

Soft-World International Corporation

**Parent Company Only Financial Statements for the
Years Ended December 31, 2024 and 2023 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, 2024 and 2023, 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, 2024 and 2023, 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, 2024. 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, 2024 is described as follows:

Revenue recognition - MyCard transactions

The Corporation is an agent in its exclusive card (MyCard) transactions. Net service revenue is recognized at the time customers use MyCard in exchange for game points. Please refer to Note 4 of the parent company only financial statements of the Corporation. 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, 2024, 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 Chiu-Yen Wu and Chen-Li Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2025

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, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	December 31, 2024		December 31, 2023	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,862,397	13	\$ 2,691,507	22
Notes receivable (Notes 4, 5 and 7)	10	-	83	-
Accounts receivable, net (Notes 4, 5 and 7)	130,449	1	122,664	1
Accounts receivable - related parties (Notes 4, 5, 7 and 28)	11,325	-	29,384	-
Other receivables (Notes 4, 5 and 7)	1,327,718	9	1,408,587	12
Other receivables - related parties (Notes 4, 5, 7 and 28)	88,296	-	83,552	1
Inventories (Notes 4 and 8)	45,545	-	26,846	-
Other financial assets - current (Notes 9 and 29)	3,943,376	27	3,467,489	28
Other current assets	108,756	1	66,844	1
Total current assets	7,517,872	51	7,896,956	65
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss (FVTPL) - noncurrent (Notes 4 and 10)	4,005	-	5,144	-
Financial assets at fair value through other comprehensive income (FVTOCI) - noncurrent (Notes 4 and 11)	3,138,259	22	247,311	2
Investments accounted for using the equity method (Notes 4 and 12)	3,596,469	25	3,576,322	30
Property, plant and equipment (Notes 4, 13 and 29)	325,467	2	338,489	3
Right-of-use assets (Notes 4 and 14)	10,846	-	16,262	-
Investment properties (Notes 4, 15 and 29)	10,786	-	2,755	-
Other intangible assets (Notes 4 and 16)	3,801	-	3,429	-
Deferred tax assets (Notes 4 and 24)	14,653	-	17,697	-
Refundable deposits	11,390	-	10,710	-
Other financial assets - noncurrent (Note 9)	41,643	-	42,084	-
Total noncurrent assets	7,157,319	49	4,260,203	35
TOTAL	\$ 14,675,191	100	\$ 12,157,159	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 22)	\$ 98,998	1	\$ 36,978	-
Notes payable (Note 17)	7,517	-	10,974	-
Notes payable - related parties (Notes 17 and 28)	272	-	780	-
Accounts payable (Note 17)	115,398	1	196,419	2
Accounts payable - related parties (Notes 17 and 28)	4,000	-	4,991	-
Other payables (Note 18)	3,574,957	24	3,770,878	31
Other payables - related parties (Note 28)	105,214	1	212,219	2
Current tax liabilities (Notes 4 and 24)	76,719	-	73,189	-
Lease liabilities - current (Notes 4 and 14)	6,616	-	7,035	-
Other financial liabilities - current (Note 19)	671,927	5	686,010	6
Other current liabilities	53,770	-	22,224	-
Total current liabilities	4,715,388	32	5,021,697	41
NONCURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 24)	123,638	1	90,218	1
Lease liabilities - noncurrent (Notes 4 and 14)	4,468	-	9,449	-
Net defined benefit liabilities (Notes 4 and 20)	26,651	-	42,350	-
Guarantee deposits received	786	-	468	-
Total noncurrent liabilities	155,543	1	142,485	1
Total liabilities	4,870,931	33	5,164,182	42
EQUITY (Note 21)				
Share capital	1,560,743	11	1,274,743	11
Capital surplus	4,370,959	30	1,882,495	16
Retained earnings				
Legal reserve	1,416,754	10	1,300,061	11
Special reserve	25,117	-	46,916	-
Unappropriated earnings	2,868,553	19	2,889,129	24
Total retained earnings	4,310,424	29	4,236,106	35
Other equity	129,142	1	172,873	1
Treasury shares	(567,008)	(4)	(573,240)	(5)
Total equity	9,804,260	67	6,992,977	58
TOTAL	\$ 14,675,191	100	\$ 12,157,159	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, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 22 and 28)	\$ 3,147,259	100	\$ 3,060,525	100
OPERATING COSTS (Notes 23 and 28)	<u>794,607</u>	<u>25</u>	<u>741,769</u>	<u>24</u>
GROSS PROFIT	<u>2,352,652</u>	<u>75</u>	<u>2,318,756</u>	<u>76</u>
OPERATING EXPENSES (Notes 23 and 28)				
Selling and marketing expenses	1,245,774	40	1,208,647	40
General and administrative expenses	260,964	8	208,327	7
Research and development expenses	43,392	2	42,430	1
Expected credit loss (gain) (Note 7)	<u>4,520</u>	<u>-</u>	<u>(2,151)</u>	<u>-</u>
Total operating expenses	<u>1,554,650</u>	<u>50</u>	<u>1,457,253</u>	<u>48</u>
OPERATING INCOME	<u>798,002</u>	<u>25</u>	<u>861,503</u>	<u>28</u>
NON-OPERATING INCOME AND EXPENSES (Note 23)				
Interest income	69,442	2	64,664	2
Other income	177,084	6	18,997	-
Other gains and losses	15,622	-	(3,555)	-
Finance costs	(332)	-	(423)	-
Share of profit or loss of subsidiaries and associates accounted for using the equity method	<u>275,829</u>	<u>9</u>	<u>112,310</u>	<u>4</u>
Total non-operating income and expenses	<u>537,645</u>	<u>17</u>	<u>191,993</u>	<u>6</u>
PROFIT BEFORE INCOME TAX	1,335,647	42	1,053,496	34
INCOME TAX EXPENSE (Notes 4 and 24)	<u>196,215</u>	<u>6</u>	<u>193,670</u>	<u>6</u>
NET PROFIT FOR THE YEAR	<u>1,139,432</u>	<u>36</u>	<u>859,826</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)	5,729	-	(1,436)	-
Unrealized (loss) income on investments in equity instruments at FVTOCI (Note 21)	(87,340)	(3)	178,912	6
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	14,022	1	75,892	2
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	<u>(1,146)</u>	<u>-</u>	<u>287</u>	<u>-</u>
	<u>(68,735)</u>	<u>(2)</u>	<u>253,655</u>	<u>8</u>

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SOFT-WORLD INTERNATIONAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 21)	\$ 49,046	2	\$ (5,054)	-
Share of other comprehensive loss of subsidiaries and associates accounted for using equity method	9,246	-	(1,261)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 24)	(9,809)	-	1,011	-
	<u>48,483</u>	<u>2</u>	<u>(5,304)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(20,252)</u>	<u>-</u>	<u>248,351</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,119,180</u>	<u>36</u>	<u>\$ 1,108,177</u>	<u>36</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 7.75</u>		<u>\$ 7.09</u>	
Diluted	<u>\$ 7.72</u>		<u>\$ 7.06</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, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Other Equity		Treasury Shares	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Financial Assets at FVTOCI	Subtotal		
BALANCE AT JANUARY 1, 2023	\$ 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
	-	-	-	-	859,485	(5,304)	253,996	248,692	-	1,108,177
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 FVTOCI (Note 21)	-	-	-	-	307,442	-	(307,442)	(307,442)	-	-
	-	-	-	-	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
Appropriation of 2023 earnings (Note 21)										
Legal reserve	-	-	116,693	-	(116,693)	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(1,088,593)	-	-	-	-	(1,088,593)
Reversal of special reserve	-	-	-	(21,799)	21,799	-	-	-	-	-
	-	-	116,693	(21,799)	(1,183,487)	-	-	-	-	(1,088,593)
Cash dividends from capital surplus (Note 21)	-	(311,027)	-	-	-	-	-	-	-	(311,027)
Net profit in 2024	-	-	-	-	1,139,432	-	-	-	-	1,139,432
Other comprehensive income (loss) in 2024, net of income tax	-	-	-	-	10,027	48,483	(78,762)	(30,279)	-	(20,252)
	-	-	-	-	1,149,459	48,483	(78,762)	(30,279)	-	1,119,180
Total comprehensive income (loss) in 2024	-	-	-	-	1,149,459	48,483	(78,762)	(30,279)	-	1,119,180
Issue of ordinary share, others (Note 21)	286,000	2,708,992	-	-	-	-	-	-	-	2,994,992
Purchase of the Corporation's shares by subsidiaries	-	-	-	-	-	-	-	-	(37,356)	(37,356)
Adjustments of capital surplus for the Corporation's cash dividends received by subsidiaries	-	56,227	-	-	-	-	-	-	-	56,227
Changes in percentage of ownership interests in subsidiaries	-	966	-	-	-	-	-	-	96	1,062
Share-based payment (Note 21)	-	33,306	-	-	-	-	-	-	43,492	76,798
Disposal of investment in equity instruments designated as at FVTOCI (Note 21)	-	-	-	-	13,452	-	(13,452)	(13,452)	-	-
	-	-	-	-	13,452	-	(13,452)	(13,452)	-	-
BALANCE AT DECEMBER 31, 2024	\$ 1,560,743	\$ 4,370,959	\$ 1,416,754	\$ 25,117	\$ 2,868,553	\$ 23,601	\$ 105,541	\$ 129,142	\$ (567,008)	\$ 9,804,260

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, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,335,647	\$ 1,053,496
Income and expenses		
Depreciation expenses	19,414	17,280
Amortization expenses	5,662	5,089
Expected credit loss (gain)	4,520	(2,151)
Loss on financial assets at FVTPL	1,136	4,931
Finance costs	332	423
Share-based compensation	31,848	-
Interest income	(69,442)	(64,664)
Dividend income	(160,844)	(7,855)
Share of profit of subsidiaries and associates accounted for using the equity method	(275,829)	(112,310)
Others	4,458	(1,959)
Changes in operating assets and liabilities		
Notes receivable	73	(83)
Accounts receivable	(7,879)	(24,115)
Accounts receivable - related parties	18,059	(5,702)
Other receivables	76,562	52,864
Other receivables - related parties	(4,744)	(30,481)
Inventories	(22,997)	29,208
Other current assets	(41,912)	43,485
Other financial assets	441	(23,418)
Contract liabilities	62,020	(50,760)
Notes payable	(3,457)	5,209
Notes payable - related parties	(508)	-
Accounts payable	(81,021)	(3,347)
Accounts payable - related parties	(991)	774
Other payables	(195,938)	(275,508)
Other payables - related parties	(107,005)	106,119
Other financial liabilities	(14,083)	(15,782)
Other current liabilities	31,546	9,413
Net defined benefit liabilities	(9,953)	(14,939)
Cash generated from operations	595,115	695,217
Interest received	69,323	63,868
Dividends received	335,785	93,825
Interest paid	(332)	(423)
Income tax paid	(167,176)	(233,173)
Net cash generated from operating activities	832,715	619,314
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of financial assets at FVTOCI	16,704	243,899
Proceeds from sale of financial assets at FVTPL	3	-

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SOFT-WORLD INTERNATIONAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Acquisition of investments accounted for using the equity method	\$ (7)	\$ (4,000)
Proceeds from sale of subsidiaries	-	21,975
Proceeds from capital reduction of investments accounted for using equity method	174,421	-
Payments for property, plant and equipment	(7,330)	(13,057)
Decrease (increase) in refundable deposits	(680)	717
Payments for intangible assets	(6,034)	(5,291)
Increase in other financial assets	<u>(475,887)</u>	<u>(76,179)</u>
Net cash generated from (used in) investing activities	<u>(298,810)</u>	<u>168,064</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits received	318	30
Repayment of the principal portion of lease liabilities	(7,077)	(6,854)
Cash dividends distributed	(1,399,620)	(888,393)
Treasury stock transferred to employees	<u>43,364</u>	<u>-</u>
Net cash used in financing activities	<u>(1,363,015)</u>	<u>(895,217)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(829,110)	(107,839)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,691,507</u>	<u>2,799,346</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,862,397</u>	<u>\$ 2,691,507</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, 2024 AND 2023 (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 February 26, 2025.

3. APPLICATION OF NEW, AMENDED AND REVISED 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 2025

New, Amended and Revised Standards and Interpretations	Effective Date Announced by International Accounting Standards Board (IASB)
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note)

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Corporation shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

As of the date the parent company only financial statements were approved, the Corporation assessed that 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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
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 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Corporation shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Corporation shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Corporation labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Corporation as a whole, the Corporation shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the parent company only financial statements were approved, the Corporation is continuously assessing the other impacts of the above amended standards and interpretations 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 the substantial right at the end of the reporting period 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 that are 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 that use 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 period. The resulting currency translation differences are recognized in other comprehensive income.

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.

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.

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 the aforementioned transaction, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When 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 that interests in the associate are not related to the Corporation.

g. Property, plant and equipment

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

Land is not depreciated.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant component is depreciated separately. The estimated useful lives, residual values and depreciation 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 and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

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

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is 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. 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 for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the 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 rights 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 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. Share-based payment arrangements

1) Employee share options granted to employees

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Corporation's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus. It is recognized as an expense in full at the grant date if vested immediately. The grant date of treasury shares transferred to employees is the date on which the board of directors approve the transaction.

2) Equity-settled share-based payment arrangements granted to the employees of a subsidiary

The grant by the Corporation of its equity instruments to the employees of a subsidiary under employee share options is treated as a capital contribution. The fair value of employee services received under the arrangement is measured by reference to the grant-date fair value and is recognized over the vesting period as an addition to the investment in the subsidiary, with a corresponding credit to capital surplus.

p. 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 the economic environment implications when making its material accounting estimates on cash flow projection, growth rates, discount rates, and profitability, 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 trade receivables and other 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	
	2024	2023
Cash on hand	\$ 776	\$ 771
Bank deposits	1,449,921	1,771,216
Cash equivalents		
Time deposits with original maturities of less than 3 months	<u>411,700</u>	<u>919,520</u>
	<u>\$ 1,862,397</u>	<u>\$ 2,691,507</u>

7. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2024	2023
Notes receivable		
Operating	<u>\$ 10</u>	<u>\$ 83</u>
Accounts receivable		
At amortized cost		
Gross carrying amount	\$ 130,672	\$ 122,793
Less: Allowance for impairment loss	<u>(223)</u>	<u>(129)</u>
	<u>\$ 130,449</u>	<u>\$ 122,664</u>
Accounts receivable - related parties		
At amortized cost	<u>\$ 11,325</u>	<u>\$ 29,384</u>
Other receivables		
Gross carrying amount	\$ 1,429,768	\$ 1,512,920
Less: Allowance for impairment loss	<u>(13,754)</u>	<u>(20,781)</u>
	<u>\$ 1,416,014</u>	<u>\$ 1,492,139</u>
Unrelated parties	\$ 1,327,718	\$ 1,408,587
Related parties	<u>88,296</u>	<u>83,552</u>
	<u>\$ 1,416,014</u>	<u>\$ 1,492,139</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 the past default experience of the debtor and an analysis of the debtor's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. 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, 2024

	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	\$ 141,071	\$ 682	\$ 59	\$ 185	\$ 141,997
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(20)</u>	<u>(18)</u>	<u>(185)</u>	<u>(223)</u>
Amortized cost	<u>\$ 141,071</u>	<u>\$ 662</u>	<u>\$ 41</u>	<u>\$ -</u>	<u>\$ 141,774</u>

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>

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, 2024

	Up to 90 Days	91 to 180 Days	181 to 365 Days	More than 1year	Total
Expected credit loss rate (%)	-	3	15-30	100	
Gross carrying amount	\$ 1,370,630	\$ 38,093	\$ 21,045	\$ -	\$ 1,429,768
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(1,156)</u>	<u>(12,598)</u>	<u>-</u>	<u>(13,754)</u>
Amortized cost	<u>\$ 1,370,630</u>	<u>\$ 36,937</u>	<u>\$ 8,447</u>	<u>\$ -</u>	<u>\$ 1,416,014</u>

December 31, 2023

	Up to 90 Days	91 to 180 Days	181 to 365 Days	More than 1year	Total
Expected credit loss rate (%)	-	3	15-30	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>

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

	For the Year Ended December 31, 2024		
	Accounts Receivable	Other Receivables	Total
Balance on January 1	\$ 129	\$ 20,781	\$ 20,910
Recognition	94	4,426	4,520
Written off	<u>-</u>	<u>(11,453)</u>	<u>(11,453)</u>
Balance on December 31	<u>\$ 223</u>	<u>\$ 13,754</u>	<u>\$ 13,977</u>

	For the Year Ended December 31, 2023		
	Accounts Receivable	Other Receivables	Total
Balance on January 1	\$ 61	\$ 40,555	\$ 40,616
Recognition (reversal)	142	(2,293)	(2,151)
Written off	<u>(74)</u>	<u>(17,481)</u>	<u>(17,555)</u>
Balance on December 31	<u>\$ 129</u>	<u>\$ 20,781</u>	<u>\$ 20,910</u>

8. INVENTORIES

	December 31	
	2024	2023
Merchandise	<u>\$ 45,545</u>	<u>\$ 26,846</u>

9. OTHER FINANCIAL ASSETS

	December 31	
	2024	2023
Pledged demand deposits (Note 29)	\$ 5,196	\$ 3,469
Restricted bank deposits	41,643	42,084
Time deposits with original maturities of more than 3 months	<u>3,938,180</u>	<u>3,464,020</u>
	<u>\$ 3,985,019</u>	<u>\$ 3,509,573</u>
Current	\$ 3,943,376	\$ 3,467,489
Noncurrent	<u>41,643</u>	<u>42,084</u>
	<u>\$ 3,985,019</u>	<u>\$ 3,509,573</u>

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

	December 31	
	2024	2023
Maturity date	2025.01-2025.12	2024.01-2024.12
Interest rates intervals (%)	1.405-1.705	1.28-1.57

10. FINANCIAL ASSETS AT FVTPL - NONCURRENT

	December 31	
	2024	2023
<hr/>		
Mandatorily classified as at FVTPL		
Foreign listed shares	<u>\$ 4,005</u>	<u>\$ 5,144</u>

11. FINANCIAL ASSETS AT FVTOCI - NONCURRENT

	December 31	
	2024	2023
Listed shares	<u>\$ 3,138,259</u>	<u>\$ 247,311</u>

For the years ended December 31, 2024 and 2023, the Corporation disposed of certain shares amounting to \$16,704 thousand and \$243,899 thousand, respectively; therefore, the unrealized gains on financial assets FVTOCI amounting to \$13,749 thousand and \$185,799 thousand, respectively, were transferred to retained earnings, respectively.

The Corporation issued new shares in January 2024 to acquire 62,920 thousand shares of Gloria Material Technology Corp., representing 10.44% of its shareholding. Refer to Note 21.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2024	2023
Investments in subsidiaries	\$ 3,583,990	\$ 3,564,384
Investments in associates	<u>12,479</u>	<u>11,938</u>
	<u>\$ 3,596,469</u>	<u>\$ 3,576,322</u>

a. Investments in subsidiaries

	December 31			
	2024		2023	
	Amount	Proportion of Ownership and Voting Rights (%)	Amount	Proportion of Ownership and Voting Rights (%)
Listed company				
Chinese Gamer International Corporation (Chinese Gamer)	\$ 519,224	48	\$ 483,073	48
Unlisted company				
Soft-World Technology Pte. Ltd. (Soft-World (Singapore))	16,140	100	14,613	100
Gameflier International Corporation (Game Flier)	749,813	98	832,024	98
Global Concept Corporation (Global Concept)	441,617	100	426,215	100
Game First International Corporation (Game First)	156,466	70	234,776	70
Zealot Digital International Corporation (Zealot Digital)	92,212	99	89,182	99
Softworld (Hong Kong) International Co., (Soft-World (Hong Kong))	646,306	100	484,639	100
Dynasty International Information Co., Ltd. (Dynasty)	26,945	86	30,958	86
Intelligent Dragon Venture Capital Corporation (Intelligent Dragon)	14,384	13	10,779	13
Fast Distributed Cloud Computing (Taiwan) Co., Ltd. (Fast Distributed Cloud)	118,129	90	117,718	90
Neweb Technologies Co., Ltd. (Neweb Technologies)	534,818	50	510,286	50
Efun International Corporation (Efun)	223,271	80	294,508	80

(Continued)

	December 31			
	2024		2023	
	Amount	Proportion of Ownership and Voting Rights (%)	Amount	Proportion of Ownership and Voting Rights (%)
Lung Hsiang Investment Co., Ltd. (Lung Hsiang)	\$ 38,850	44	\$ 30,012	44
Celad International Corp. (CELAD)	86	32	71	32
We Can Financial Technology Co., Ltd. (We Can)	5,729	51	5,530	51
Interactive Entertainment Technology Co., Ltd. (Interactive Entertainment)	-	-	-	-
	<u>\$ 3,583,990</u>		<u>\$ 3,564,384</u>	

(Concluded)

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	
	2024	2023
Chinese Gamer	<u>\$ 1,796,661</u>	<u>\$ 1,901,361</u>

For a brief description of each long-term investment, refer to Table 3. The main changes are as follows:

- 1) The Corporation acquired the equity of Interactive Entertainment in the amount of \$4,000 thousand in 2023, resulting in an increase in shareholding from 80% to 100%. The liquidation process was completed in 2023, leading to a capital refund of \$21,975 thousand.
- 2) In 2024, Game First International Corporation, Efun International Corporation, and Dynasty International Information Co., Ltd. reduced their capital by a total of \$174,421 thousand, and the Corporation's shareholding ratio remained unchanged after the capital reduction.

b. Investments in associates

	December 31	
	2024	2023
Investments in associates - are not individually material	<u>\$ 12,479</u>	<u>\$ 11,938</u>

Aggregate information of associates that are not individually material :

	For the Year Ended December 31	
	2024	2023
The Corporation's share of:		
Total profit and other comprehensive income for the year	<u>\$ 541</u>	<u>\$ 380</u>

13. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2024

	Land	Buildings	Equipment	Miscellaneous Equipment	Others	Total
<u>Cost</u>						
Balance on January 1, 2024	\$ 215,321	\$ 178,170	\$ 15,114	\$ 6,308	\$ 1,673	\$ 416,586
Additions	-	-	5,767	1,563	-	7,330
Disposals	-	-	(1,882)	(93)	-	(1,975)
Transfers to investment properties	-	(11,478)	-	-	-	(11,478)
Balance on December 31, 2024	<u>\$ 215,321</u>	<u>\$ 166,692</u>	<u>\$ 18,999</u>	<u>\$ 7,778</u>	<u>\$ 1,673</u>	<u>\$ 410,463</u>
<u>Accumulated depreciation</u>						
Balance on January 1, 2024	\$ -	\$ 68,807	\$ 5,377	\$ 3,165	\$ 748	\$ 78,097
Depreciation expenses	-	4,157	5,603	2,079	335	12,174
Disposals	-	-	(1,882)	(93)	-	(1,975)
Transfers to investment properties	-	(3,300)	-	-	-	(3,300)
Balance on December 31, 2024	<u>\$ -</u>	<u>\$ 69,664</u>	<u>\$ 9,098</u>	<u>\$ 5,151</u>	<u>\$ 1,083</u>	<u>\$ 84,996</u>
Carrying amounts on December 31, 2024	<u>\$ 215,321</u>	<u>\$ 97,028</u>	<u>\$ 9,901</u>	<u>\$ 2,627</u>	<u>\$ 590</u>	<u>\$ 325,467</u>

For the year ended December 31, 2023

	Land	Buildings	Equipment	Miscellaneous Equipment	Others	Total
<u>Cost</u>						
Balance on 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 on 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>
<u>Accumulated depreciation</u>						
Balance on 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 on 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 on 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>

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 Corporation pledged or mortgaged as collateral, refer to Note 29.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

For the year ended December 31, 2024

	Buildings
<hr/>	
Cost	
Balance on January 1, 2024	\$ 51,110
Additions	1,677
Write-off	<u>(26,857)</u>
Balance on December 31, 2024	<u>\$ 25,930</u>
<hr/>	
Accumulated depreciation	
Balance on January 1, 2024	\$ 34,848
Depreciation expenses	7,093
Write-off	<u>(26,857)</u>
Balance on December 31, 2024	<u>\$ 15,084</u>
Carrying amount on December 31, 2024	<u>\$ 10,846</u>

For the year ended December 31, 2023

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

b. Lease liabilities

	December 31	
	2024	2023
<hr/>		
Carrying amount		
Current	<u>\$ 6,616</u>	<u>\$ 7,035</u>
Noncurrent	<u>\$ 4,468</u>	<u>\$ 9,449</u>

Range of discount rates (%) for lease liabilities were as follows:

	December 31	
	2024	2023
Buildings	2.02-6.59	1.98-2.81

c. Material leasing activities and terms

The Corporation 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

	For the Year Ended December 31	
	2024	2023
Expenses relating to short-term leases	\$ <u>10,189</u>	\$ <u>9,654</u>
Expenses relating to low-value asset leases	\$ <u>642</u>	\$ <u>565</u>
Total cash outflow for leases	\$ <u>18,237</u>	\$ <u>17,496</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, 2024

	Building
Cost	
Balance on January 1, 2024	\$ 5,237
Transferred from property	<u>11,478</u>
Balance on December 31, 2024	\$ <u>16,715</u>
Accumulated depreciation	
Balance on January 1, 2024	\$ 2,482
Transferred from property	3,300
Depreciation expenses	<u>147</u>
Balance on December 31, 2024	\$ <u>5,929</u>
Carrying amount on December 31, 2024	\$ <u>10,786</u>

For the year ended December 31, 2023

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

The investment properties were leased out for 1 years to 4 years. 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:

	<u>December 31</u>	
	2024	2023
Year 1	\$ 1,566	\$ 617
Year 2	731	618
Year 3	<u>346</u>	<u>-</u>
	<u>\$ 2,643</u>	<u>\$ 1,235</u>

Investment properties are depreciated on a straight-line basis over their useful lives of 20 to 40 years.

The fair values of investment properties as of December 31, 2024 and 2023 were \$60,990 thousand and \$16,780 thousand, respectively, which were 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, 2024

	Computer Software
<u>Cost</u>	
Balance on January 1, 2024	\$ 6,618
Additions	6,034
	(Continued)

	Computer Software
Write-off	\$ <u>(5,261)</u>
Balance on December 31, 2024	\$ <u>7,391</u>
<hr/>	
	Accumulated amortization
Balance on January 1, 2024	\$ 3,189
Amortization expenses	5,662
Write-off	<u>(5,261)</u>
Balance on December 31, 2024	\$ <u>3,590</u>
Carrying amount on December 31, 2024	\$ <u>3,801</u> (Concluded)

For the year ended December 31, 2023

	Computer Software
<hr/>	
	Cost
Balance on January 1, 2023	\$ 6,225
Additions	5,291
Write-off	<u>(4,898)</u>
Balance on December 31, 2023	\$ <u>6,618</u>
<hr/>	
	Accumulated amortization
Balance on January 1, 2023	\$ 2,998
Amortization expenses	5,089
Write-off	<u>(4,898)</u>
Balance on December 31, 2023	\$ <u>3,189</u>
Carrying amount on December 31, 2023	\$ <u>3,429</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	
	2024	2023
Payables for receipts under custody	\$ 3,130,409	\$ 3,366,227
Payables for circulation	118,443	121,469
Payables for salaries or bonuses	98,572	91,965
Payables for compensation of employees, board of director	89,044	67,244
Payables for business taxes	84,435	71,903
Payables for annual leave	12,934	12,470
Others	<u>41,120</u>	<u>39,600</u>
	<u>\$ 3,574,957</u>	<u>\$ 3,770,878</u>

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

19. OTHER FINANCIAL LIABILITIES - CURRENT

	December 31	
	2024	2023
Temporary receipts from the sale of MyCard	<u>\$ 671,927</u>	<u>\$ 686,010</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 Act 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	
	2024	2023
Present value of defined benefit obligation	\$ 97,970	\$ 100,972
Fair value of plan assets	<u>(71,186)</u>	<u>(58,506)</u>
Deficit	26,784	42,466
Recognized in other payables	<u>(133)</u>	<u>(116)</u>
Net defined benefit liabilities	<u>\$ 26,651</u>	<u>\$ 42,350</u>

Movements of the 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 on January 1, 2023	<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 financial 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>
Contributions from the employer	<u>-</u>	<u>(16,392)</u>	<u>(16,392)</u>
Benefits paid	<u>(891)</u>	<u>891</u>	<u>-</u>
Balance on December 31, 2023	<u>100,972</u>	<u>(58,506)</u>	<u>42,466</u>
Service cost			
Current service cost	726	-	726
Interest expense (income)	<u>1,262</u>	<u>(791)</u>	<u>471</u>
Recognized in profit or loss	<u>1,988</u>	<u>(791)</u>	<u>1,197</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,874)	(4,874)
Actuarial loss (gain)			
changes in financial assumptions	(2,234)	-	(2,234)
experience adjustments	<u>1,379</u>	<u>-</u>	<u>1,379</u>
Recognized in other comprehensive income	<u>(855)</u>	<u>(4,874)</u>	<u>(5,729)</u>
Contributions from the employer	<u>-</u>	<u>(11,150)</u>	<u>(11,150)</u>
Benefits paid	<u>(4,135)</u>	<u>4,135</u>	<u>-</u>
Balance on December 31, 2024	<u>\$ 97,970</u>	<u>\$ (71,186)</u>	<u>\$ 26,784</u>

Through the defined benefit plans under the Labor Standards Act, 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 significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2024	2023
Discount rate (%)	1.500	1.250
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	
	2024	2023
Discount rate		
0.25% increase	<u>\$ (2,164)</u>	<u>\$ (2,421)</u>
0.25% decrease	<u>\$ 2,234</u>	<u>\$ 2,505</u>
Expected rate of salary		
0.25% increase	<u>\$ 2,163</u>	<u>\$ 2,420</u>
0.25% decrease	<u>\$ (2,106)</u>	<u>\$ (2,352)</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	
	2024	2023
Expected contributions to the plan for the next year	<u>\$ 2,275</u>	<u>\$ 9,620</u>
Average duration of the defined benefit obligation (in years)	9.1	9.9

21. EQUITY

a. Ordinary share capital

	December 31	
	2024	2023
Number of shares authorized (in thousands)	<u>300,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 3,000,000</u>	<u>\$ 2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>156,074</u>	<u>127,474</u>
Shares issued	<u>\$ 1,560,743</u>	<u>\$ 1,274,743</u>

The Corporation's board of directors approved the issuance of new shares to be used as the consideration for the acquisition of shares of Gloria Material Technology Corp. by a resolution on December 21, 2023. The swap ratio for this transaction was 2.2 ordinary shares of Gloria Material Technology Corp. in exchange for 1 ordinary share of the Corporation. The Corporation issued a total of 28,600 thousand shares, through which the Corporation acquired 62,920 thousand shares of Gloria Material Technology Corp. The share swap was filed with the competent authority and became effective with January 31, 2024 set as the base date for this share swap. The change of registration was subsequently completed.

The Corporation's annual shareholders' meeting held on June 24, 2024 resolved to increase the authorized share capital to \$3,000,000 thousand, and the registration for the above-mentioned change of authorized share capital has been completed.

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	
	2024	2023
May be used to offset deficits, distributed as cash dividends or transferred to share capital (Note)		
Issuance of ordinary shares	\$ 3,627,723	\$ 1,229,758
Conversion of bonds	245,975	245,975
Treasury share transactions	273,760	183,693
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	157,276	156,844
Changes in percentage of ownership interests in associates	6,955	6,955
Unclaimed dividends	<u>90</u>	<u>90</u>
	<u>\$ 4,370,959</u>	<u>\$ 1,882,495</u>

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

c. Retained earnings and dividends policy

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

Where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, set aside as a legal reserve 10% of the remaining earnings until the legal reserve equals the Corporation's share capital, setting aside or reverse a special reserve in accordance with the laws or regulations or depending on the demand by the Corporation. Any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of stock dividends and bonuses to shareholders.

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 are less than 25% of the Corporation's paid-in capital, the Corporation should not make an appropriation for dividends. The dividends to shareholders can be paid in cash or issued as shares, but cash dividends shall be not less than 10% of the total dividends.

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

The appropriations of earnings for 2023 and 2022 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$ 116,693	\$ 85,210		
Special reserve (reversal)	(21,799)	21,799		
Cash dividends	<u>1,088,593</u>	<u>888,393</u>	<u>\$ 7.00</u>	<u>\$ 7.00</u>
	<u>\$ 1,183,487</u>	<u>\$ 995,402</u>		

The above appropriations for cash dividends and the distribution of \$311,027 thousand in cash from capital surplus at \$2 per share for 2023 were resolved by the Corporation's board of directors on March 6, 2024 and March 15, 2023, respectively; the other proposed appropriations were resolved by the shareholders' meetings held on June 24, 2024 and June 26, 2023, respectively.

The appropriations of earnings for 2024 were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 116,291	
Cash dividends	<u>1,170,558</u>	<u>\$ 7.50</u>
	<u>\$ 1,286,849</u>	

The above appropriations for cash dividends were resolved by the Corporation's board of directors on February 26, 2025, and the other proposed appropriations will be resolved by the shareholders' meeting held in June 2025.

d. Special reserve

Upon initial application of IFRS Accounting 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. The shareholders' meeting held in June 2024 resolved to reserve \$21,799 thousand 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	
	2024	2023
Balance, beginning of year	\$ (24,882)	\$ (19,578)
Recognized for the year		
Exchange differences on translating the net investments in foreign operations	49,046	(5,054)
Related income tax arising from exchange differences	(9,809)	1,011
Share from subsidiaries accounted for using the equity method	<u>9,246</u>	<u>(1,261)</u>
Balance, end of year	<u>\$ 23,601</u>	<u>\$ (24,882)</u>

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

	For the Year Ended December 31	
	2024	2023
Balance, beginning of year	\$ 197,755	\$ 251,201
Recognized for the year		
Unrealized gain (loss) - equity instruments	(87,340)	178,912
Share from subsidiaries accounted for using the equity method	8,578	75,084
		(Continued)

	For the Year Ended December 31	
	2024	2023
Cumulative unrealized gain of equity instrument transferred earnings due to disposal		
Realized loss - equity instruments	\$ (13,749)	\$ (185,799)
Share from subsidiaries accounted for using the equity method	<u>297</u>	<u>(121,643)</u>
Balance, end of year	<u>\$ 105,541</u>	<u>\$ 197,755</u> (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, 2024					
Shares of the Corporation held by subsidiaries	<u>6,002</u>	<u>244</u>	<u>-</u>	<u>6,246</u>	<u>\$ 567,008</u>
Transfer shares to employees	<u>561</u>	<u>-</u>	<u>561</u>	<u>-</u>	<u>\$ -</u>
For the year ended December 31, 2023					
Shares of the Corporation held by 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>

The Corporation's board of directors resolved transferred 561 thousand treasury shares to the employees at a price of \$77.53 per share. The total transferred amount was \$43,494 thousand. The Corporation recognized \$31,848 thousand in compensation cost on the grant date.

The Corporation engaged external independent experts to adopt the Black-Scholes model for the treasury stock options granted in November 2024. The inputs used in the parameters are as follows:

	Treasury Share Options on Grant Date
Stock price on grant date (NT\$)	\$ 138.00
Exercise price (NT\$)	\$ 77.53
Expected volatility	31.74%
Expected duration	29days
Risk-free interest rate	1.30%
Fair value of options on grant date (NT\$)	\$ 60.55

Expected volatility was based on that is expected to result from the historical share price volatility.

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

As of December 31, 2024 and 2023, the market values of the treasury shares calculated based on the consolidated shareholding percentage were \$780,802 thousand and \$903,284 thousand, respectively.

22. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
	2024	2023
Rendering of services	\$ 2,522,017	\$ 2,508,597
Sale of goods	586,345	537,084
Licensing revenue	<u>8,897</u>	<u>14,844</u>
	<u>\$ 3,147,259</u>	<u>\$ 3,060,525</u>

b. Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Notes receivable, accounts receivable, and other receivables (Note 7)	<u>\$ 1,557,798</u>	<u>\$ 1,644,270</u>	<u>\$ 1,633,806</u>
Contract liabilities			
Advance receipts of services and sales	\$ 98,290	\$ 36,270	\$ 86,457
Others	<u>708</u>	<u>708</u>	<u>1,281</u>
	<u>\$ 98,998</u>	<u>\$ 36,978</u>	<u>\$ 87,738</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 years that were recognized from the contract liability balance at the beginning of the years and from the performance obligations satisfied in the previous periods were in the amount of \$36,978 thousand and \$87,738 thousand for the years ended December 31, 2024 and 2023, respectively.

23. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Year Ended December 31	
	2024	2023
Bank deposits	\$ 69,434	\$ 64,653
Others	<u>8</u>	<u>11</u>
	<u>\$ 69,442</u>	<u>\$ 64,664</u>

b. Other income

	For the Year Ended December 31	
	2024	2023
Dividend income	\$ 160,844	\$ 7,855
Rental income	2,789	2,422

(Continued)

		For the Year Ended December 31	
		2024	2023
	Others	\$ 13,451	\$ 8,720
		<u>\$ 177,084</u>	<u>\$ 18,997</u>
			(Concluded)
c.	Other gains and losses		
		For the Year Ended December 31	
		2024	2023
	Net foreign exchange gain	\$ 18,626	\$ 5,491
	Net loss on financial assets designated as at FVTPL	(1,136)	(4,931)
	Others	<u>(1,868)</u>	<u>(4,115)</u>
		<u>\$ 15,622</u>	<u>\$ (3,555)</u>
d.	Depreciation and amortization		
		For the Year Ended December 31	
		2024	2023
	Property, plant and equipment	\$ 12,174	\$ 10,197
	Right-of-use assets	7,093	6,986
	Investment properties	147	97
	Other intangible assets	<u>5,662</u>	<u>5,089</u>
		<u>\$ 25,076</u>	<u>\$ 22,369</u>
	An analysis of depreciation by function		
	Operating costs	\$ 506	\$ 490
	Operating expenses	18,761	16,693
	Non-operating expenses	<u>147</u>	<u>97</u>
		<u>\$ 19,414</u>	<u>\$ 17,280</u>
	An analysis of amortization by function		
	Operating costs	\$ 6	\$ 20
	Operating expenses	<u>5,656</u>	<u>5,069</u>
		<u>\$ 5,662</u>	<u>\$ 5,089</u>
e.	Employee benefits		
		For the Year Ended December 31	
		2024	2023
	Short-term employee benefits	\$ 516,152	\$ 471,941
	Post-employment benefits		
	Defined contribution plans	16,935	16,275
			(Continued)

	For the Year Ended December 31	
	2024	2023
Defined benefit plans (Note 20)	\$ <u>1,197</u> <u>18,132</u>	\$ <u>1,453</u> <u>17,728</u>
Share-based payments - equity-settled (Note 21)	<u>31,848</u>	<u>-</u>
Employee benefits expense	\$ <u>566,132</u>	\$ <u>489,669</u>
An analysis by function		
Operating costs	\$ 10,535	\$ 11,489
Operating expenses	<u>555,597</u>	<u>478,180</u>
	\$ <u>566,132</u>	\$ <u>489,669</u>
		(Concluded)

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, 2024 and 2023, which were resolved to be paid in cash by the Corporation's board of directors on February 26, 2025 and March 6, 2024, respectively, were as follows:

	For the Year Ended December 31	
	2024	2023
<hr/>		
Accrual rate		
Compensation of employees (%)	5	5
Remuneration of directors (%)	1.25	1
<hr/>		
Amount		
Compensation of employees	\$ 71,235	\$ 56,037
Remuneration of directors	17,809	11,207

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, 2023 and 2022, 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, 2023 and 2022.

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	
	2024	2023
Current tax		
In respect of the current year	\$ 171,268	\$ 179,350
Adjustments for prior years	<u>(562)</u>	<u>(1,211)</u>
	170,706	178,139
Deferred tax		
In respect of the current year	<u>25,509</u>	<u>15,531</u>
Income tax expense recognized in profit or loss	<u>\$ 196,215</u>	<u>\$ 193,670</u>

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

	For the Year Ended December 31	
	2024	2023
Profit before income tax	<u>\$ 1,335,647</u>	<u>\$ 1,053,496</u>
Income tax expense calculated at the statutory rate (20%)	\$ 267,130	\$ 210,699
Deductible income and expenses in determining taxable income	(30,585)	(14,302)
Tax-exempt income	(34,369)	(1,571)
Realized investment loss	(5,399)	-
Adjustments for temporary differences	-	55
Adjustments for prior years' tax	<u>(562)</u>	<u>(1,211)</u>
Income tax expense recognized in profit or loss	<u>\$ 196,215</u>	<u>\$ 193,670</u>

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

	For the Year Ended December 31	
	2024	2023
Recognized during the year		
Translation of foreign operations	\$ (9,809)	\$ 1,011
Remeasurement of defined benefit plan	<u>(1,146)</u>	<u>287</u>
	<u>\$ (10,955)</u>	<u>\$ 1,298</u>

c. Current tax liabilities

	December 31	
	2024	2023
Income tax payable	<u>\$ 76,719</u>	<u>\$ 73,189</u>

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2024

	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	\$ 8,470	\$ (1,994)	\$ (1,146)	\$ 5,330
Loss on inventories	1,507	-	-	1,507
Others	<u>7,720</u>	<u>96</u>	<u>-</u>	<u>7,816</u>
	<u>\$ 17,697</u>	<u>\$ (1,898)</u>	<u>\$ (1,146)</u>	<u>\$ 14,653</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Gain from foreign investments accounted for using the equity method	\$ 82,225	\$ 23,497	\$ -	\$ 105,722
Exchange gain	-	114	-	114
Exchange differences on translation of foreign operations	<u>7,993</u>	<u>-</u>	<u>9,809</u>	<u>17,802</u>
	<u>\$ 90,218</u>	<u>\$ 23,611</u>	<u>\$ 9,809</u>	<u>\$ 123,638</u>

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>

e. Income tax assessments

The Corporation's income tax returns through 2022 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

	For the Year Ended December 31	
	2024	2023
Net profit for the year	<u>\$ 1,139,432</u>	<u>\$ 859,826</u>

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

	For the Year Ended December 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	146,996	121,219
Add: Employees' compensation issued	<u>644</u>	<u>504</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>147,640</u>	<u>121,723</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 that the carrying amounts of financial instruments that are not measured at fair value approximate their fair values.

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

1) Fair value hierarchy

December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Foreign listed shares	\$ 4,005	\$ -	\$ -	\$ 4,005
<u>Financial assets at FVTOCI</u>				
Domestic and foreign listed marketable security investments in equity instruments	\$ 3,138,259	\$ -	\$ -	\$ 3,138,259

December 31, 2023

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

For the year ended December 31, 2024, there was not a transfer between level 1 and level 2 fair value measurement. 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.

c. Categories of financial instruments

	<u>December 31</u>	
	2024	2023
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 7,416,604	\$ 7,856,060
Financial assets at FVTPL	4,005	5,144
Financial assets at FVTOCI	3,138,259	247,311
<u>Financial liabilities</u>		
Amortized cost (2)	4,480,071	4,882,739

- 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 were 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	
	2024	2023
Cash flow interest rate risk		
Financial assets	\$ 4,746,500	\$ 5,830,169

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, 2024 and 2023 would have increased/decreased by \$47,465 thousand and \$58,302 thousand, respectively.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher/lower, the pre-tax profit for the years ended December 31, 2024 and 2023 would have increased/decreased by \$40 thousand and \$51 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL. The pre-tax other comprehensive income for the years ended December 31, 2024 and 2023 would have increased/decreased by \$31,383 thousand and \$2,473 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	
	2024	2023
Group A	\$ 375,723	\$ 372,443
Group B	255,240	241,909
Group C	<u>146,785</u>	<u>154,148</u>
	<u>\$ 777,748</u>	<u>\$ 768,500</u>

The Corporation's concentration of credit risk accounted for 49% and 46% of total accounts receivable and other receivables from the above-mentioned groups as of December 31, 2024 and 2023, 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, 2024</u>				
Non-interest bearing liabilities	\$ 4,380,176	\$ 99,109	\$ 786	\$ 4,480,071
Lease liabilities	<u>2,382</u>	<u>4,471</u>	<u>4,620</u>	<u>11,473</u>
	<u>\$ 4,382,558</u>	<u>\$ 103,580</u>	<u>\$ 5,406</u>	<u>\$ 4,491,544</u>
<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>

28. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Chinese Gamer	Subsidiary
Game Flier	Subsidiary
Game First	Subsidiary
Soft-World (Hong Kong)	Subsidiary
Zealot Digital	Subsidiary
Fast Distributed Cloud	Subsidiary
Newweb Technologies	Subsidiary
Efun	Subsidiary
CELAD	Subsidiary
Dyansty	Subsidiary
We Can Financial Technology Co., Ltd	Subsidiary
GameTopia Co., Ltd. (Game Topia)	Subsidiary
ezPay Co., Ltd. (ezPay)	Subsidiary
CService Technology Co., Ltd. (CService Technology)	Subsidiary
Compete!Games Interactive Entertainment Corporation (Compete!Games)	Subsidiary
Re: Ad Media (Taiwan) Corporation	Subsidiary
Gameflier International (Beijing) 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)

(Continued)

Related Party Name	Related Party Category
Asia Recording Co., Ltd.	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)
Soft-World Arts and Culture Foundation	Other related party (The person in charge is the Corporation's chairman)
Gamebase Digital Media Corporation	Other Related Party (Since January 1, 2024)
Loftstar Interactive Entertainment Inc.	Other Related Party (Since January 1, 2024)
Kuei Tien Cultural & Creative Entertainment Co., Ltd.	Other Related Party (Since June 24, 2024)
Taigang Sports Marketing Co., Ltd.	Other Related Party (Since June 24, 2024)
	(Concluded)

b. Operating Revenues

Line Item	Related Party Category	For the Year Ended December 31	
		2024	2023
Sale of goods	Other related parties	\$ 95,402	\$ 52,006
Rendering of services	Subsidiaries	\$ 80,330	\$ 66,197
	Associates	9,060	9,124
	Other related parties	740	-
		<u>\$ 90,130</u>	<u>\$ 75,321</u>
Licensing revenue	Subsidiaries	\$ 316	\$ 206
	Other related parties	114	-
		<u>\$ 430</u>	<u>\$ 206</u>

The selling price for the sale of goods 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 and licensing revenue were recognized according to the terms in each agreement, and the payment terms are monthly with 2-month. Other payment terms were not significantly different from those for other customers.

c. Purchase of goods

	For the Year Ended December 31	
	2024	2023
<u>Related Party Category</u>		
Subsidiaries	\$ 3,065	\$ -
Other related parties	<u>5,820</u>	<u>7,807</u>
	<u>\$ 8,885</u>	<u>\$ 7,807</u>

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	
		2024	2023
Accounts receivable- related parties	Subsidiaries		
	Game Flier	\$ 6,450	\$ 22,264
	Others	<u>3,404</u>	<u>5,168</u>
		9,854	27,432
	Associates	1,304	1,952
	Other related parties	<u>167</u>	<u>-</u>
		<u>\$ 11,325</u>	<u>\$ 29,384</u>
Other receivables- related parties	Subsidiaries	\$ 58,048	\$ 54,611
	Other related parties	<u>30,248</u>	<u>28,941</u>
		<u>\$ 88,296</u>	<u>\$ 83,552</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	
		2024	2023
Notes payable	Other related parties	<u>\$ 272</u>	<u>\$ 780</u>
Accounts payable	Subsidiaries	\$ 4,000	\$ 4,605
	Other related parties	<u>-</u>	<u>386</u>
		<u>\$ 4,000</u>	<u>\$ 4,991</u>

(Continued)

Line Item	Related Party Category	December 31	
		2024	2023
Other payables	Subsidiaries	\$ 96,228	\$ 199,673
	Associates	8,983	12,541
	Other related parties	<u>3</u>	<u>5</u>
		<u>\$ 105,214</u>	<u>\$ 212,219</u> (Concluded)

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. Others

The commission, circulation fees, rent, royalties, internet services, advertising fees and donation, 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	
	2024	2023
Subsidiaries	\$ 55,295	\$ 46,218
Other related parties		
Asure	102,197	146,948
Others	<u>2,545</u>	<u>941</u>
	<u>104,742</u>	<u>147,889</u>
	<u>\$ 160,037</u>	<u>\$ 194,107</u>

g. Remuneration of key management personnel

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

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	\$ 44,847	\$ 38,649
Post-employment benefits	<u>521</u>	<u>560</u>
	<u>\$ 45,368</u>	<u>\$ 39,209</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	
	2024	2023
Other financial assets - current		
Pledged demand deposits	\$ 5,196	\$ 3,469
Property, plant and equipment		
Land	109,463	109,463
Buildings	<u>66,628</u>	<u>72,413</u>
	<u>176,091</u>	<u>181,876</u>
Investment Property		
Buildings	<u>6,177</u>	<u>2,755</u>
	<u>\$ 187,464</u>	<u>\$ 188,100</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. As of December 31, 2024 and 2023, the credit line committed for MyCard by banks was both \$800,000 thousand, respectively.
- b. 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 ex-directors for joint damages in the amount of \$112,750 thousand, plus interest. As of the date of the parent company only financial statements were approved to issue the commercial case preparation procedure was finalized and the case expected to proceed to oral argument. According to the opinion of the appointed attorney, the issues in this lawsuit are similar to those in the previously dismissed provisional injunction and emergency relief requests. The Corporation assessed that the case did not incur loss to the Corporation.

31. SEPARATELY DISCLOSED ITEMS

- a. Information on significant transactions:
 - 1) Financing provided to others: None
 - 2) Endorsements/guarantees provided: None
 - 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 1
 - 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 2
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None

- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
 - 9) Trading in derivative instruments: None
- b. Information on investees: Table 3
- 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 4
 - 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 year: None
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: 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 year 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 5

TABLE 1**SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	December 31, 2024				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	590,606	\$ 44,649	1	\$ 44,649	
	Softstar Entertainment Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	269,021	15,146	-	15,146	
	China Communications Media Group Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	103,949	-	1	-	
	Fun Yours Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	2,846,125	144,584	12	144,584	
	Kuobrothers Corporation	-	Financial assets at fair value through other comprehensive income - noncurrent	625,207	7,690	2	7,690	
	Gameone Holdings Limited.	-	Financial assets at fair value through other comprehensive income - noncurrent	180,000	410	1	410	
	Gloria Material Technology Corp.	Institutional director of the Corporation	Financial assets at fair value through other comprehensive income - noncurrent	62,920,000	2,925,780	10	2,925,780	
Intelligent Dragon Venture Capital Corporation	Archosaur Games Inc.	-	Financial assets at fair value through profit or loss - noncurrent	668,000	4,005	-	4,005	
					<u>\$3,142,264</u>		<u>\$3,142,264</u>	
	Stock							
	9Splay Entertainment Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	256,815	\$ -	3	\$ -	
Neweb Technologies Co., Ltd.	Soft-World International Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	9,998,000	907,553	6	907,553	Note
					<u>\$ 907,553</u>		<u>\$ 907,553</u>	
Neweb Technologies Co., Ltd.	Stock							
	Green World Hotels Co.	-	Financial assets at fair value through other comprehensive income - noncurrent	45,725	\$ 2,101	-	\$ 2,101	

(Continued)

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	December 31, 2024				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Global Concept Corporation	Taiwan Smart Card Co.	-	Financial assets at fair value through other comprehensive income - noncurrent	3,140,671	\$ 15,101	20	\$ 15,101	
	POMO Network INC.	-	Financial assets at fair value through other comprehensive income - noncurrent	175,000	5,475	4	5,475	
					<u>\$ 22,677</u>		<u>\$ 22,677</u>	
	Stock Ever Master Holdings Limited	-	Financial assets at fair value through other comprehensive income - noncurrent	25,000,000	<u>\$ 123,439</u>	33	<u>\$ 123,439</u>	

(Concluded)

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

TABLE 2

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, 2024
(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	Shares/Units	Amount	Shares/Units	Amount	Carrying Amount	Gain/Loss on Disposal	Shares/Units	Amount (Note)
The Corporation	Stock Gloria Material Technology Corp.	Financial assets at fair value through other comprehensive income-noncurrent	-	-	-	\$ -	62,920,000	\$ 2,994,992	-	\$ -	\$ -	\$ -	62,920,000	\$ 2,925,780

Note: Including the unrealized valuation gain (loss) on financial assets at FVTOCI.

TABLE 3**SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES****INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2024	January 1, 2024	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	\$ 519,224	\$ 70,219	\$ 18,788	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	16,140	994	994	Subsidiary
The Corporation	Gamefler International Corporation	Taiwan	Electronic data information providing service, etc.	218,153	218,017	28,333,262	98	749,813	54,679	53,875	Subsidiary
The Corporation	Global Concept Corporation	Samoa	Investment company	295,068	295,068	9,631,253	100	441,617	(5,146)	(5,146)	Subsidiary
The Corporation	Game First International Corporation	Taiwan	Online game service	-	27,813	4,900,000	70	156,466	18,129	12,690	Subsidiary
The Corporation	Zealot Digital International Corporation	Taiwan	Electronic data information providing service, etc.	50,874	50,874	4,946,757	99	92,212	3,063	3,030	Subsidiary
The Corporation	Softworld (Hong Kong) International Co.,	Hong Kong	Trading of game software	88,858	88,858	3,883,558	100	646,306	122,631	122,631	Subsidiary
The Corporation	Dynasty International Information Co., Ltd.	Taiwan	Development, design, trading of computer software,	11,381	14,667	1,862,278	86	26,945	1,959	1,683	Subsidiary
The Corporation	Intelligent Dragon Venture Capital Corporation	Taiwan	Investment company	100,000	100,000	12,238,961	13	14,384	89,897	(11)	Subsidiary
The Corporation	Fast Distributed Cloud Computing (Taiwan) Co., Ltd.	Taiwan	Retail sale, wholesale and service for information software, etc.	13,812	13,812	3,774,636	90	118,129	12,200	10,980	Subsidiary
The Corporation	Neweb Technologies Co., Ltd.	Taiwan	Wholesale and retail sale of information software and electronic information providing service	510,860	510,567	38,104,043	50	534,818	51,454	25,953	Subsidiary
The Corporation	Efun International Corporation	Taiwan	Information software, data processing service and general advertising service, etc.	12,768	91,364	8,002,744	80	223,271	38,229	30,591	Subsidiary
The Corporation	Lung Hsiang Investment Co., Ltd.	Taiwan	Investment company	250,000	250,000	25,000,000	44	38,850	64,260	(984)	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	86	46	15	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	5,729	389	199	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	12,479	1,697	541	Note 1

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2024	January 1, 2024	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	\$ 265,373	\$ 7,638	\$ 7,638	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	16,861	149	149	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	185	46	31	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	1,566	(72)	(64)	Subsidiary
Chinese Gamer International Corporation	Intelligent Dragon Venture Capital Corporation	Taiwan	Investment company	100,000	100,000	12,238,961	13	177,476	89,897	11,732	Subsidiary
Chinese Gamer International Corporation	Star Diamond Universal Corporation(BVI)	British Virgin Islands	Business related investees	109,300	109,300	70,000	100	36,673	(10,110)	(10,110)	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	16,687	138	138	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	51,796	12,530	8,171	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	16,819	110	110	Subsidiary
Chinese Gamer International Corporation	Lung Hsiang Investment Co., Ltd.	Taiwan	Investment company	168,000	168,000	16,800,000	30	299,302	64,260	19,008	Subsidiary
Taichigamer (B.V.I.) Co., Ltd.	Transasiagamer Co., Ltd.	British Virgin Islands	Investment company	94,264	94,264	2,976,934	100	258,812	7,774	7,774	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	233,958	8,403	8,403	Subsidiary
Star Diamond Universal Corporation(BVI)	Dragon Gamer (Hong Kong) Co., Limited	Hong Kong	Online game service	109,300	109,300	350,000	100	36,672	(10,110)	(10,110)	Subsidiary
GameTopia Co., Ltd.	GameTopia (Hong Kong) Co., Limited	Hong Kong	Information software service	987	987	3,300	100	51,270	5,000	5,000	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2024	January 1, 2024	Number of shares	(%)	Carrying Amount			
Global Concept Corporation	Value Central Corporation	Samoa	Investment company	\$ 45,452	\$ 45,452	1,450,000	100	\$ 20,587	\$ (503)	\$ (503)	Subsidiary
Global Concept Corporation	Gamers Grande Corporation	Malaysia	Business related investee	179,788	179,788	6,453,621	100	219,378	(10,609)	(10,609)	Subsidiary
Global Concept Corporation	Playgame Sdn. Bhd.	Malaysia	Investment company	56,074	56,074	30,250	30	27,203	4,720	1,183	Note 1
Value Central Corporation	Picked United Development Limited	Hong Kong	Acquisition and royalty for game software	-	20,255	4,700,000	100	-	(121)	(121)	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	8,458	31	31	Subsidiary
Intelligent Dragon Venture Capital Corporation	Sky Touch Co., Ltd.	Taiwan	Manufacture of computers and accessories	-	20,002	-	-	-	39	12	Note 1
Neweb Technologies Co., Ltd.	ezPay Co., Ltd.	Taiwan	Electronic payment service	1,066,748	1,066,748	51,400,000	100	392,207	(40,833)	(40,556)	Subsidiary
Neweb Technologies Co., Ltd.	CS Technology Co., Ltd.	Taiwan	Information software	5,000	5,000	525,300	100	5,686	67	67	Subsidiary
Efun International Corporation	Re: Ad Media (Taiwan) Corporation	Taiwan	General advertising service	26,000	26,000	6,729,249	100	81,089	7,786	7,786	Subsidiary
Lung Hsiang Investment Co., Ltd.	Intelligent Dragon Venture Capital Corporation	Taiwan	Investment company	566,000	566,000	69,272,515	74	752,135	89,897	66,433	Subsidiary

(Concluded)

Note 1: Investment accounted for using the equity method.

Note 2: For investees in China, refer to Table 4.

TABLE 4**SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES****INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2024
(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, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Loss of the Investee	% Ownership of Direct or Indirect Investment	Investment Loss (Note 1)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024	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 was registered in a third region.	\$ 186,300	\$ -	\$ -	\$ 186,300	\$ (10,520)	100	\$ (10,520)	\$ 214,184	\$ -	Note 2

Investee Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2024	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)	\$ 5,882,556

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

Note 2: Gameflier International (Beijing) Corporation distributed earnings that amounted to RMB 10,719 thousand to Gamers Grande Corporation in August 2010 and December 2022, respectively, which has not been transferred to Taiwan as of December 31, 2024.

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 5**SOFT-WORLD INTERNATIONAL CORPORATION**

INFORMATION OF MAJOR SHAREHOLDERS

DECEMBER 31, 2024[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 trustor. 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 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, 2024****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Summary	Amount
Cash		\$ 776
Bank Deposits		
Demand deposits		1,423,744
Checking deposits		140
Foreign currency deposits	USD 794,154	26,037
Cash Equivalents		
Time deposits	The annual interest rate is from 1.255% to 1.285%; the expiration period is from January 2025 to March 2025	411,700
		<hr/>
		<u>\$ 1,862,397</u>

Note: USD converted to NTD at US\$1=NT\$ 32.785.

STATEMENT 2

SOFT-WORLD INTERNATIONAL CORPORATION

**STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Amount
Related parties (Note 1)	<u>\$ 11,325</u>
Unrelated parties	
Company A	33,673
Company B	19,777
Company C	13,786
Company D	13,368
Company E	7,801
Others (Notes 1 and 2)	<u>42,267</u>
	130,672
Less: Allowance for impairment loss	<u>223</u>
	<u>130,449</u>
	<u>\$ 141,774</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 over 1 year was \$185 thousand.

STATEMENT 3

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF OTHER RECEIVABLES

DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)

Name	Amount
Related parties (Note)	<u>\$ 88,296</u>
Unrelated parties	
Company A	375,723
Company B	255,240
Company C	133,900
Company D	113,112
Others (Note)	<u>463,497</u>
	1,341,472
Less: Allowance for impairment loss	<u>13,754</u>
	<u>1,327,718</u>
	<u><u>\$ 1,416,014</u></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, 2024

(In Thousands of New Taiwan Dollars)

Item	Amount	
	Carrying Amount	Net Realizable Value (Note)
Merchandise	<u>\$ 45,545</u>	<u>\$ 49,553</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, 2024
(In Thousands of New Taiwan Dollars)**

Item	Amount
Prepayments for projects	\$ 70,532
Prepayments for commission	23,660
Prepayments for rent	6,819
Others (Note)	<u>7,745</u>
	<u>\$ 108,756</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, 2024
 (In Thousands of New Taiwan Dollars)

Name	Balance, January 1, 2024		Increases in the Current Year		Decreases in the Current Year (Note)		Balance, December 31, 2024		Collateral
	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	
Archosaur Games Inc.	668,000	\$ 5,144	-	\$ -	-	\$ 1,139	668,000	\$ 4,005	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, 2024
 (In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2024		Increases in the Current Year (Note 1)		Decreases in the Current Year (Note2)		Balance, December 31, 2024		Collateral
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	
Userjoy Technology Co., Ltd.	562,482	\$ 43,873	28,124	\$ 776	-	\$ -	590,606	\$ 44,649	None
Softstar Entertainment Inc.	539,021	41,505	-	-	270,000	26,359	269,021	15,146	None
China Communications Media Group Co., Ltd.	103,949	482	-	-	-	482	103,949	-	None
Fun Yours Technology Co., Ltd.	2,587,387	145,929	258,738	-	-	1,345	2,846,125	144,584	None
Kuobrothers Corporation	625,207	14,567	-	-	-	6,877	625,207	7,690	None
Gameone Holdings Limited.	180,000	955	-	-	-	545	180,000	410	None
Gloria Material Technology Corp	-	-	62,920,000	2,994,992	-	69,212	62,920,000	2,925,780	None
		<u>\$ 247,311</u>		<u>\$ 2,995,768</u>		<u>\$ 104,820</u>		<u>\$ 3,138,259</u>	

Note 1: Increase in share dividends received from investee companies, the issuance of new shares to acquire shares of 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, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investees	Balance, January 1, 2024		Increases in the Current Year (Note 1)		Decreases in the Current Year (Note 1)		Balance, December 31, 2024			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	\$ 483,073	-	\$ 46,167	-	\$ 10,016	41,880,205	48	\$ 519,224	\$ 42.90	\$ 1,796,661	None
Unlisted companies												
Soft-World Technology Pte. Ltd.	390,000	14,613	-	1,527	-	-	390,000	100	16,140	41.38	16,140	None
Gamefler International Corporation	28,332,800	832,024	462	56,501	-	138,712	28,333,262	98	749,813	26.46	749,813	None
Global Concept Corporation	9,631,253	426,215	-	20,548	-	5,146	9,631,253	100	441,617	45.85	441,617	None
Game First International Corporation	16,684,063	234,776	-	12,690	11,784,063	91,000	4,900,000	70	156,466	31.93	156,466	None
Zealot Digital International Corporation	4,946,757	89,182	-	3,030	-	-	4,946,757	99	92,212	18.64	92,212	None
Softworld (Hong Kong) International Co.,	3,883,558	484,639	-	161,667	-	-	3,883,558	100	646,306	121.42	633,214	None
Dynasty International Information Co., Ltd.	2,190,915	30,958	-	1,683	328,637	5,696	1,862,278	86	26,945	14.47	26,945	None
Intelligent Dragon Venture Capital Corporation	11,524,445	10,779	714,516	11,743	-	8,138	12,238,961	13	14,384	1.18	14,384	None
Fast Distributed Cloud Computing (Taiwan) Co., Ltd.	3,019,709	117,718	754,927	10,980	-	10,569	3,774,636	90	118,129	31.30	118,129	None
Neweb Technologies Co., Ltd.	38,104,043	510,286	-	27,191	-	2,659	38,104,043	50	534,818	14.04	534,818	None
Efun International Corporation	16,016,347	294,508	-	31,824	8,013,603	103,061	8,002,744	80	223,271	27.90	223,271	None
Lung Hsiang Investment Co., Ltd.	25,000,000	30,012	-	29,265	-	20,427	25,000,000	44	38,850	1.55	38,850	None
Celad International Corp.	477,273	71	-	15	-	-	477,273	32	86	0.18	86	None
We Can Financial Technology Co., Ltd.	5,106,000	5,530	-	199	-	-	5,106,000	51	5,729	1.12	5,729	None
Joy Children Technology Co., Ltd.	2,051,153	11,938	-	541	-	-	2,051,153	32	12,479	6.08	12,479	None
		<u>\$ 3,576,322</u>		<u>\$ 415,571</u>		<u>\$ 395,424</u>			<u>\$ 3,596,469</u>		<u>\$ 4,860,814</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 increase in exchange differences on translating foreign operations, the adjustments to capital surplus arising from dividends paid to subsidiaries, and 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 2024. 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, 2024
(In Thousands of New Taiwan Dollars)**

Name of Suppliers	Amount
Related parties (Note)	<u>\$ 272</u>
Unrelated parties	
Company A	2,820
Individual B	2,204
Company C	1,262
Individual D	770
Others (Note)	<u>461</u>
	<u>7,517</u>
	<u>\$ 7,789</u>

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

SOFT-WORLD INTERNATIONAL CORPORATION**STATEMENT OF ACCOUNTS PAYABLE****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Name of Suppliers	Amount
Related parties (Note)	<u>\$ 4,000</u>
Unrelated parties	
Company A	39,499
Company B	18,197
Company C	17,652
Company D	9,615
Others (Note)	<u>30,435</u>
	<u>115,398</u>
	<u>\$ 119,398</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, 2024

(In Thousands of New Taiwan Dollars)

Name of Suppliers	Amount
Related parties (Note 1)	<u>\$ 105,214</u>
Unrelated parties (Note 2)	
Company A	370,039
Others (Note 1)	<u>3,204,918</u>
	<u>3,574,957</u>
	<u>\$ 3,680,171</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, 2024
(In Thousands of New Taiwan Dollars)**

Item	Quantity (Pieces)	Amount
Rendering of services		
Revenue from MyCard services	-	\$ 2,189,218
Advertisement Revenue	-	346,352
Others (Note)	-	<u>16,447</u>
		2,552,017
 Sale of goods - recharge cards and product packages	 2,301,418	 645,342
 Licensing revenue	 -	 <u>8,897</u>
 Subtotal		 3,206,256
 Less: Sales return	 335,556	 <u>(58,997)</u>
 Total		 <u>\$ 3,147,259</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, 2024
(In Thousands of New Taiwan Dollars)**

Item	Amount
Cost of goods produced	
Raw materials used	
Add: Raw material purchased	\$ 2,019
Less: Disposal	<u>(796)</u>
	1,223
Direct labor	8,748
Manufacturing expenses	<u>5,308</u>
Manufacturing cost	<u>15,279</u>
Add: Finished goods, beginning of year	-
Less: Finished goods, end of year	-
Disposal	(1,911)
Others	<u>(10,087)</u>
	<u>3,281</u>
Cost of goods purchased	
Merchandise, beginning of year	26,846
Add: Merchandise purchased	553,442
Others	1,434
Less: Merchandise, end of year	(45,545)
Disposal	<u>(1,590)</u>
	<u>534,587</u>
Other operating costs	<u>252,442</u>
Loss on disposal of inventory	<u>4,297</u>
	<u>\$ 794,607</u>

STATEMENT 14**SOFT-WORLD INTERNATIONAL CORPORATION****STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Circulation	\$ 486,928	\$ -	\$ -	\$ 486,928
Salaries	324,068	159,391	14,004	497,463
Service for processing of information	168,787	-	-	168,787
Other expenses	134,802	21,290	24,987	181,079
Insurance	25,717	9,658	1,174	36,549
Depreciation	15,598	2,738	425	18,761
Amortization	3,417	1,875	364	5,656
Advertising	15,281	1,637	1	16,919
Pension	12,476	4,805	498	17,779
Others	<u>58,700</u>	<u>59,570</u>	<u>1,939</u>	<u>120,209</u>
	<u>\$ 1,245,774</u>	<u>\$ 260,964</u>	<u>\$ 43,392</u>	1,550,130
Expected credit loss				<u>4,520</u>
				<u>\$ 1,554,650</u>

SOFT-WORLD INTERNATIONAL CORPORATION

**SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)**

	For the Year Ended December 31							
	2024				2023			
	Operating Costs	Operating Expenses	Non - Operating Expenses	Total	Operating Costs	Operating Expenses	Non - Operating Expenses	Total
Employee benefits	\$ 9,206	\$ 478,444	\$ -	\$ 487,650	\$ 10,160	\$ 409,447	\$ -	\$ 419,607
Salaries	878	36,549	-	37,427	867	35,530	-	36,397
Labor and health insurance	353	17,779	-	18,132	362	17,366	-	17,728
Pension	-	19,019	-	19,019	-	12,157	-	12,157
Remuneration of directors	98	3,806	-	3,904	100	3,680	-	3,780
Others	<u>\$ 10,535</u>	<u>\$ 555,597</u>	<u>\$ -</u>	<u>\$ 566,132</u>	<u>\$ 11,489</u>	<u>\$ 478,180</u>	<u>\$ -</u>	<u>\$ 489,669</u>
Depreciation	\$ 506	\$ 18,761	\$ 147	\$ 19,414	\$ 490	\$ 16,693	\$ 97	\$ 17,280
Amortization	6	5,656	-	5,662	20	5,069	-	5,089

Note 1: The Corporation's average number of employees were 440 and 439 for the years ended December 31, 2024 and 2023, respectively, including 9 non-employee directors for both years.

Note 2: 1) Average employee benefits for the years ended December 31, 2024 and 2023 were \$1,269 thousand and \$1,110 thousand, respectively.

2) Average employee salary for the years ended December 31, 2024 and 2023 were \$1,131 thousand and \$976 thousand, respectively.

3) The average employee salary increased by 15.88% year-on-year.

4) The company has set up an audit committee and has no supervisor.

5) 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.