Gain from foreign investments accounted for using the equity method	\$ 102,506	\$ (28,457)	\$ -	\$ 74,049
Exchange differences on translation of foreign operations	-	-	9,004	9,004
Others	<u>45</u>	<u>(45)</u>	<u>-</u>	<u>-</u>
	<u>\$ 102,551</u>	<u>\$ (28,502)</u>	<u>\$ 9,004</u>	<u>\$ 83,053</u>

e. Income tax assessments

The Corporation's income tax returns through 2021 have been assessed by the tax authorities.

25. 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>	
	<u>2023</u>	<u>2022</u>
Net profit for the year	<u>\$ 859,826</u>	<u>\$ 836,417</u>

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

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	121,219	121,306
Add: Employees' compensation issued	<u>504</u>	<u>796</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>121,723</u>	<u>122,102</u>

The Corporation may settle the compensation paid to employees in cash or shares; therefore, the Corporation assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be 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.

26. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Corporation's overall strategy remains unchanged from the last 2 years.

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

27. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments that are not measured at fair value

The Corporation's management considers 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, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Foreign listed shares	<u>\$ 5,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,144</u>
<u>Financial assets at FVTOCI</u>				
Domestic and foreign listed marketable security investments in equity instruments	<u>\$ 247,311</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 247,311</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Foreign listed shares	\$ 10,075	\$ -	\$ -	\$ 10,075
<u>Financial assets at FVTOCI</u>				
Domestic and foreign listed marketable security investments in equity instruments	\$ 149,608	\$ -	\$ -	\$ 149,608
Private - placement shares of domestic listed companies	-	162,690	-	162,690
	\$ 149,608	\$ 162,690	\$ -	\$ 312,298

For the year ended December 31, 2023, there was a transfer between level 1 and level 2 fair value measurements due to the Corporation's holdings of private placement shares of listed companies that had completed the procedures of the supplemental public offering and were officially listed and traded on the Taiwan Stock Exchange as of July 27, 2023, and thus the related amounts were transferred from level 2 to level 1.

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Private - placement shares of domestic listed companies	The fair value is assessed by reference to the transaction price supported by observable market prices and the liquidity discounts.

c. Categories of financial instruments

	<u>December 31</u>	
	2023	2022
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 7,856,060	\$ 7,854,555
Financial assets at FVTPL	5,144	10,075
Financial assets at FVTOCI	247,311	312,298
<u>Financial liabilities</u>		
Amortized cost (2)	4,882,739	5,065,257

- 1) The balances comprise cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including related parties), other financial assets and refundable deposits, etc.
- 2) The balances comprise notes and accounts payable (including related parties), other payables (including related parties), other financial liabilities-current, and guarantee deposits received, etc.

d. Financial risk management objectives and policies

The Corporation's corporate treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Corporation 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 Corporation's management.

1) Market risk

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

a) Foreign currency risk

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

b) Interest rate risk

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

	December 31	
	2023	2022
Cash flow interest rate risk		
Financial assets	\$ 5,830,169	\$ 5,150,321

The Corporation 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 Corporation'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% higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$58,302 thousand and \$51,503 thousand , respectively.

c) Other price risk

The Corporation was exposed to equity price risk through its investments 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, 2023 and 2022 would have increased/decreased by \$51 thousand and \$101 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, 2023 and 2022 would have increased/decreased by \$2,473 thousand and \$3,123 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 Corporation. As at the end of the reporting period, the Corporation's maximum exposure to credit risk could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

For the financial risk management policies adopted by the Corporation, refer to Note 7.

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

	December 31	
	2023	2022
Group A	\$ 372,443	\$ 443,985
Group B	241,909	207,185
Group C	154,148	110,261
Group D	<u>144,886</u>	<u>189,333</u>
	<u>\$ 913,386</u>	<u>\$ 950,764</u>

The Corporation's concentration of credit risk accounted for 55% and 57% of total accounts receivable and other receivables from the above-mentioned groups as of December 31, 2023 and 2022, respectively.

3) Liquidity risk

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

Liquidity risk table for non-derivative financial liabilities

The following table details the Corporation'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 Corporation can be required to pay.

	Within 4 Months	At least 5 Months	More than 1 year	Total
<u>December 31, 2023</u>				
Non-interest bearing liabilities	\$ 4,805,240	\$ 77,031	\$ 468	\$ 4,882,739
Lease liabilities	<u>2,468</u>	<u>4,887</u>	<u>9,681</u>	<u>17,036</u>
	<u>\$ 4,807,708</u>	<u>\$ 81,918</u>	<u>\$ 10,149</u>	<u>\$ 4,899,775</u>

(Continued)

	Within 4 Months	At least 5 Months	More than 1 year	Total
December 31, 2022				
Non-interest bearing liabilities	\$ 4,991,975	\$ 72,844	\$ 438	\$ 5,065,257
Lease liabilities	<u>2,177</u>	<u>3,143</u>	<u>8,984</u>	<u>14,304</u>
	<u>\$ 4,994,152</u>	<u>\$ 75,987</u>	<u>\$ 9,422</u>	<u>\$ 5,079,561</u> (Concluded)

28. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

Related Party Name	Related Party Category
Chinese Gamer	Subsidiary
Game Flier	Subsidiary
Game First	Subsidiary
Soft-World (Hong Kong)	Subsidiary
Zealot Digital	Subsidiary
Fast Distributed Cloud	Subsidiary
Neweb Technologies	Subsidiary
Efun	Subsidiary
CELAD	Subsidiary
Dyansty	Subsidiary
GameTopia Co., Ltd. (Game Topia)	Subsidiary
ezPay Co., Ltd. (ezPay)	Subsidiary
Re: Ad Media (Taiwan) Corporation	Subsidiary
Taiwan Taomee Co., Ltd. (Taiwan Taomee)	Associate
Fun Yours Technology Co., Ltd. (Fun Yours)	Other related party (The Corporation as legal directors of investee companies)
Asure Corporation (Asure)	Other related party (The person in charge is the second-degree relative of the Corporation's chairman)
Ko, Hsiu-Yen	Other related party (Spouse of the Corporation's chairman)
Wang, Li-Chuan	Other related party (Second-degree relative of the Corporation's chairman)
Wang, Chun-Hsiung	Other related party (Second-degree relative of the Corporation's chairman)

b. Operating Revenues

Line Item	Related Party Category	For the Year Ended December 31	
		2023	2022
Sale of goods	Other related parties	\$ 52,006	\$ 87,657
Rendering of services	Subsidiaries	\$ 66,197	\$ 63,996
	Associates	9,124	8,592
		<u>\$ 75,321</u>	<u>\$ 72,588</u>
Licensing revenue	Subsidiaries	\$ 206	\$ 478

The selling price for the sale of goods and licenses to related parties was not significantly different from that of normal customers. Except for the revenue from the rendering of advertising design services where similar transactions with unrelated parties are not available for comparison, MyCard service revenue was recognized according to the terms in each agreement, and the payment terms are monthly with 2-month promissory notes. Other payment terms were not significantly different from those for other customers.

c. Purchase of goods

Related Party Category	For the Year Ended December 31	
	2023	2022
Other related parties	\$ 7,807	\$ 7,927

The Corporation purchases goods from the aforementioned related parties based on franchise agreements, and the prices and payment terms are handled in accordance with the agreements. As the Corporation did not purchase similar types of game software 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	
		2023	2022
Accounts receivable	Subsidiaries		
	Game Flier	\$ 22,264	\$ 17,603
	Others	5,168	4,261
		<u>27,432</u>	<u>21,864</u>
	Associates	1,952	1,818
		<u>\$ 29,384</u>	<u>\$ 23,682</u>
Other receivables	Subsidiaries	\$ 54,611	\$ 37,701
	Other related parties	28,941	15,370
		<u>\$ 83,552</u>	<u>\$ 53,071</u>

Other receivables are mainly from Corporation's sale of its exclusive MyCard through its related parties and prepayments made on behalf of its related parties.

The outstanding receivables were unsecured with no impairment loss recognized.

e. Payables to related parties

Line Item	Related Party Category	December 31	
		2023	2022
Notes payable	Other related parties	\$ 780	\$ 780
Accounts payable	Subsidiaries	\$ 4,605	\$ 4,217
	Other related parties	386	-
		<u>\$ 4,991</u>	<u>\$ 4,217</u>
Other payables	Subsidiaries	\$ 199,673	\$ 94,173
	Associates	12,541	11,898
	Other related parties	<u>5</u>	<u>29</u>
		<u>\$ 212,219</u>	<u>\$ 106,100</u>

Payables for receipts under custody are receipts from Mycard online platform service and points sales provided by the Corporation, which were needed to be transferred to the game operators.

The outstanding payables to related parties were unsecured.

f. Endorsements and guarantees - except as disclosed in Table 1

Related Party Category/Name	December 31	
	2023	2022
	Amount Endorsed	Amount Endorsed
Subsidiaries		
Neweb Technologies	\$ -	\$ 80,000

g. Others

The commission, circulation fees, rent, royalties, internet services, and advertising fees, etc. which the Corporation paid to its related parties were recognized under operating cost and expenses based on their nature:

Related Party Category	For the Year Ended December 31	
	2023	2022
Subsidiaries	\$ 46,218	\$ 49,238
Other related parties		
Asure	146,948	182,990
Others	<u>941</u>	<u>420</u>
	<u>147,889</u>	<u>183,410</u>
	<u>\$ 194,107</u>	<u>\$ 232,648</u>

h. 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	
	2023	2022
Short-term employee benefits	\$ 38,649	\$ 36,489
Post-employment benefits	<u>560</u>	<u>520</u>
	<u>\$ 39,209</u>	<u>\$ 37,009</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets have been provided as collateral for various service performance guarantees:

	December 31	
	2023	2022
Other financial assets - current		
Pledged demand deposits	\$ <u>3,469</u>	\$ <u>11,650</u>
Property, plant and equipment		
Land	109,463	109,463
Buildings	<u>72,413</u>	<u>74,682</u>
	<u>181,876</u>	<u>184,145</u>
Investment Property		
Buildings	<u>2,755</u>	<u>2,852</u>
	<u>\$ 188,100</u>	<u>\$ 198,647</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2023 and 2022, the credit line committed for MyCard by banks was both \$800,000 thousand, respectively.

31. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On December 21, 2023, the board of directors resolved to issue new shares of the Corporation as consideration for the transfer of shares of Gloria Material Technology Corp. (GMTC). The share exchange ratio was 2.2 shares of GMTC common stock for every 1 share of the Corporation's common stock. The Corporation issued 28,600 thousand shares and acquired 62,920 thousand shares of GMTC in the share exchange by issuing new shares, representing a shareholding ratio of approximately 10.44%. The Corporation issued new shares by transferring the shares of another company, with the share exchange date on January 31, 2024, and had completed the registration process.

As a result of the above share exchange, the Corporation received a writ of certiorari from the Commercial Court in February 2024, in which 16 plaintiffs, including Wanin International Co., Ltd., filed a claim against the Corporation and 6 of its directors for joint damages in the amount of \$112,750 thousand, plus interest. As of the date of the parent company only financial statements, the commercial case is still under

trial. According to the opinion of the appointed attorney, the case should be dismissed by the Commercial Court without prejudice to the Corporation.

31. 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: Table 3
- 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: Table 4
- 9) Trading in derivative instruments: None

b. Information on investees: Table 5

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 6
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: 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 year balance, the interest rate range, and total current year 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
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder:
Table 7

TABLE 1**SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES****ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

No.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Limited 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 (Note 1)											
0	The Corporation	Neweb Technologies Co., Ltd.	Subsidiary	\$ 1,398,595	\$ 80,000	\$ -	\$ -	\$ -	-	\$ 3,496,489	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, 2023****(In Thousands of New Taiwan Dollars)**

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	December 31, 2023				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	562,482	\$ 43,873	1	\$ 43,873	
	Softstar Entertainment Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	539,021	41,505	1	41,505	
	China Communications Media Group Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	103,949	482	1	482	
	Fun Yours Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	2,587,387	145,929	12	145,929	
	Kuobrothers Corporation	-	Financial assets at fair value through other comprehensive income - noncurrent	625,207	14,567	2	14,567	
	Gameone Holdings Limited.	-	Financial assets at fair value through other comprehensive income - noncurrent	180,000	955	1	955	
Intelligent Dragon Venture Capital Corporation	Archosaur Games Inc.	-	Financial assets at fair value through profit or loss - noncurrent	668,000	5,144	-	5,144	
					<u>\$ 252,455</u>		<u>\$ 252,455</u>	
	Stock							
	9Splay Entertainment Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	608,983	\$ -	3	\$ -	
Neweb Technologies Co., Ltd.	Soft-World International Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	9,605,000	847,771	8	847,771	Note
					<u>\$ 847,771</u>		<u>\$ 847,771</u>	
Neweb Technologies Co., Ltd.	Stock							
	Green World Hotels Co.	-	Financial assets at fair value through other comprehensive income - noncurrent	51,725	\$ 2,509	-	\$ 2,509	
	Taiwan Smart Card Co.	-	Financial assets at fair value through other comprehensive income - noncurrent	3,140,671	15,578	20	15,578	

(Continued)

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Global Concept Corporation	POMO Network INC.		Financial assets at fair value through other comprehensive income - noncurrent	175,000	\$ 9,975	4	\$ 9,975	
					<u>\$ 28,062</u>		<u>\$ 28,062</u>	
	Stock Ever Master Holdings Limited	-	Financial assets at fair value through other comprehensive income - noncurrent	25,000,000	<u>\$ 112,368</u>	33	<u>\$ 112,368</u>	

(Continued)

Note: The Corporation's shares held by its subsidiaries were considered treasury shares. For related information, refer to Note 21.

TABLE 3

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount (Note 2)	Shares/Units	Amount	Shares/Units (Note 1)	Amount	Carrying Amount	Gain/Loss on Disposal	Shares/Units (Note 1)	Amount (Note 2)
The Corporation	Stock Softstar Entertainment Inc.	Financial assets at fair value through other comprehensive income-noncurrent	-	-	3,461,506	\$ 162,290	-	\$ -	3,277,000	\$ 243,899	\$ 58,100	\$ 185,799	539,021	\$ 41,505
Gameflier International Corporation	Stock Softstar Entertainment Inc.	Financial assets at fair value through other comprehensive income-noncurrent	-	-	1,990,367	93,808	-	-	2,057,517	160,451	36,980	123,471	-	-

Note 1: Including the share dividends.

Note 2: Including the unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income.

TABLE 4**SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023**

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Gameflie International Corporation	Soft-World International Corporation	Parent company	\$ 135,894	-	\$ -	-	\$ 127,337	\$ -

TABLE 5

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	January 1, 2023	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	\$ 483,073	\$ 659	\$ (10,375)	Subsidiary
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	14,613	128	128	Subsidiary
The Corporation	Gameflier International Corporation	Taiwan	Electronic data information providing service, etc.	218,017	218,017	28,332,800	98	832,024	32,808	32,323	Subsidiary
The Corporation	Global Concept Corporation	Samoa	Investment company	295,068	295,068	9,631,253	100	426,215	10,019	10,019	Subsidiary
The Corporation	Game First International Corporation	Taiwan	Online game service	27,813	27,813	16,684,063	70	234,776	3,487	2,441	Subsidiary
The Corporation	Zealot Digital International Corporation	Taiwan	Electronic data information providing service, etc.	50,874	50,874	4,946,757	99	89,182	3,231	3,197	Subsidiary
The Corporation	Softworld (Hong Kong) International Co.,	Hong Kong	Trading of game software	88,858	88,858	3,883,558	100	484,639	32,799	32,799	Subsidiary
The Corporation	Dynasty International Information Co., Ltd.	Taiwan	Development, design, trading of computer software,	14,667	14,667	2,190,915	86	30,958	3,290	2,826	Subsidiary
The Corporation	Intelligent Dragon Venture Capital Corporation	Taiwan	Investment company	100,000	100,000	11,524,445	13	10,779	63,580	46	Subsidiary
The Corporation	Interactive Entertainment Technology Co., Ltd.	Samoa	Investment company	-	15,485	-	-	-	46	148	Subsidiary (Note 3)
The Corporation	Fast Distributed Cloud Computing (Taiwan) Co., Ltd.	Taiwan	Retail sale, wholesale and service for information software, etc.	13,812	13,812	3,019,709	90	117,718	23,683	21,315	Subsidiary
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	510,286	2,295	(8,477)	Subsidiary
The Corporation	Efun International Corporation	Taiwan	Information software, data processing service and general advertising service, etc.	91,364	91,364	16,016,347	80	294,508	31,830	25,473	Subsidiary
The Corporation	Lung Hsiang Investment Co., Ltd.	Taiwan	Investment company	250,000	250,000	25,000,000	44	30,012	45,434	(569)	Subsidiary
The Corporation	Celad International Corp.	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	71	(481)	(152)	Subsidiary
The Corporation	We Can Financial Technology Co., Ltd.	Taiwan	Development of financial system and equipment, etc.	27,824	27,824	5,106,000	51	5,530	1,544	789	Subsidiary
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	11,938	1,212	380	Note 1

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	January 1, 2023	Number of shares	(%)	Carrying Amount			
Chinese Gamer International Corporation	Taichigamer (B.V.I.) Co., Ltd.	British Virgin Islands	Investment company	\$ 96,942	\$ 96,942	3,041,698	100	\$ 244,502	\$ 6,507	\$ 6,507	Subsidiary
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	16,830	131	131	Subsidiary
Chinese Gamer International Corporation	Celad International Corp.	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	153	(481)	(329)	Subsidiary
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	1,630	(75)	(66)	Subsidiary
Chinese Gamer International Corporation	Intelligent Dragon Venture Capital Corporation	Taiwan	Investment company	100,000	100,000	11,524,445	13	199,423	63,580	8,297	Subsidiary
Chinese Gamer International Corporation	Star Diamond Universal Corporation(BVI)	British Virgin Islands	Business related investees	109,300	82,772	70,000	100	43,833	(17,000)	(17,000)	Subsidiary
Chinese Gamer International Corporation	FunBear International Corp.	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	16,660	123	123	Subsidiary
Chinese Gamer International Corporation	GameTopia Co., Ltd.	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	41,651	1,565	1,020	Subsidiary
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	16,815	118	118	Subsidiary
Chinese Gamer International Corporation	Lung Hsiang Investment Co., Ltd.	Taiwan	Investment company	168,000	168,000	16,800,000	30	336,164	45,434	13,439	Subsidiary
Taichigamer (B.V.I.) Co., Ltd.	Transasiagamer Co., Ltd.	British Virgin Islands	Investment company	94,264	94,264	2,976,934	100	238,228	6,637	6,637	Subsidiary
Transasiagamer Co., Ltd.	Yulon Online (Beijing) Technologies Co., Ltd.	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	214,349	7,256	7,256	Subsidiary
Star Diamond Universal Corporation(BVI)	Dragon Gamer (Hong Kong) Co., Limited	Hong Kong	Online game service	109,300	82,772	350,000	100	43,832	(17,000)	(17,000)	Subsidiary
GameTopia Co., Ltd.	GameTopia (Hong Kong) Co., Limited	Hong Kong	Information software service	987	987	3,300	100	58,628	6,841	6,841	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	January 1, 2023	Number of shares	(%)	Carrying Amount			
Global Concept Corporation	Value Central Corporation	Samoa	Investment company	\$ 45,452	\$ 45,452	1,450,000	100	\$ 19,281	\$ 145	\$ 145	Subsidiary
Global Concept Corporation	Gamers Grande Corporation	Malaysia	Business related investees	179,788	179,788	6,453,621	100	222,321	7,810	7,810	Subsidiary
Global Concept Corporation	Playgame Sdn. Bhd.	Malaysia	Investment company	56,074	56,074	30,250	30	26,020	3,042	908	Note 1
Value Central Corporation	Picked United Development Limited	Hong Kong	Acquisition and royalty for game software	20,255	20,255	4,700,000	100	15,557	126	126	Subsidiary
Game First International Corporation	Compete ! Games Interactive Entertainment Corporation	Taiwan	Agent and operation of sports games	21,342	21,342	2,941,520	100	8,427	42	42	Subsidiary
Intelligent Dragon Venture Capital Corporation	Sky Touch Co., Ltd.	Taiwan	Manufacture of computers and accessories	20,002	20,002	673,915	31	1,647	(24)	(7)	Note 1
Interactive Entertainment Technology Co., Ltd.	Interactive Entertainment Technologies (Taiwan) Co., Ltd.	Taiwan	Wholesale and service of information software	-	18,000	-	-	-	60	60	Subsidiary (Note 3)
Newweb Technologies Co., Ltd.	ezPay Co., Ltd.	Taiwan	Third party payment service	1,066,748	966,748	51,400,000	100	432,405	(46,774)	(46,250)	Subsidiary
Newweb Technologies Co., Ltd.	CS Technology Co., Ltd.	Taiwan	Information software	5,000	5,000	525,300	100	5,571	238	238	Subsidiary
Efun International Corporation	Re: Ad Media (Taiwan) Corporation	Taiwan	General advertising service	26,000	26,000	5,886,000	100	73,017	10,127	10,127	Subsidiary
Lung Hsiang Investment Co., Ltd.	Intelligent Dragon Venture Capital Corporation	Taiwan	Investment company	566,000	566,000	65,228,357	74	687,542	63,580	46,985	Subsidiary

(Concluded)

Note 1: Investment accounted for using the equity method.

Note 2: For investees in China, refer to Table 6.

Note 3: The company had completed liquidation in 2023.

TABLE 6**SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES****INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Gameflier International (Beijing) Corporation	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	\$ 10,242	100	\$ 10,242	\$ 217,215	\$ -	Note 2

Investee Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	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 (USD 10,936 thousand)	\$ 4,195,786

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

Note 2: Gameflier International (Beijing) Corporation distributed earnings that amounted to RMB10,719 thousand to Gamers Grande Corporation in August 2010 and December 2022, respectively. As of December 31, 2023, Gameflier International (Beijing) Corporation 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 7

SOFT-WORLD INTERNATIONAL CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS

DECEMBER 31, 2023[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.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

ITEM	STATEMENT INDEX
MAJOR ACCOUNTING ITEMS IN ASSETS, LIABILITIES AND EQUITY	
STATEMENT OF CASH AND CASH EQUIVALENTS	1
STATEMENT OF ACCOUNTS RECEIVABLE	2
STATEMENT OF OTHER RECEIVABLES	3
STATEMENT OF INVENTORIES	4
STATEMENT OF OTHER FINANCIAL ASSETS	Note 9
STATEMENT OF OTHER CURRENT ASSETS	5
STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NONCURRENT	6
STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NONCURRENT	7
STATEMENT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	8
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT	Note 13
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	Note 13
STATEMENT OF RIGHT-OF-USE ASSETS	Note 14
STATEMENT OF INVESTMENT PROPERTIES	Note 15
STATEMENT OF CHANGES IN INTANGIBLE ASSETS	Note 16
STATEMENT OF DEFERRED TAX ASSETS	Note 24
STATEMENT OF CONTRACT LIABILITIES	Note 22
STATEMENT OF NOTES PAYABLE	9
STATEMENT OF ACCOUNTS PAYABLE	10
STATEMENT OF OTHER PAYABLES	11
STATEMENT OF DEFERRED TAX LIABILITIES	Note 24
MAJOR ACCOUNTING ITEMS IN PROFIT OR LOSS	
STATEMENT OF OPERATING REVENUES	12
STATEMENT OF OPERATING COSTS	13
STATEMENT OF OPERATING EXPENSES	14
STATEMENT OF OTHER GAINS AND LOSSES	Note 23
SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION	15

STATEMENT 1**SOFT-WORLD INTERNATIONAL CORPORATION****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Summary	Amount
Cash		\$ 771
Bank Deposits		
Demand deposits		1,717,902
Checking deposits		140
Foreign currency deposits	US1,731,776	53,174
Cash Equivalents		
Time deposits	The annual interest rate is from 1.120% to 1.350%; the expiration period is from January 2024 to March 2024	919,520
		<hr/>
		<u>\$ 2,691,507</u>

Note: US converted to NTD at US\$1=NT\$30.705.

STATEMENT 2**SOFT-WORLD INTERNATIONAL CORPORATION****STATEMENT OF ACCOUNTS RECEIVABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Amount
Related parties	
Game Flier	\$ 22,264
Others (Note 1)	<u>7,120</u>
	<u>29,384</u>
Unrelated parties (Note 2)	
Company A	42,230
Company B	28,458
Company C	9,704
Others (Notes 1 and 2)	<u>42,401</u>
	122,793
Less: Allowance of accounts receivable	<u>129</u>
	<u>122,664</u>
	<u>\$ 152,048</u>

Note 1: The amount of individual customer included in others does not exceed 5% of the account balance.

Note 2: The amount of accounts receivable past due 1 year was \$49 thousand.

STATEMENT 3**SOFT-WORLD INTERNATIONAL CORPORATION****STATEMENT OF OTHER RECEIVABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Name	Amount
Related parties (Note)	<u>\$ 83,552</u>
Unrelated parties	
Company A	372,443
Company B	241,909
Company C	144,886
Company D	111,918
Company E	96,345
Others (Note)	<u>461,867</u>
	1,429,368
Less: Allowance of other receivables	<u>20,781</u>
	<u>1,408,587</u>
	<u>\$ 1,492,139</u>

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

STATEMENT 4

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF INVENTORIES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	
	Carrying Amount	Net Realizable Value (Note)
Merchandise	<u>\$ 26,846</u>	<u>\$ 28,946</u>

Note: For the determination of base of net realizable value, refer to Note 4.

STATEMENT 5

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF OTHER CURRENT ASSETS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount
Prepayments for commission	\$ 27,437
Prepayments for projects	18,184
Prepayments for rent	9,580
Temporary payments	4,613
Others (Note)	<u>7,030</u>
	<u>\$ 66,844</u>

Note: The amount of each item included in others does not exceed 5% of the account balance.

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NONCURRENT
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)

Name	Balance, January 1, 2023		Increases in the Current Year		Decreases in the Current Year (Note)		Balance, December 31, 2023		Collateral
	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	
Archosaur Games Inc.	668,000	<u>\$ 10,075</u>	-	<u>\$ -</u>	-	<u>\$ 4,931</u>	668,000	<u>\$ 5,144</u>	None

Note: Decrease in the adjustment to unrealized loss from financial assets.

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NONCURRENT
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2023		Increases in the Current Year (Note 1)		Decreases in the Current Year (Note2)		Balance, December 31, 2023		Collateral
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	
Userjoy Technology Co., Ltd.	535,698	\$ 41,302	26,784	\$ 2,571	-	\$ -	562,482	\$ 43,873	None
Softstar Entertainment Inc.	3,461,506	162,690	354,515	122,714	3,277,000	243,899	539,021	41,505	None
China Communications Media Group Co., Ltd.	103,949	1,965	-	-	-	1,483	103,949	482	None
Fun Yours Technology Co., Ltd.	2,249,902	93,821	337,485	52,108	-	-	2,587,387	145,929	None
Kuobrothers Corporation	625,207	11,003	-	3,564	-	-	625,207	14,567	None
Gameone Holdings Limited.	1,800,000	<u>1,517</u>	-	<u>-</u>	1,620,000	<u>562</u>	180,000	<u>955</u>	None
		<u>\$ 312,298</u>		<u>\$ 180,957</u>		<u>\$ 245,944</u>		<u>\$ 247,311</u>	

Note 1: Increase in share dividends received from investee companies and the adjustments to unrealized profit from financial assets.

Note 2: Decrease in disposal proceeds and the adjustments to unrealized loss from financial assets.

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investees	Balance, January 1, 2023		Increases in the Current Year (Note 1)		Decreases in the Current Year (Note 1)		Balance, December 31, 2023			Fair Value or Net Assets Value (Note 2)		Collateral
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	% of Ownership	Amount	Unit Price (NT\$)	Total Amount	
Listed company												
Chinese Gamer International Corporation	41,880,205	\$ 498,527	-	\$ 11,699	-	\$ 27,153	41,880,205	48	\$ 483,073	\$ 45.40	\$ 1,901,361	None
Unlisted companies												
Soft-World Technology Pte. Ltd.	390,000	14,229	-	384	-	-	390,000	100	14,613	37.47	14,613	None
Gameflifer International Corporation	28,332,800	784,889	-	154,120	-	106,985	28,332,800	98	832,024	29.37	832,024	None
Global Concept Corporation	9,631,253	414,960	-	15,386	-	4,131	9,631,253	100	426,215	44.25	426,215	None
Game First International Corporation	16,684,063	232,335	-	2,441	-	-	16,684,063	70	234,776	14.07	234,776	None
Zealot Digital International Corporation	8,904,162	85,985	-	3,197	3,957,405	-	4,946,757	99	89,182	18.03	89,182	None
Softworld (Hong Kong) International Co., Ltd.	3,883,558	453,020	-	32,799	-	1,180	3,883,558	100	484,639	121.42	471,546	None
Dynasty International Information Co., Ltd.	2,190,915	33,609	-	2,826	-	5,477	2,190,915	86	30,958	14.13	30,958	None
Intelligent Dragon Venture Capital Corporation	11,081,197	15,159	443,248	8,298	-	12,678	11,524,445	13	10,779	0.94	10,779	None
Interactive Entertainment Technology Co., Ltd.	480,000	17,542	120,000	4,433	600,000	21,975	-	-	-	-	-	None
Fast Distributed Cloud Computing (Taiwan) Co., Ltd.	2,745,190	106,011	274,519	21,315	-	9,608	3,019,709	90	117,718	38.98	117,718	None
Neweb Technologies Co., Ltd.	38,104,043	514,634	-	4,129	-	8,477	38,104,043	50	510,286	13.39	510,286	None
Efun International Corporation	16,016,347	288,255	-	25,473	-	19,220	16,016,347	80	294,508	18.39	294,508	None
Lung Hsiang Investment Co., Ltd.	25,000,000	39,956	-	20,565	-	30,509	25,000,000	44	30,012	1.20	30,012	None
Celad International Corp.	477,273	225	-	-	-	154	477,273	32	71	0.15	71	None
We Can Financial Technology Co., Ltd.	5,106,000	4,742	-	788	-	-	5,106,000	51	5,530	1.08	5,530	None
Joy Children Technology Co., Ltd.	2,051,153	11,558	-	380	-	-	2,051,153	32	11,938	5.82	11,938	None
		<u>\$ 3,515,636</u>		<u>\$ 308,233</u>		<u>\$ 247,547</u>			<u>\$ 3,576,322</u>		<u>\$ 4,981,517</u>	

Note 1: Includes the decrease in investment costs, the cash dividends received from investee companies, the share of profit of subsidiaries and associates accounted for using the equity method, the increase in net equity accounted for using the equity method, the decrease in exchange differences on translating foreign operations, the adjustments to capital surplus arising from dividends paid to subsidiaries, the difference between consideration and carrying amount of subsidiaries acquired or disposed of, the decrease in the share of other comprehensive income (loss) of subsidiaries accounted for using the equity method and the decrease in the effect of the Corporation's shares held by its subsidiaries deemed as treasury shares.

Note 2: Fair value was the closing price of stocks at the end of 2023. Net asset value was calculated based on the investees' financial statements and the Corporation's ownership percentage.

STATEMENT 9

SOFT-WORLD INTERNATIONAL CORPORATION

**STATEMENT OF NOTES PAYABLE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Name of Suppliers	Amount
Related parties (Note)	<u>\$ 780</u>
Unrelated parties	
Company A	5,076
Individual B	2,204
Company C	1,203
Individual D	770
Others (Note)	<u>1,721</u>
	<u>10,974</u>
	<u>\$11,754</u>

Note: The amount of individual supplier included in others does not exceed 5% of the account balance.

STATEMENT 10

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF ACCOUNTS PAYABLE

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Name of Suppliers	Amount
Related parties (Note)	<u>\$ 4,991</u>
Unrelated parties	
Company A	67,805
Company B	64,722
Company C	21,016
Company D	10,104
Others (Note)	<u>32,772</u>
	<u>196,419</u>
	<u>\$ 201,410</u>

Note: The amount of individual supplier included in others does not exceed 5% of the account balance.

SOFT-WORLD INTERNATIONAL CORPORATION**STATEMENT OF OTHER PAYABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Name of Suppliers	Amount
Related parties (Note 1)	<u>\$ 212,219</u>
Unrelated parties (Note 2)	
Company A	435,750
Company B	202,153
Others (Note 1)	<u>3,132,975</u>
	<u>3,770,878</u>
	<u>\$ 3,983,097</u>

Note 1: The amount of individual supplier included in others does not exceed 5% of the account balance.

Note 2: Refer to Note 18.

SOFT-WORLD INTERNATIONAL CORPORATION**STATEMENT OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Quantity (Pieces)	Amount
Rendering of services		
Revenue from MyCard services	-	\$ 2,142,316
Advertisement Revenue		354,234
Others (Note)	-	<u>12,047</u>
		2,508,597
 Sale of goods - recharge cards and product packages	 2,371,857	 597,824
 Licensing revenue	 -	 <u>14,844</u>
 Subtotal		 3,121,265
 Less: Sales return	 435,109	 <u>(60,740)</u>
 Total		 <u><u>\$ 3,060,525</u></u>

Note: The amount of each item included in others does not exceed 10% of the account balance.

SOFT-WORLD INTERNATIONAL CORPORATION
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Cost of goods produced	
Raw materials used	
Add: Raw material purchased	\$ 448
	448
Direct labor	9,677
Manufacturing expenses	6,669
Manufacturing cost	16,794
Add: Finished goods, beginning of year	134
Reversal of inventory write-downs	2,330
Less: Disposal	(384)
Others	(15,463)
	3,411
Cost of goods purchased	
Merchandise, beginning of year	53,961
Add: Merchandise purchased	455,724
Reversal of inventory write-downs	2,670
Less: Merchandise, end of year	(26,846)
Disposal	(2,657)
	482,852
Other operating costs	257,465
Loss on disposal of inventory	3,041
Reversal of inventory write-downs	(5,000)
	<u>\$741,769</u>

STATEMENT 14**SOFT-WORLD INTERNATIONAL CORPORATION****STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Circulation	\$ 543,492	\$ -	\$ -	\$ 543,492
Salaries	278,983	128,192	14,429	421,604
Service for processing of information	170,988	-	4	170,992
Other expenses	95,442	8,462	24,130	128,034
Insurance	24,843	9,544	1,143	35,530
Depreciation	13,512	2,621	560	16,693
Amortization	3,231	1,736	102	5,069
Advertising	14,144	160	65	14,369
Pension	12,030	4,857	479	17,366
Others	<u>51,982</u>	<u>52,755</u>	<u>1,518</u>	<u>106,255</u>
	<u>\$ 1,208,647</u>	<u>\$ 208,327</u>	<u>\$ 42,430</u>	1,459,404
Expected credit gain reversed				<u>(2,151)</u>
				<u>\$ 1,457,253</u>

SOFT-WORLD INTERNATIONAL CORPORATION

**SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	For the Year Ended December 31							
	2023				2022			
	Operating Costs	Operating Expenses	Non - Operating Expenses	Total	Operating Costs	Operating Expenses	Non - Operating Expenses	Total
Employee benefits	\$ 10,160	\$ 409,447	\$ -	\$ 419,607	\$ 8,997	\$ 394,810	\$ -	\$ 403,807
Salaries	867	35,530	-	36,397	826	33,545	-	34,371
Labor and health insurance	362	17,366	-	17,728	332	16,261	-	16,593
Pension	-	12,157	-	12,157	-	11,508	-	11,508
Remuneration of directors	100	3,680	-	3,780	97	3,552	-	3,649
Others	<u>\$ 11,489</u>	<u>\$ 478,180</u>	<u>\$ -</u>	<u>\$ 489,669</u>	<u>\$ 10,252</u>	<u>\$ 459,676</u>	<u>\$ -</u>	<u>\$ 469,928</u>
Depreciation	\$ 490	\$ 16,693	\$ 97	\$ 17,280	\$ 404	\$ 13,990	\$ 24	\$ 14,418
Amortization	20	5,069	-	5,089	34	4,038	-	4,072

Note 1: The Corporation's average number of employees was 439 and 428 for the years ended December 31, 2023 and 2022, respectively, which included 9 and 8 non-employee directors for both years, respectively.

Note 2: 1) Average employee benefits for the years ended December 31, 2023 and 2022 were \$1,110 thousand and \$1,091 thousand, respectively.

2) Average employee salary for the years ended December 31, 2023 and 2022 were \$976 thousand and \$961 thousand, respectively.

3) The average employee salary increased by 1.56% year-on-year.

4) The Corporation's compensation policies are as follows:

a) Remuneration of directors

In accordance with the Corporation's articles of incorporation, the Corporation shall allocate a specific percentage of profit as remuneration of directors for each profitable fiscal year. In addition, traveling expenses shall be paid based on the Corporation's financial performance, and the compensation policies, system, standard and structure will be assessed by conducting a performance evaluation of directors on a regular basis.

b) Compensation of managers and employees

A reasonable level of compensation is set for managers and employees with reference to the market level of salary for listed companies as well as other companies in the same industry, taking into consideration the relationship between the Corporation's operating performance and individual performance, and relevant policies are formulated for the distribution of bonuses. In addition, the compensation policies, system, standard and structure will be assessed by conducting a performance evaluation of managers on a regular basis.