

Soft-World International Corporation

**Parent Company Only Financial Statements for the
Years Ended December 31, 2021 and 2020 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, 2021 and 2020, 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 a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2021 and 2020, and its financial performance and its 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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, 2021. 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, 2021 is described as follows.

Revenue Recognition - MyCard transactions

The Corporation is an agent in its exclusive card (MyCard) transactions. Net service revenue is recognized at the time customers use MyCard in exchange for game points. Please refer to Notes 4 and 21 to the parent company only financial statements for more details. We considered the risk of material misstatement of the recognition of revenue as the risk of incorrect calculation of the aforementioned game points and the amount needed to be transferred to the related game operators. Therefore, we focused on the accuracy of revenue recognized from MyCard transactions.

The main audit procedures performed by us included the following:

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

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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chen-Li Chen and Kai-Ning Hsu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 16, 2022

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, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,688,875	24	\$ 1,817,516	18
Notes receivable (Notes 4, 5 and 7)	55	-	1,125	-
Accounts receivable, net (Notes 4, 5 and 7)	79,412	1	50,669	1
Accounts receivable - related parties (Notes 4, 5, 7 and 27)	19,899	-	30,699	-
Other receivables (Notes 4 and 7)	1,370,510	12	1,460,047	15
Other receivables - related parties (Notes 4, 7 and 27)	86,517	1	60,349	1
Inventories (Notes 4 and 8)	28,611	-	41,619	-
Other financial assets - current (Notes 9 and 28)	2,433,282	22	2,355,640	23
Other current assets	<u>91,863</u>	<u>1</u>	<u>91,767</u>	<u>1</u>
Total current assets	<u>6,799,024</u>	<u>61</u>	<u>5,909,431</u>	<u>59</u>
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss - noncurrent (Notes 4 and 10)	19,060	-	103,050	1
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4 and 11)	360,310	3	275,050	3
Investments accounted for using the equity method (Notes 4 and 12)	3,499,339	32	3,363,835	34
Property, plant and equipment (Notes 4, 13 and 28)	340,099	3	342,987	3
Right-of-use assets (Notes 4 and 14)	12,115	-	11,125	-
Other intangible assets (Notes 4 and 15)	2,511	-	10,009	-
Deferred tax assets (Notes 4 and 23)	31,842	1	24,656	-
Refundable deposits	11,188	-	11,067	-
Other financial assets - noncurrent (Note 9)	<u>7,530</u>	<u>-</u>	<u>3,644</u>	<u>-</u>
Total noncurrent assets	<u>4,283,994</u>	<u>39</u>	<u>4,145,423</u>	<u>41</u>
TOTAL	<u>\$ 11,083,018</u>	<u>100</u>	<u>\$ 10,054,854</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 21)	\$ 50,406	-	\$ 38,376	-
Notes payable (Note 16)	7,054	-	5,354	-
Notes payable - related parties (Notes 16 and 27)	780	-	600	-
Accounts payable (Note 16)	117,308	1	58,182	1
Accounts payable - related parties (Notes 16 and 27)	52,688	1	57,970	1
Other payables (Note 17)	3,221,860	29	2,430,712	24
Other payables - related parties (Note 27)	110,948	1	179,975	2
Current tax liabilities (Notes 4 and 23)	105,483	1	33,533	-
Lease liabilities - current (Notes 4 and 14)	6,861	-	7,003	-
Other financial liabilities - current (Notes 4 and 18)	689,566	6	738,814	7
Other current liabilities	<u>25,559</u>	<u>-</u>	<u>7,002</u>	<u>-</u>
Total current liabilities	<u>4,388,513</u>	<u>39</u>	<u>3,557,521</u>	<u>35</u>
NONCURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 23)	102,551	1	102,923	1
Lease liabilities - noncurrent (Notes 4 and 14)	5,372	-	4,276	-
Net defined benefit liabilities (Notes 4 and 19)	78,691	1	73,619	1
Guarantee deposits received	<u>6,070</u>	<u>-</u>	<u>280</u>	<u>-</u>
Total noncurrent liabilities	<u>192,684</u>	<u>2</u>	<u>181,098</u>	<u>2</u>
Total liabilities	<u>4,581,197</u>	<u>41</u>	<u>3,738,619</u>	<u>37</u>
EQUITY (Note 20)				
Share capital	<u>1,274,743</u>	<u>12</u>	<u>1,274,743</u>	<u>12</u>
Capital surplus	<u>1,816,989</u>	<u>16</u>	<u>1,781,028</u>	<u>18</u>
Retained earnings				
Legal reserve	1,132,078	10	1,037,835	11
Special reserve	25,117	-	30,984	-
Unappropriated earnings	<u>2,608,227</u>	<u>24</u>	<u>2,630,355</u>	<u>26</u>
Total retained earnings	<u>3,765,422</u>	<u>34</u>	<u>3,699,174</u>	<u>37</u>
Other equity	<u>154,829</u>	<u>2</u>	<u>71,683</u>	<u>1</u>
Treasury shares	<u>(510,162)</u>	<u>(5)</u>	<u>(510,393)</u>	<u>(5)</u>
Total equity	<u>6,501,821</u>	<u>59</u>	<u>6,316,235</u>	<u>63</u>
TOTAL	<u>\$ 11,083,018</u>	<u>100</u>	<u>\$ 10,054,854</u>	<u>100</u>

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, 2021 AND 2020

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

	2021		2020	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 21 and 27)	\$ 2,670,982	100	\$ 2,719,262	100
OPERATING COSTS (Notes 22 and 27)	492,660	18	432,083	16
GROSS PROFIT	2,178,322	82	2,287,179	84
OPERATING EXPENSES (Notes 22 and 27)				
Selling and marketing expenses	1,242,528	47	1,341,824	49
General and administrative expenses	185,832	7	188,209	7
Research and development expenses	39,853	1	27,671	1
Expected credit loss (Note 7)	19,443	1	17,544	1
Total operating expenses	1,487,656	56	1,575,248	58
OPERATING INCOME	690,666	26	711,931	26
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	19,488	1	20,146	1
Other income (Note 22)	20,753	1	17,505	1
Other gains and losses (Note 22)	(29,775)	(1)	40,101	1
Finance costs (Note 22)	(201)	-	(310)	-
Share of profit of subsidiaries and associates accounted for using the equity method	280,187	10	325,425	12
Total non-operating income and expenses	290,452	11	402,867	15
PROFIT BEFORE INCOME TAX	981,118	37	1,114,798	41
INCOME TAX EXPENSE (Notes 4 and 23)	151,184	6	171,031	6
NET PROFIT FOR THE YEAR	829,934	31	943,767	35
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	(5,227)	-	(1,545)	-
Unrealized income (loss) on investments in equity instruments at fair value through other comprehensive income (Note 20)	85,260	3	(20,363)	(1)
Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method	19,322	1	(16,932)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 23)	1,045	-	309	-
	100,400	4	(38,531)	(1)

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SOFT-WORLD INTERNATIONAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 20)	\$ (20,835)	(1)	\$ (21,533)	(1)
Share of other comprehensive loss of subsidiaries accounted for using the equity method (Note 20)	(2,792)	-	(1,782)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 23)	<u>4,167</u>	<u>-</u>	<u>4,386</u>	<u>-</u>
	<u>(19,460)</u>	<u>(1)</u>	<u>(18,929)</u>	<u>(1)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>80,940</u>	<u>3</u>	<u>(57,460)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 910,874</u>	<u>34</u>	<u>\$ 886,307</u>	<u>33</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 6.84</u>		<u>\$ 7.76</u>	
Diluted	<u>\$ 6.80</u>		<u>\$ 7.72</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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Other Equity	Subtotal	Treasury Shares	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2020	\$ 1,274,743	\$ 1,753,876	\$ 976,777	\$ 120,524	\$ 2,169,340	\$ (29,101)	\$ 156,907	\$ 127,806	\$ (449,303)	\$ 5,973,763
Appropriation of 2019 earnings (Note 20)										
Legal reserve	-	-	61,058	-	(61,058)	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(509,897)	-	-	-	-	(509,897)
Reversal of special reserve	-	-	-	(89,540)	89,540	-	-	-	-	-
	-	-	61,058	(89,540)	(481,415)	-	-	-	-	(509,897)
Net profit in 2020	-	-	-	-	943,767	-	-	-	-	943,767
Other comprehensive loss in 2020, net of income tax	-	-	-	-	(1,337)	(18,929)	(37,194)	(56,123)	-	(57,460)
Total comprehensive income (loss) in 2020	-	-	-	-	942,430	(18,929)	(37,194)	(56,123)	-	886,307
Purchase of treasury shares (Note 20)	-	-	-	-	-	-	-	-	(43,492)	(43,492)
Adjustments of capital surplus for the Corporation's cash dividends received by subsidiaries	-	21,960	-	-	-	-	-	-	-	21,960
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	(171)	-	-	-	-	-	-	-	(171)
Changes in percentage of ownership interests in subsidiaries	-	5,363	-	-	-	-	-	-	-	5,363
Purchase of the Corporation's shares by subsidiaries (Note 20)	-	-	-	-	-	-	-	-	(17,598)	(17,598)
BALANCE AT DECEMBER 31, 2020	1,274,743	1,781,028	1,037,835	30,984	2,630,355	(48,030)	119,713	71,683	(510,393)	6,316,235
Appropriation of 2020 earnings (Note 20)										
Legal reserve	-	-	94,243	-	(94,243)	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(761,480)	-	-	-	-	(761,480)
Reversal of special reserve	-	-	-	(5,867)	5,867	-	-	-	-	-
	-	-	94,243	(5,867)	(849,856)	-	-	-	-	(761,480)
Net profit in 2021	-	-	-	-	829,934	-	-	-	-	829,934
Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	(3,840)	(19,460)	104,240	84,780	-	80,940
Total comprehensive income (loss) in 2021	-	-	-	-	826,094	(19,460)	104,240	84,780	-	910,874
Changes in other capital surplus	-	90	-	-	-	-	-	-	-	90
Adjustments of capital surplus for the Corporation's cash dividends received by subsidiaries	-	33,436	-	-	-	-	-	-	-	33,436
Changes in percentage of ownership interests in subsidiaries	-	2,435	-	-	-	-	-	-	231	2,666
Disposal of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	1,634	-	(1,634)	(1,634)	-	-
BALANCE AT DECEMBER 31, 2021	\$ 1,274,743	\$ 1,816,989	\$ 1,132,078	\$ 25,117	\$ 2,608,227	\$ (67,490)	\$ 222,319	\$ 154,829	\$ (510,162)	\$ 6,501,821

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 981,118	\$ 1,114,798
Adjustments for:		
Income and expenses		
Depreciation expenses	14,138	13,935
Amortization expenses	11,053	12,830
Expected credit loss recognized on accounts receivable	19,443	17,544
Loss (gain) on financial assets at fair value through profit or loss	32,402	(44,190)
Finance costs	201	310
Interest income	(19,488)	(20,146)
Dividend income	(4,110)	(2,747)
Share of profit of subsidiaries and associates accounted for using the equity method	(280,187)	(325,425)
Others	1,706	2,583
Changes in operating assets and liabilities		
Notes receivable	1,070	626
Accounts receivable	(30,656)	8,264
Accounts receivable - related parties	10,800	(4,976)
Other receivables	71,983	175,476
Other receivables - related parties	(26,168)	6,946
Inventories	11,302	(17,639)
Other current assets	(96)	58,108
Contract liabilities	12,030	(98,353)
Notes payable	1,700	(3,468)
Notes payable - related parties	180	(44,286)
Accounts payable	59,126	29,304
Accounts payable - related parties	(5,282)	(2,265)
Other payables	791,139	(134,671)
Other payables - related parties	(69,027)	36,688
Other financial liabilities	(49,248)	103,650
Other current liabilities	18,557	(321)
Net defined benefit liabilities	(146)	(1,307)
Cash generated from operations	1,553,540	881,268
Interest received	19,512	20,739
Dividends received	180,165	48,298
Interest paid	(201)	(310)
Income tax paid	(81,580)	(109,689)
Net cash generated from operating activities	<u>1,671,436</u>	<u>840,306</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	-	(58,860)
Disposal of financial assets at fair value through profit or loss	51,588	-
Acquisition of investments accounted for using the equity method	-	(1,782)
Proceeds from sale of subsidiaries	425	345

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SOFT-WORLD INTERNATIONAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Payments for property, plant and equipment	\$ (3,077)	\$ (1,334)
Decrease (increase) in refundable deposits	(121)	1,058
Payments for intangible assets	(3,555)	(4,513)
Increase in other financial assets	<u>(81,528)</u>	<u>(657,959)</u>
Net cash used in investing activities	<u>(36,268)</u>	<u>(723,045)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in guarantee deposits received	5,790	(70)
Repayment of the principal portion of lease liabilities	(8,209)	(8,019)
Cash dividends distributed	(761,480)	(509,897)
Payments to acquire treasury shares	-	(43,492)
Disposal of ownership interests in subsidiaries without losing control	-	3,891
Unclaimed dividend	<u>90</u>	<u>-</u>
Net cash used in financing activities	<u>(763,809)</u>	<u>(557,587)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	871,359	(440,326)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,817,516</u>	<u>2,257,842</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,688,875</u>	<u>\$ 1,817,516</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, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Corporation’s board of directors on March 16, 2022.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

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

c. Classification of current and noncurrent assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as noncurrent.

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 measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purposes of presenting the parent company only financial statements, the investments of the Corporation's foreign operations (including subsidiaries and associates operating in other countries using currencies different from the Corporation's currency) are translated into the presentation currency - the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost.

f. Investments accounted for using the equity method

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

1) Investments in subsidiaries

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

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

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

When the Corporation's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the subsidiary), the Corporation continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary 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 over the cost of acquisition is recognized immediately in profit or loss.

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole.

Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

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

Profits or losses resulting from downstream transactions are eliminated in full only in the Corporation's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the Corporation's financial statements 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 that is neither a subsidiary nor an interest in a joint venture.

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

When the Corporation subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation's proportionate interest in the associate. The Corporation records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus and investments accounted for using the equity method. If the Corporation's ownership interest is reduced due to non-subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Corporation's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the associate), the Corporation discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Corporation has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

When impairment loss is evaluated, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increased.

When the Corporation transacts with its associate, profits or losses resulting from these transactions

with the associate are recognized in the parent company only financial statements only to the extent of interests in the associate that are not related to the Corporation.

g. Property, plant and equipment

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

Land is not depreciated.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant component is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. 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.

i. Impairment of property, plant and equipment, right-of-use assets 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 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.

j. 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 asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

Cash equivalents include time deposits within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii Investments in equity instruments at FVTOCI

On initial recognition, the 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

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.

k. Revenue recognition

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

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

1) 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) 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.

1. 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.

m. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Corporation's defined benefit plan.

n. 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 in the ROC.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences 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 tax for the year

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

5. CRITICAL 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.

The Corporation considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty - Estimated impairment of financial assets

The provision for impairment of receivables is based on assumptions about risk of default and expected loss rates. The Corporation uses judgment in making these assumptions and in selecting the inputs to the impairment calculation; the judgement 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	
	2021	2020
Cash on hand	\$ 942	\$ 930
Bank deposits	1,585,473	917,096
Cash equivalents		
Time deposits with original maturities of less than 3 months	<u>1,102,460</u>	<u>899,490</u>
	<u>\$ 2,688,875</u>	<u>\$ 1,817,516</u>

7. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Notes receivable		
Operating	\$ <u>55</u>	\$ <u>1,125</u>
Accounts receivable - unrelated parties		
At amortized cost		
Gross carrying amount	\$ 81,384	\$ 50,728
Less: Allowance for impairment loss	<u>(1,972)</u>	<u>(59)</u>
	<u>\$ 79,412</u>	<u>\$ 50,669</u>
Accounts receivable - related parties		
At amortized cost	\$ <u>19,899</u>	\$ <u>30,699</u>
Other receivables (including related parties)		
Gross carrying amount	\$ 1,506,324	\$ 1,587,023
Less: Allowance for impairment loss	<u>(49,297)</u>	<u>(66,627)</u>
	<u>\$ 1,457,027</u>	<u>\$ 1,520,396</u>
Unrelated parties	\$ 1,370,510	\$ 1,460,047
Related parties	<u>86,517</u>	<u>60,349</u>
	<u>\$ 1,457,027</u>	<u>\$ 1,520,396</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 120 days. The Corporation adopted a policy of only dealing with entities that have good credit ratings and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Corporation uses other publicly available financial information or its own trading records to rate its major customers. The Corporation's exposure and the credit ratings of its counterparties are continuously monitored. Also, credit exposure is controlled by counterparty limits that are reviewed and approved.

The Corporation measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Corporation's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished according to the Corporation's different customer segments.

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

The following table details the loss allowance of accounts receivable:

December 31, 2021

	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	\$ 95,384	\$ 3,928	\$ -	\$ 1,971	\$ 101,283
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>(1,971)</u>	<u>(1,972)</u>
Amortized cost	<u>\$ 95,384</u>	<u>\$ 3,927</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,311</u>

December 31, 2020

	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	\$ 81,159	\$ 215	\$ -	\$ 53	\$ 81,427
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(6)</u>	<u>-</u>	<u>(53)</u>	<u>(59)</u>
Amortized cost	<u>\$ 81,159</u>	<u>\$ 209</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,368</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 (see Note 21), and the main credit period of receivables from channels was 30 to 120 days.

The following table details the loss allowance of other receivables:

December 31, 2021

	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	\$ 1,401,816	\$ 44,638	\$ 21,830	\$ 38,040	\$ 1,506,324
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(1,358)</u>	<u>(9,899)</u>	<u>(38,040)</u>	<u>(49,297)</u>
Amortized cost	<u>\$ 1,401,816</u>	<u>\$ 43,280</u>	<u>\$ 11,931</u>	<u>\$ -</u>	<u>\$ 1,457,027</u>

December 31, 2020

	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	\$ 1,462,053	\$ 45,099	\$ 24,789	\$ 55,082	\$ 1,587,023
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(1,384)</u>	<u>(10,161)</u>	<u>(55,082)</u>	<u>(66,627)</u>
Amortized cost	<u>\$ 1,462,053</u>	<u>\$ 43,715</u>	<u>\$ 14,628</u>	<u>\$ -</u>	<u>\$ 1,520,396</u>

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

	For the Year Ended December 31, 2021		
	Accounts Receivable	Other Receivables	Total
Balance at January 1	\$ 59	\$ 66,627	\$ 66,686
Recognition	1,913	17,530	19,443
Amounts written off	<u>-</u>	<u>(34,860)</u>	<u>(34,860)</u>
Balance at December 31	<u>\$ 1,972</u>	<u>\$ 49,297</u>	<u>\$ 51,269</u>

	For the Year Ended December 31, 2020		
	Accounts Receivable	Other Receivables	Total
Balance at January 1	\$ 876	\$ 61,358	\$ 62,234
Recognition	2	17,542	17,544
Amounts written off	<u>(819)</u>	<u>(12,273)</u>	<u>(13,092)</u>
Balance at December 31	<u>\$ 59</u>	<u>\$ 66,627</u>	<u>\$ 66,686</u>

8. INVENTORIES

	December 31	
	2021	2020
Finished goods	\$ 141	\$ 154
Merchandise	<u>28,470</u>	<u>41,465</u>
	<u>\$ 28,611</u>	<u>\$ 41,619</u>

9. OTHER FINANCIAL ASSETS

	December 31	
	2021	2020
Pledged demand deposits (Note 28)	\$ 122	\$ -
Pledged time deposits (Note 28)	35,000	35,000
Restricted bank deposits	7,530	3,644
Time deposits with original maturities of more than 3 months	<u>2,398,160</u>	<u>2,320,640</u>
	<u>\$ 2,440,812</u>	<u>\$ 2,359,284</u>
Current	\$ 2,433,282	\$ 2,355,640
Noncurrent	<u>7,530</u>	<u>3,644</u>
	<u>\$ 2,440,812</u>	<u>\$ 2,359,284</u>

The maturity dates of the above time deposits are from January 2022 to December 2022 and from January 2021 to December 2021, respectively; the annual interest rates are both 0.49% to 0.82% on December 31, 2021 and 2020.

10. FINANCIAL ASSETS AT FVTPL - NONCURRENT

	<u>December 31</u>	
	2021	2020
<u>Mandatorily classified as at FVTPL</u>		
Foreign listed shares	\$ <u>19,060</u>	\$ <u>103,050</u>

11. FINANCIAL ASSETS AT FVTOCI - NONCURRENT

	<u>December 31</u>	
	2021	2020
Listed shares	\$ 173,389	\$ 125,649
Emerging market shares	-	3,209
Private - placement shares of listed companies	<u>186,921</u>	<u>146,192</u>
	<u>\$ 360,310</u>	<u>\$ 275,050</u>

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

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	2021	2020
Investments in subsidiaries	\$ 3,487,956	\$ 3,352,241
Investments in associates	<u>11,383</u>	<u>11,594</u>
	<u>\$ 3,499,339</u>	<u>\$ 3,363,835</u>

a. Investments in subsidiaries

	<u>December 31</u>			
	<u>2021</u>		<u>2020</u>	
	Amount	Proportion of Ownership and Voting Rights (%)	Amount	Proportion of Ownership and Voting Rights (%)
Listed company				
Chinese Gamer International Corporation (Chinese Gamer)	\$ 502,450	49	\$ 522,559	49
Unlisted company				
Soft-World Technology Pte. Ltd.	12,576	100	8,215	100
Game Flier International Corporation (Game Flier)	844,891	98	870,565	98

(Continued)

	December 31			
	2021		2020	
	Amount	Proportion of Ownership and Voting Rights (%)	Amount	Proportion of Ownership and Voting Rights (%)
Global Concept Corporation (Global Concept)	\$ 287,735	100	\$ 276,231	100
Game First International Corporation (Game First)	238,201	70	237,608	70
Zealot Digital International Corporation	90,332	99	69,999	99
Soft-World International (Hong Kong) Corporation	550,143	100	544,769	100
Dynasty International Information Corporation	33,612	86	17,022	86
Jhieh Long Venture Capital Corporation (Jhieh Long)	13,374	13	7,895	13
Sofaman Corporation (Sofaman)	-	-	462	60
Interactive Entertainment Technology Co., Ltd. (Interactive Entertainment)	17,563	80	17,344	80
Fast Distributed Cloud Computing Co., Ltd.	72,931	90	38,988	90
Newweb Technologies Co., Ltd.	479,750	50	451,849	50
Efun International Corporation	305,199	80	264,351	80
Long Xiang Investment Corporation (Long Xiang)	34,873	44	20,478	44
CELAD Incorporated (CELAD)	333	32	345	32
We Can Financial Technology Co., Ltd. (We Can)	<u>3,993</u>	51	<u>3,561</u>	51
	<u>\$ 3,487,956</u>		<u>\$ 3,352,241</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	
	2021	2020
Chinese Gamer	<u>\$ 2,517,000</u>	<u>\$ 2,617,513</u>

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

- 1) The Corporation continuously increased its investments in Game Flier in 2020 which amounted to \$72 thousand.
- 2) The Corporation additionally acquired the shares of We Can for \$1,710 thousand in the first quarter

of 2020 and obtained control over the investee since March 2020, and the investee had been included in the consolidated financial statements since then. For related information, refer to Note 27 “Business Combinations” to the consolidated financial statements for the year ended December 31, 2020. In addition, the Corporation disposed of We Can’s shares in May 2020, resulting in a decrease in the shareholding ratio from 52% to 51%.

- 3) The Corporation’s shareholding Fast Distributed Cloud decreased from 100% to 90% due to the sale of the shares by the Corporation in August 2020.
- 4) Zealot completed liquidation procedures in December 2020, and refunded capital of \$345 thousand.
- 5) Sofaman completed liquidation procedures in October 2021, and refunded capital of \$425 thousand.

b. Investments in associates

	<u>December 31</u>	
	2021	2020
Investments in associates - are not individually material	\$ <u>11,383</u>	\$ <u>11,594</u>

Aggregate information of associates that are not individually material :

	<u>For the Year Ended December 31</u>	
	2021	2020
The Corporation’s share of:		
Total loss and other comprehensive income (loss) for the year	\$ <u>(211)</u>	\$ <u>(673)</u>

13. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2021

	Land	Buildings	Equipment	Miscellaneous Equipment	Others	Total
<u>Cost</u>						
Balance at January 1, 2021	\$ 215,321	\$ 183,407	\$ 3,649	\$ 1,691	\$ 180	\$ 404,248
Additions	-	-	1,882	93	1,102	3,077
Disposals	-	-	(2,474)	(354)	(180)	(3,008)
Balance at December 31, 2021	\$ <u>215,321</u>	\$ <u>183,407</u>	\$ <u>3,057</u>	\$ <u>1,430</u>	\$ <u>1,102</u>	\$ <u>404,317</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2021	\$ -	\$ 58,372	\$ 2,259	\$ 485	\$ 145	\$ 61,261
Depreciation expenses	-	4,304	1,183	335	143	5,965
Disposals	-	-	(2,474)	(354)	(180)	(3,008)
Balance at December 31, 2021	\$ -	\$ <u>62,676</u>	\$ <u>968</u>	\$ <u>466</u>	\$ <u>108</u>	\$ <u>64,218</u>
Carrying amounts at December 31, 2021	\$ <u>215,321</u>	\$ <u>120,731</u>	\$ <u>2,089</u>	\$ <u>964</u>	\$ <u>994</u>	\$ <u>340,099</u>

For the year ended December 31, 2020

	Land	Buildings	Equipment	Miscellaneous Equipment	Others	Total
<u>Cost</u>						
Balance at January 1, 2020	\$ 215,321	\$ 183,407	\$ 3,845	\$ 502	\$ 180	\$ 403,255
Additions	-	-	145	1,189	-	1,334
Disposals	-	-	(341)	-	-	(341)
Balance at December 31, 2020	<u>\$ 215,321</u>	<u>\$ 183,407</u>	<u>\$ 3,649</u>	<u>\$ 1,691</u>	<u>\$ 180</u>	<u>\$ 404,248</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2020	\$ -	\$ 54,068	\$ 1,319	\$ 286	\$ 85	\$ 55,758
Depreciation expenses	-	4,304	1,281	199	60	5,844
Disposals	-	-	(341)	-	-	(341)
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 58,372</u>	<u>\$ 2,259</u>	<u>\$ 485</u>	<u>\$ 145</u>	<u>\$ 61,261</u>
Carrying amounts at December 31, 2020	<u>\$ 215,321</u>	<u>\$ 125,035</u>	<u>\$ 1,390</u>	<u>\$ 1,206</u>	<u>\$ 35</u>	<u>\$ 342,987</u>

Property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

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

14. LEASE ARRANGEMENTS

a. Right-of-use assets

For the year ended December 31, 2021

	Buildings
<u>Cost</u>	
Balance at January 1, 2021	\$ 23,785
Additions	<u>9,163</u>
Balance at December 31, 2021	<u>\$ 32,948</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2021	\$ 12,660
Depreciation expenses	<u>8,173</u>
Balance at December 31, 2021	<u>\$ 20,833</u>
Carrying amount at December 31, 2021	<u>\$ 12,115</u>

For the year ended December 31, 2020

	Buildings
<u>Cost</u>	
Balance at January 1, 2020	\$ 19,282
Additions	<u>4,503</u>
Balance at December 31, 2020	<u>\$ 23,785</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2020	\$ 4,569
Depreciation expenses	<u>8,091</u>
Balance at December 31, 2020	<u>\$ 12,660</u>
Carrying amount at December 31, 2020	<u>\$ 11,125</u>

b. Lease liabilities

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Carrying amounts		
Current	<u>\$ 6,861</u>	<u>\$ 7,003</u>
Noncurrent	<u>\$ 5,372</u>	<u>\$ 4,276</u>

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Buildings	1.98-2.20	2.11-2.20

c. Material leasing activities and terms

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

d. Other lease information

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Expenses relating to short-term leases	<u>\$ 7,068</u>	<u>\$ 6,894</u>
Expenses relating to low-value asset leases	<u>\$ 511</u>	<u>\$ 465</u>
Total cash outflow for leases	<u>\$ 15,989</u>	<u>\$ 15,688</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. OTHER INTANGIBLE ASSETS

For the year ended December 31, 2021

	Computer Software
<u>Cost</u>	
Balance at January 1, 2021	\$ 30,618
Additions	3,555
Write-off	<u>(29,245)</u>
Balance at December 31, 2021	<u>\$ 4,928</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2021	\$ 20,609
Amortization expenses	11,053
Write-off	<u>(29,245)</u>
Balance at December 31, 2021	<u>\$ 2,417</u>
Carrying amount at December 31, 2021	<u>\$ 2,511</u>

For the year ended December 31, 2020

	Computer Software
<u>Cost</u>	
Balance at January 1, 2020	\$ 30,890
Additions	4,513
Write-off	<u>(4,785)</u>
Balance at December 31, 2020	<u>\$ 30,618</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2020	\$ 12,564
Amortization expenses	12,830
Write-off	<u>(4,785)</u>
Balance at December 31, 2020	<u>\$ 20,609</u>
Carrying amount at December 31, 2020	<u>\$ 10,009</u>

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

16. 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.

17. OTHER PAYABLES - UNRELATED PARTIES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Payables for receipts under custody	\$ 2,834,135	\$ 2,044,221
Payables for circulation	126,605	144,179
Payables for salaries or bonuses	85,025	78,486
Payables for value-added taxes	71,273	49,083
Payables for compensation of employees, board of director and supervisors	62,624	71,353
Payables for annual leave	11,427	10,930
Others	<u>30,771</u>	<u>32,460</u>
	<u>\$ 3,221,860</u>	<u>\$ 2,430,712</u>

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

18. OTHER FINANCIAL LIABILITIES - CURRENT

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Temporary receipts from the sale of MyCard	<u>\$ 689,566</u>	<u>\$ 738,814</u>

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plan

The Corporation adopted the defined benefit plan under the Labor Standards Law of the ROC, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation makes contributions equal to 2% of total monthly salaries to a pension fund, which are deposited in the Bank of Taiwan in the name of and administered by the pension fund monitoring committee. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Corporation has no right to influence the investment policy and strategy.

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Present value of defined benefit obligation	\$ 106,337	\$ 100,769
Fair value of plan assets	<u>(27,529)</u>	<u>(27,042)</u>
Deficit	78,808	73,727
Recognized in other payables	<u>(117)</u>	<u>(108)</u>
Net defined benefit liabilities	<u>\$ 78,691</u>	<u>\$ 73,619</u>

Movements of net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2020	<u>\$ 104,593</u>	<u>\$ (31,096)</u>	<u>\$ 73,497</u>
Service cost			
Current service cost	1,045	-	1,045
Interest expense (income)	<u>915</u>	<u>(282)</u>	<u>633</u>
Recognized in profit or loss	<u>1,960</u>	<u>(282)</u>	<u>1,678</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(849)	(849)
Actuarial loss (gain)			
changes in demographic assumptions	124	-	124
changes in financial assumptions	4,481	-	4,481
experience adjustments	<u>(2,211)</u>	<u>-</u>	<u>(2,211)</u>
Recognized in other comprehensive income	<u>2,394</u>	<u>(849)</u>	<u>1,545</u>
Contributions from the employer	-	(1,259)	(1,259)
Benefits paid			
Paid from plan assets	(6,444)	6,444	-
Paid from company assets	<u>(1,734)</u>	<u>-</u>	<u>(1,734)</u>
	<u>(8,178)</u>	<u>5,185</u>	<u>(2,993)</u>
Balance at December 31, 2020	<u>100,769</u>	<u>(27,042)</u>	<u>73,727</u>
Service cost			
Current service cost	848	-	848
Interest expense (income)	<u>501</u>	<u>(135)</u>	<u>366</u>
Recognized in profit or loss	<u>1,349</u>	<u>(135)</u>	<u>1,214</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(367)	(367)
Actuarial loss			
changes in demographic assumptions	2,594	-	2,594

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
experience adjustments	\$ 3,000	\$ -	\$ 3,000
Recognized in other comprehensive income	<u>5,594</u>	<u>(367)</u>	<u>5,227</u>
Contributions from the employer	-	(1,360)	(1,360)
Benefits paid	<u>(1,375)</u>	<u>1,375</u>	<u>-</u>
	<u>(1,375)</u>	<u>15</u>	<u>(1,360)</u>
Balance at December 31, 2021	<u>\$ 106,337</u>	<u>\$ (27,529)</u>	<u>\$ 78,808</u> (Concluded)

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

1) Investment risk

The plan assets are invested in domestic and foreign equity and debt securities and bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligations were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2021	2020
Discount rate (%)	0.500	0.500
Expected rate of salary increase (%)	2.500	2.500

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	
	2021	2020
Discount rate		
0.25% increase	\$ (3,005)	\$ (3,018)
0.25% decrease	\$ 3,124	\$ 3,143
Expected rate of salary increase		
0.25% increase	\$ 3,013	\$ 3,032
0.25% decrease	\$ (2,915)	\$ (2,928)

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	
	2021	2020
Expected contributions to the plan for the next year	\$ 1,360	\$ 1,490
Average duration of the defined benefit obligation (in years)	11.6	12.3

20. EQUITY

a. Ordinary share capital

	December 31	
	2021	2020
Number of shares authorized (in thousands)	180,000	180,000
Shares authorized	\$ 1,800,000	\$ 1,800,000
Number of shares issued and fully paid (in thousands)	127,474	127,474
Shares issued	\$ 1,274,743	\$ 1,274,743

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	
	2021	2020
May be used to offset deficits, distributed as cash dividends or transferred to share capital (Note)		
Issuance of ordinary shares	\$ 1,229,758	\$ 1,229,758
Conversion of bonds	245,975	245,975
Treasury share transactions	115,206	81,770
Difference between the consideration and carrying amount of subsidiaries acquired or disposed	59,180	59,180

(Continued)

	December 31	
	2021	2020
<u>May be used to offset deficits only</u>		
Changes in percentage of ownership interests in subsidiaries	\$ 159,825	\$ 157,390
Changes in percentage of ownership interests in associates	6,955	6,955
Unclaimed dividends	<u>90</u>	<u>-</u>
	<u>\$ 1,816,989</u>	<u>\$ 1,781,028</u> (Concluded)

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") amended in the shareholders' meeting in July 2021 provide that earnings distribution or offsetting of losses should be made on a quarterly basis after the close of each quarter. Where the Corporation made a profit in each quarter, the Corporation shall first estimate and reserve for the taxes to be paid, offset losses, estimate and reserve for the compensation of employees and remuneration of directors, set aside for legal reserve 10% of the remaining earnings until the legal reserve equals the Corporation's share capital, then set aside or reverse a special reserve in accordance with the laws or regulations. Any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved by the board of directors if distributed by way of cash dividend, or should be approved in the shareholders' meeting if distributed by way of stock dividend.

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

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

The dividends policy of the Corporation considers expanding the scale of operations and developing research plans, based on the overall environment and the features of the industry in order to pursue sustainable operations and long-term benefits for shareholders. The dividends to shareholders shall be not less than 15% of the distributable earnings each year, but if the accumulated distributable earnings is less than 25% of the Corporation's paid-in capital, the Corporation should not make an appropriation for dividends. The dividends to shareholders can be paid in cash or issued as shares, but cash dividends shall be not less than 10% of the total dividends.

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

The appropriations of earnings for 2020 and 2019 which were proposed and approved in the shareholders' meetings on July 30, 2021 and June 18, 2020, respectively, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Legal reserve	\$ 94,243	\$ 61,058		
Reversal of special reserve	(5,867)	(89,540)		
Cash dividends	<u>761,480</u>	<u>509,897</u>	<u>\$ 6.00</u>	<u>\$ 4.00</u>
	<u>\$ 849,856</u>	<u>\$ 481,415</u>		

The appropriation of earnings for 2021 is as follows:

	<u>Appropriation of Earnings</u>	<u>Dividends Per Share (NT\$)</u>
Legal reserve	\$ 82,773	
Cash dividends	<u>659,949</u>	<u>\$ 5.20</u>
	<u>\$ 742,722</u>	

The above cash dividends were resolved by the board of directors on March 16, 2022, and the remaining earnings distribution items will be resolved in the shareholders' meeting in June 2022.

d. Special reserve

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

e. Other equity items

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

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ (48,030)	\$ (29,101)
Recognized for the year		
Exchange differences on translating the net investments in foreign operations	(20,835)	(21,533)
Related income tax arising from exchange differences	4,167	4,386
Share from subsidiaries accounted for using the equity method	<u>(2,792)</u>	<u>(1,782)</u>
Balance, end of year	<u>\$ (67,490)</u>	<u>\$ (48,030)</u>

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

	For the Year Ended December 31	
	2021	2020
Balance, beginning of year	\$ 119,713	\$ 156,907
Recognized for the year		
Unrealized gain (loss) - equity instruments	85,260	(20,363)
Share from subsidiaries accounted for using the equity method	18,980	(16,831)
Cumulative unrealized gain of equity instrument transferred earnings due to disposal	<u>(1,634)</u>	<u>-</u>
Balance, end of year	<u>\$ 222,319</u>	<u>\$ 119,713</u>

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, 2021					
The Corporation's shares held by its subsidiaries	<u>5,575</u>	<u>-</u>	<u>2</u>	<u>5,573</u>	<u>\$ 466,670</u>
Transfer shares to employees	<u>561</u>	<u>-</u>	<u>-</u>	<u>561</u>	<u>\$ 43,492</u>
For the year ended December 31, 2020					
The Corporation's shares held by its subsidiaries	<u>5,330</u>	<u>245</u>	<u>-</u>	<u>5,575</u>	<u>\$ 466,901</u>
Transfer shares to employees	<u>-</u>	<u>561</u>	<u>-</u>	<u>561</u>	<u>\$ 43,492</u>

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

As of December 31, 2021 and 2020, the market values of the treasury shares calculated by the consolidated shareholding percentage were \$548,900 thousand and \$590,987 thousand, respectively.

21. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
	2021	2020
Rendering of services	\$ 2,201,503	\$ 2,396,766
Sale of goods	384,307	285,637
Licensing revenue	<u>85,172</u>	<u>36,859</u>
	<u>\$ 2,670,982</u>	<u>\$ 2,719,262</u>

b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable, accounts receivable, and other receivables	<u>\$ 1,556,393</u>	<u>\$ 1,602,889</u>	<u>\$ 1,807,362</u>
Contract liabilities			
Advance receipts of services	\$ 50,092	\$ 26,279	\$ 107,246
Royalty fee for games	-	10,658	28,004
Others	<u>314</u>	<u>1,439</u>	<u>1,479</u>
	<u>\$ 50,406</u>	<u>\$ 38,376</u>	<u>\$ 136,729</u>

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

22. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	\$ 19,484	\$ 20,142
Others	<u>4</u>	<u>4</u>
	<u>\$ 19,488</u>	<u>\$ 20,146</u>

b. Other income

	For the Year Ended December 31	
	2021	2020
Rental income	\$ 3,269	\$ 3,364
Dividend income	4,110	2,747
Others	<u>13,374</u>	<u>11,394</u>
	<u>\$ 20,753</u>	<u>\$ 17,505</u>

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange gain	\$ 3,230	\$ 2,792
Gain (loss) on financial assets designated as at FVTPL	(32,402)	44,190
Others	<u>(603)</u>	<u>(6,881)</u>
	<u>\$ (29,775)</u>	<u>\$ 40,101</u>

d. Finance costs

For the Year Ended December 31
2021 2020

Interest on lease liabilities	\$ <u>201</u>	\$ <u>310</u>
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e. Depreciation and amortization

For the Year Ended December 31
2021 2020

Property, plant and equipment	\$ 5,965	\$ 5,844
Right-of-use assets	8,173	8,091
Other intangible assets	<u>11,053</u>	<u>12,830</u>
	<u>\$ 25,191</u>	<u>\$ 26,765</u>

An analysis of depreciation by function

Operating costs	\$ 391	\$ 384
Operating expenses	<u>13,747</u>	<u>13,551</u>
	<u>\$ 14,138</u>	<u>\$ 13,935</u>

An analysis of amortization by function

Operating costs	\$ 29	\$ 14
Operating expenses	<u>11,024</u>	<u>12,816</u>
	<u>\$ 11,053</u>	<u>\$ 12,830</u>

f. Employee benefits

For the Year Ended December 31
2021 2020

Short-term employee benefits	\$ <u>431,197</u>	\$ <u>427,425</u>
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Post-employment benefits

Defined contribution plans	14,347	13,553
Defined benefit plans (Note 19)	<u>1,214</u>	<u>1,678</u>
	<u>15,561</u>	<u>15,231</u>

Employee benefits expense	\$ <u>446,758</u>	\$ <u>442,656</u>
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An analysis by function

Operating costs	\$ 10,289	\$ 10,280
Operating expenses	<u>436,469</u>	<u>432,376</u>
	<u>\$ 446,758</u>	<u>\$ 442,656</u>

g. Compensation of employees and remuneration of directors and supervisors

According to the Articles of the Corporation, the Corporation accrued compensation of employees and remuneration of directors and supervisors at rates of no less than 2% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The compensation of employees and the remuneration of directors and supervisors for the

years ended December 31, 2021 and 2020, which were resolved to be paid in cash by the Corporation's board of directors on March 16, 2022 and March 17, 2021, respectively, are as follows:

	For the Year Ended December 31	
	2021	2020
<u>Accrual rate</u>		
Compensation of employees (%)	5	5
Remuneration of directors and supervisors (%)	1	1
<u>Amount</u>		
Compensation of employees	\$ 52,187	\$ 59,461
Remuneration of directors and supervisors	10,437	11,892

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, 2020 and 2019, there is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2020 and 2019.

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

23. 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	
	2021	2020
Current tax		
In respect of the current year	\$ 148,689	\$ 85,202
Income tax on unappropriated earnings	4,629	6,443
Adjustments for prior years	<u>212</u>	<u>(316)</u>
	<u>153,530</u>	<u>91,329</u>
Deferred tax		
In respect of the current year	<u>(2,346)</u>	<u>79,702</u>
Income tax expense recognized in profit or loss	<u>\$ 151,184</u>	<u>\$ 171,031</u>

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

	For the Year Ended December 31	
	2021	2020
Profit before income tax	\$ 981,118	\$ 1,114,798
Income tax expense calculated at the statutory rate (20%)	\$ 196,223	\$ 222,960
Deductible income and expenses in determining taxable income	(43,503)	(48,518)
Tax-exempt income	(822)	(549)
Realized investment losses	(6,632)	(14,836)
Income tax on unappropriated earnings	4,629	6,443
Nondeductible withholding tax	1,077	-
Unrecognized temporary differences	-	5,765
Others	-	82
Adjustments for prior years' tax	<u>212</u>	<u>(316)</u>
Income tax expense recognized in profit or loss	<u>\$ 151,184</u>	<u>\$ 171,031</u>

b. Income tax benefit recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Recognized during the period		
Translation of foreign operations	\$ 4,167	\$ 4,386
Remeasurement of defined benefit plan	<u>1,045</u>	<u>309</u>
	<u>\$ 5,212</u>	<u>\$ 4,695</u>

c. Current tax liabilities

	December 31	
	2021	2020
Current tax liabilities		
Income tax payable	<u>\$ 105,483</u>	<u>\$ 33,533</u>

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2021

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligations	\$ 14,724	\$ (31)	\$ 1,045	\$ 15,738
Loss on inventories	2,347	160	-	2,507

(Continued)

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Exchange differences on translation of foreign operations	\$ 231	\$ -	\$ 4,167	\$ 4,398
Others	<u>7,354</u>	<u>1,845</u>	<u>-</u>	<u>9,199</u>
	<u>\$ 24,656</u>	<u>\$ 1,974</u>	<u>\$ 5,212</u>	<u>\$ 31,842</u>
<hr/> <u>Deferred tax liabilities</u>				
Temporary differences				
Gain from foreign investments accounted for using the equity method	\$ 94,047	\$ 8,459	\$ -	\$ 102,506
Financial assets at FVTPL	8,838	(8,838)	-	-
Others	<u>38</u>	<u>7</u>	<u>-</u>	<u>45</u>
	<u>\$ 102,923</u>	<u>\$ (372)</u>	<u>\$ -</u>	<u>\$ 102,551</u> (Concluded)

For the year ended December 31, 2020

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<hr/> <u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligations	\$ 14,676	\$ (261)	\$ 309	\$ 14,724
Bad debts over limits	12,272	(12,272)	-	-
Loss on inventories	2,827	(480)	-	2,347
Exchange differences on translation of foreign operations	-	-	231	231
Others	<u>6,526</u>	<u>828</u>	<u>-</u>	<u>7,354</u>
	<u>\$ 36,301</u>	<u>\$ (12,185)</u>	<u>\$ 540</u>	<u>\$ 24,656</u>
<hr/> <u>Deferred tax liabilities</u>				
Temporary differences				
Gain from foreign investments accounted for using the equity method	\$ 35,351	\$ 58,696	\$ -	\$ 94,047
Financial assets at FVTPL	-	8,838	-	8,838
Exchange differences on translation of foreign operations	4,155	-	(4,155)	-
Others	<u>55</u>	<u>(17)</u>	<u>-</u>	<u>38</u>
	<u>\$ 39,561</u>	<u>\$ 67,517</u>	<u>\$ (4,155)</u>	<u>\$ 102,923</u>

e. Income tax assessments

The Corporation's income tax returns through 2019 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

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

- a. Net profit for the year

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Net profit for the year	<u>\$ 829,934</u>	<u>\$ 943,767</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	121,341	121,610
Add: Employees' compensation issued	<u>647</u>	<u>697</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>121,988</u>	<u>122,307</u>

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

25. 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.

26. FINANCIAL INSTRUMENTS

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

The Corporation's management considers the carrying amounts of financial instruments that are not measured at fair value approximate their fair values.

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Foreign listed shares	\$ <u>19,060</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>19,060</u>
<u>Financial assets at FVTOCI</u>				
Domestic and foreign listed marketable security investments in equity instruments	\$ 173,389	\$ -	\$ -	\$ 173,389
Private - placement shares of domestic listed companies	<u>-</u>	<u>186,921</u>	<u>-</u>	<u>186,921</u>
	<u>\$ 173,389</u>	<u>\$ 186,921</u>	<u>\$ -</u>	<u>\$ 360,310</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Foreign listed shares	\$ <u>103,050</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>103,050</u>
<u>Financial assets at FVTOCI</u>				
Domestic and foreign listed marketable security investments in equity instruments	\$ 125,649	\$ -	\$ -	\$ 125,649
Domestic emerging security investments in equity instruments	-	3,209	-	3,209
Private - placement shares of domestic listed companies	<u>-</u>	<u>146,192</u>	<u>-</u>	<u>146,192</u>
	<u>\$ 125,649</u>	<u>\$ 149,401</u>	<u>\$ -</u>	<u>\$ 275,050</u>

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

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

	For the Year Ended December 31, 2020
Balance at January 1	\$ 1,418
Transfers out of Level 3	<u>(1,418)</u>
Balance at December 31	<u>\$ -</u>

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Domestic emerging security investments in equity instruments	The fair value is assessed by the price-earnings ratio of the comparable companies.
Private - placement shares of domestic listed companies	The fair value is assessed by reference to the transaction price supported by observable market prices and the liquidity discounts.

c. Categories of financial instruments

	<u>December 31</u>	
	2021	2020
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 6,697,268	\$ 5,790,756
Financial assets at FVTPL	19,060	103,050
Financial assets at FVTOCI	360,310	275,050
<u>Financial liabilities</u>		
Amortized cost (2)	4,206,274	3,471,887

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.

2) The balances comprise notes and accounts payable (including related parties), other payables (including related parties), other financial liabilities, and guarantee deposits received.

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 (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

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

1) Market risk

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

a) Foreign currency risk

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

b) Interest rate risk

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

	<u>December 31</u>	
	2021	2020
Cash flow interest rate risk Financial assets	\$ 2,758,125	\$ 1,892,640

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 100 basis points higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$27,581 thousand and \$18,926 thousand, respectively, which was mainly attributable to the Corporation's variable-rate bank deposits.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher/lower, the pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$191 thousand and \$1,031 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased/decreased by \$3,603 thousand and \$2,751 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, which would cause a financial loss to the Corporation due to the failure of the counterparty to discharge its obligation provided by the Corporation, 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	
	2021	2020
Group A	\$ 471,503	\$ 513,999
Group B	190,847	181,805
Group C	<u>172,075</u>	<u>222,111</u>
	<u>\$ 834,425</u>	<u>\$ 917,915</u>

The Corporation's concentration of credit risk accounted for 52% and 55% of total accounts receivable and other receivables from the above-mentioned groups as of December 31, 2021 and 2020, 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, 2021</u>				
Non-interest bearing liabilities	\$ 4,130,371	\$ 69,833	\$ 6,070	\$ 4,206,274
Lease liabilities	2,524	4,508	5,534	12,566
Financial guarantee contracts	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>35,000</u>
	<u>\$ 4,167,895</u>	<u>\$ 74,341</u>	<u>\$ 11,604</u>	<u>\$ 4,253,840</u>

(Continued)

<u>December 31, 2020</u>	Within 4 Months	At least 5 Months	More than 1 year	Total
Non-interest bearing liabilities	\$ 3,392,506	\$ 79,101	\$ 280	\$ 3,471,887
Lease liabilities	2,726	4,433	4,320	11,479
Financial guarantee contracts	<u>135,000</u>	<u>-</u>	<u>-</u>	<u>135,000</u>
	<u>\$ 3,530,232</u>	<u>\$ 83,534</u>	<u>\$ 4,600</u>	<u>\$ 3,618,366</u> (Concluded)

The aforementioned amounts of the financial guarantee contracts are the maximum amounts that the Corporation may have to pay to fulfill the guarantee obligations if the holder of the financial guarantee contract seeks the full guarantee amount from the guarantor. However, based on the expectations as of the balance sheet date, the Corporation believes that it is unlikely to pay the contract amount.

27. 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	Subsidiaries
Game Flier	Subsidiaries
Game First	Subsidiaries
Soft-World International (Hong Kong) Corporation	Subsidiaries
Zealot Digital International Corporation	Subsidiaries
Neweb Technologies Co., Ltd. (Neweb Technologies)	Subsidiaries
Efun International Co., Ltd.	Subsidiaries
CELAD	Subsidiaries
Dyansty International Information Corporation	Subsidiaries
We Can	Subsidiaries (Associate before March 31, 2020)
Dragon Gamer (Hong Kong) Co., Ltd. (Dragon Gamer)	Subsidiaries
ezPay Co., Ltd.	Subsidiaries
Newebpay Corporation	Subsidiaries
CService Technology Co., Ltd.	Subsidiaries
Compete ! Games Interactive Entertainment Corporation	Subsidiaries
Re: Ad Media (Taiwan) Corporation	Subsidiaries
Taiwan Taomee Co., Ltd. (Taiwan Taomee)	Associates
Fun Yours Technology Co., Ltd. (Fun Yours)	Other related parties (The Corporation as legal directors of investee companies)

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
Asure Corporation (Asure)	Other related parties (The person in charge is the second-degree relative of the Corporation's chairman)
Ko, Hsiu-Yen	Other related parties (Spouse of the Corporation's chairman)
Wang, Li-Chuan	Other related parties (Second-degree relative of the Corporation's chairman)
Wang, Chun-Hsiung	Other related parties (Second-degree relative of the Corporation's chairman)
Soft-World Arts and Culture Foundation	Other related parties (The person in charge is the Corporation's chairman)
	(Concluded)

b. Operating Revenues

Line Item	Related Party Category	<u>For the Year Ended December 31</u>	
		2021	2020
Sale of goods	Other related parties	\$ <u>41,977</u>	\$ <u>61,292</u>
Rendering of services	Subsidiaries	\$ 130,891	\$ 301,500
	Associates	5,853	6,519
	Other related parties	<u>-</u>	<u>31</u>
		\$ <u>136,744</u>	\$ <u>308,050</u>
Licensing revenue	Subsidiaries	\$ <u>107</u>	\$ <u>120</u>

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

c. Purchase of goods

	<u>For the Year Ended December 31</u>	
	2021	2020
<u>Related party type</u>		
Subsidiaries	\$ 636	\$ 3,834
Other related parties	<u>6,596</u>	<u>6,422</u>
	\$ <u>7,232</u>	\$ <u>10,256</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	
		2021	2020
Accounts receivable	Subsidiaries		
	Game Flier	\$ 12,961	\$ 11,198
	Chinese Gamer	5,221	3,920
	Game First	306	14,523
	Others	<u>164</u>	<u>65</u>
		18,652	29,706
	Associates	<u>1,247</u>	<u>993</u>
	<u>\$ 19,899</u>	<u>\$ 30,699</u>	
Other receivables	Subsidiaries	\$ 34,000	\$ 28,111
	Other related parties	<u>52,517</u>	<u>32,238</u>
		<u>\$ 86,517</u>	<u>\$ 60,349</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	
		2021	2020
Notes payable	Other related parties	<u>\$ 780</u>	<u>\$ 600</u>
Accounts payable	Subsidiaries		
	Game First	\$ 48,651	\$ 50,171
	Others	<u>4,037</u>	<u>7,799</u>
		<u>\$ 52,688</u>	<u>\$ 57,970</u>
Other payables	Subsidiaries	\$ 103,171	\$ 173,668
	Associates	7,642	6,263
	Other related parties	<u>135</u>	<u>44</u>
		<u>\$ 110,948</u>	<u>\$ 179,975</u>

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

The outstanding payables to related parties were unsecured.

f. Endorsements and guarantees

Related Party Category/Name	December 31			
	2021		2020	
	Amount Endorsed	Amount Utilized	Amount Endorsed	Amount Utilized
Subsidiaries				
Newweb Technologies	\$ 280,000	\$ 35,000	\$ 280,000	\$ 135,000

g. Others

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

Related Party Category	For the Year Ended December 31	
	2021	2020
Subsidiaries	\$ 64,856	\$ 41,646
Other related parties	<u>164,926</u>	<u>162,742</u>
	<u>\$ 229,782</u>	<u>\$ 204,388</u>

h. Remuneration of key management personnel

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

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 33,304	\$ 24,433
Post-employment benefits	<u>42</u>	<u>69</u>
	<u>\$ 33,346</u>	<u>\$ 24,502</u>

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

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2021	2020
Other financial assets - current		
Pledged demand deposits	\$ 122	\$ -
Pledged time deposits	<u>35,000</u>	<u>35,000</u>
	<u>35,122</u>	<u>35,000</u>

(Continued)

	December 31	
	2021	2020
Property, plant and equipment		
Land	\$ 109,463	\$ 109,463
Buildings	<u>79,896</u>	<u>82,258</u>
	<u>189,359</u>	<u>191,721</u>
	<u>\$ 224,481</u>	<u>\$ 226,721</u>
		(Concluded)

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2021 and 2020, the credit line committed for Mycard by banks was both \$800,000 thousand, respectively.

30. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others: None
- 2) Endorsements/guarantees provided: Table 1
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 2
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
- 9) Trading in derivative instruments: None

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 period: None
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder:
Table 5

TABLE 1**SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES****ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

No.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Limited on Amount Provided to Each Guaranteed Party	Maximum Amount During the Year	Ending Balance	Amount Actually Drawn	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship (Note 1)											
0	The Corporation	Neweb Technologies Co., Ltd.	Subsidiary	\$ 1,300,364	\$ 380,000	\$ 280,000	\$ 35,000	\$ 35,000	4.00	\$ 3,250,911	Y	N	N	Note

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

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	December 31, 2021				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
The Corporation	Stock							
	Userjoy Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	535,698	\$ 50,195	1	\$ 50,195	
	Softstar Entertainment Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	2,662,697	186,921	4	186,921	
	China Communications Media Group Co.,Ltd	-	Financial assets at fair value through other comprehensive income - noncurrent	103,949	2,017	1	2,017	
	Fun Yours Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	2,045,366	98,178	12	98,178	
	Kuobrothers Corporation	-	Financial assets at fair value through other comprehensive income - noncurrent	625,207	20,444	2	20,444	
	Gameone Holdings Limited.	-	Financial assets at fair value through other comprehensive income - noncurrent	1,200,000	2,555	1	2,555	
Archosaur Games Inc.	-	Financial assets at fair value through profit or loss - noncurrent	668,000	19,060	-	19,060		
					<u>\$ 379,370</u>		<u>\$ 379,370</u>	
Game Flier International Corporation	Stock							
	Softstar Entertainment Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	1,531,051	<u>\$ 107,679</u>	2	<u>\$ 107,679</u>	
Jhih Long Venture Capital Corporation	Stock							
	9Splay Entertainment Technology Co., LTD	-	Financial assets at fair value through other comprehensive income - noncurrent	956,919	\$ 18,306	3	\$ 18,306	
	Soft-World International Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	8,913,000	746,408	7	746,408	Note
					<u>\$ 764,714</u>		<u>\$ 764,714</u>	

(Continued)

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	December 31, 2021				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Neweb Technologies Co., Ltd.	Stock							
	Green World Hotels Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	258,625	\$ 2,975	-	\$ 2,975	
	Taiwan Smart Card Co.	-	Financial assets at fair value through other comprehensive income - noncurrent	3,140,671	15,729	20	15,729	
					<u>18,704</u>		<u>18,704</u>	

(Concluded)

Note: The Corporation's shares held by its subsidiaries were considered treasury shares. For related information, refer to Note 20.

TABLE 3

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	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	49	\$ 502,450	\$ (39,426)	\$ (28,220)	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	12,576	4,942	4,942	Subsidiary
The Corporation	Game Flier International Corporation	Taiwan	Electronic data information providing service, etc.	218,017	218,017	28,332,800	98	844,891	100,601	99,115	Subsidiary
The Corporation	Global Concept Corporation	Samoa	Investment company	295,068	295,068	9,631,253	100	287,735	13,414	13,414	Subsidiary
The Corporation	Game First International Corporation	Taiwan	Online game service	27,813	27,813	16,684,063	70	238,201	847	593	Subsidiary
The Corporation	Zealot Digital International Corporation	Taiwan	Electronic data information providing service, etc.	50,874	50,874	8,904,162	99	90,332	20,550	20,333	Subsidiary
The Corporation	Soft-World International (Hong Kong) Corporation	Hong Kong	Trading of game software	88,858	88,858	3,883,558	100	550,143	23,719	23,719	Subsidiary
The Corporation	Dynasty International Information Corporation	Taiwan	Development, design, trading of computer software,	14,667	14,667	1,460,610	86	33,612	21,179	18,197	Subsidiary
The Corporation	Jhih Long Venture Capital Corporation	Taiwan	Investment company	100,000	100,000	10,528,453	13	13,374	52,629	(111)	Subsidiary
The Corporation	Sofaman Corporation	Taiwan	Development and sale of game software	-	9,366	-	-	-	(63)	(38)	Subsidiary (Note 3)
The Corporation	Interactive Entertainment Technology Co., Ltd.	Samoa	Investment company	15,485	15,485	480,000	80	17,563	273	219	Subsidiary
The Corporation	Fast Distributed Cloud Computing Co., Ltd.	Taiwan	Retail sale, wholesale and service for information software, etc.	13,812	13,812	2,495,628	90	72,931	40,087	36,078	Subsidiary
The Corporation	Neweb Technologies Co., Ltd.	Taiwan	Wholesale and retail sale of information software and electronic information providing service	510,567	510,567	38,104,043	50	479,750	54,998	27,741	Subsidiary
The Corporation	Efun International Corporation	Taiwan	Information software, data processing service and general advertising service, etc.	91,364	91,364	16,016,347	80	305,199	81,041	64,857	Subsidiary
The Corporation	Long Xiang Investment Corporation	Taiwan	Investment company	250,000	250,000	25,000,000	44	34,873	37,565	(861)	Subsidiary
The Corporation	CELAD Incorporated	Taiwan	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	17,500	17,500	477,273	32	333	(37)	(12)	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of shares	(%)	Carrying Amount			
The Corporation	We Can Financial Technology Co., Ltd.	Taiwan	Development of financial system and equipment, etc.	\$ 27,824	\$ 27,824	5,106,000	51	\$ 3,993	\$ 847	\$ 432	Subsidiary
The Corporation	Joy Children Technology Co., Ltd.	Taiwan	Wholesale and retail sale of stationery articles, musical instruments and educational entertainment article, etc.	20,512	20,512	2,051,153	32	11,383	(601)	(211)	Note 1
Chinese Gamer International Corporation	Taichigamer (B.V.I.) Co., Ltd.	British Virgin Islands	Investment company	96,942	96,942	3,041,698	100	224,486	4,194	4,194	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	16,654	(41)	(41)	Subsidiary
Chinese Gamer International Corporation	CELAD Incorporated	Taiwan	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	27,620	27,620	1,022,727	68	714	(37)	(25)	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	1,721	(35)	(31)	Subsidiary
Chinese Gamer International Corporation	Jih Long Venture Capital Corporation	Taiwan	Investment company	100,000	100,000	10,528,453	13	127,944	52,629	6,869	Subsidiary
Chinese Gamer International Corporation	Star Diamond Universal Corporation	British Virgin Islands	Business related investee	82,772	82,772	52,000	100	48,048	(23,529)	(23,529)	Subsidiary
Chinese Gamer International Corporation	Fun Bear Corporation	Taiwan	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	16,552	16,552	1,600,000	100	16,543	16	16	Subsidiary
Chinese Gamer International Corporation	Game Topia Co.	Taiwan	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	30,994	30,994	3,784,063	65	39,188	2,621	1,709	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	16,829	169	169	Subsidiary
Chinese Gamer International Corporation	Long Xiang Investment Corporation	Taiwan	Investment company	168,000	168,000	16,800,000	30	215,351	37,565	11,111	Subsidiary
Taichigamer (B.V.I.) Co., Ltd.	Transasiagamer (B.V.I.) Co., Ltd.	British Virgin Islands	Investment company	94,264	94,264	2,976,934	100	218,601	4,341	4,341	Subsidiary
Transasiagamer Co., Ltd.	You Long Online (Beijing) Technology Corporation	China - Beijing	Development, production of computer software and accessories; homemade products, installation of computer hardware, repair, technique consulting, technique training, and sale of homemade products	69,569	69,569	-	100	195,853	5,061	5,061	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of shares	(%)	Carrying Amount			
Star Diamond Universal Corporation	Dragon Gamer (Hong Kong) Co., Ltd.	Hong Kong	Online game service	\$ 82,773	\$ 82,773	260,000	100	\$ 48,047	\$ (23,540)	\$ (23,540)	Subsidiary
Game Topia. Co. Ltd.	Game Topia (Hong Kong) Technology Corporation	Hong Kong	Information software service	987	987	3,300	100	40,418	9,501	9,501	Subsidiary
Game Flier International Corporation	Soft-Orient Corporation	Samoa	Business related investee	254,872	254,872	7,784,134	100	15,333	(15)	(15)	Subsidiary
Global Concept Corporation	Value Central Corporation	Samoa	Investment company	45,452	45,452	1,450,000	100	17,730	(332)	(332)	Subsidiary
Global Concept Corporation	Gamers Grande Corporation	Malaysia	Business related investee	179,788	179,788	6,453,621	100	204,946	15,722	15,722	Subsidiary
Global Concept Corporation	Playgame Sdn. Bhd.	Malaysia	Investment company	56,074	56,074	30,250	30	24,591	(2,475)	(809)	Note 1
Value Central Corporation	Picked United Development	Hong Kong	Acquisition and royalty for game software	20,255	20,255	4,700,000	100	14,369	(203)	(203)	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	8,381	(12)	(12)	Subsidiary
Jhih Long Venture Capital Corporation	SkyTouch Co., Ltd.	Taiwan	Manufacture of computers and accessories	20,002	20,002	673,915	31	1,626	(69)	(21)	Note 1
Interactive Entertainment Technology Co., Ltd.	Interactive Entertainment Technologies Corporation	Taiwan	Wholesale and service of information software	18,000	18,000	1,800,000	100	20,879	342	342	Subsidiary
Newweb Technologies Co., Ltd.	Newebpay Corporation	Taiwan	Electronic data providing services	-	28,369	-	100	-	(2,036)	(2,036)	Note 4
Newweb Technologies Co., Ltd.	ezPay Co., Ltd.	Taiwan	Third party payment service	966,748	966,748	61,400,000	100	434,157	(66,856)	(66,856)	Subsidiary
Newweb Technologies Co., Ltd.	CService Technology Co., Ltd.	Taiwan	Information software	5,000	5,000	500,000	100	5,186	362	362	Subsidiary
Efun International Corporation	Re: Ad Media (Taiwan) Corporation	Taiwan	General advertising service	26,000	26,000	5,400,000	100	64,144	5,727	5,727	Subsidiary
Long Xiang Investment Corporation	Jhih Long Venture Capital Corporation	Taiwan	Investment company	566,000	566,000	59,591,044	74	627,330	52,629	38,893	Subsidiary

(Concluded)

Note 1: Investment accounted for using the equity method.

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

Note 3: The company had completed liquidation in 2021.

Note 4: The company was dissolved after it was merged by Newweb Technologies Co., Ltd. in September, 2021.

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 1)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Game Flier International Corporation (Beijing)	Development of techniques, transferring, service, consulting, training; production and sale of computer software and related hardware; internet information service	\$ 214,678	Investment through a holding company were registered in a third region	\$ 186,300	\$ -	\$ -	\$ 186,300	\$ 15,882	100	\$ 15,882	\$ 204,705	\$ -	Note 2

Investee Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2021	Investment Amount Authorized by the Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
The Corporation	\$ 186,300	\$ 332,198 (USD 10,936 thousand)	\$ 3,901,093

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

Note 2: Game Flier International Corporation (Beijing) distributed earnings that amounted to RMB9,000 thousand to Gamers Grande Corporation in August 2010. As of December 31, 2021, Game Flier International Corporation (Beijing) has not transferred to Taiwan.

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

TABLE 5**SOFT-WORLD INTERNATIONAL CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of The Shareholder	Shares	
	Number of Shares Owned	Percentage of Ownership (%)
Wang, Chun-Po	21,594,350	16.94
Xingtian Technologies Corporation Investment Account in Custody of KGI Commercial Bank Co., Ltd.	11,077,000	8.68
Jhih Long Venture Capital Corporation	8,913,000	6.99

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

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

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STATEMENT 1

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Summary	Amount
Cash		\$ 942
Bank Deposits		
Demand deposits		1,584,989
Checking deposits		140
Foreign currency deposits	EUR10,975	344
Cash Equivalents		
Time deposits	The annual interest rate is from 0.36% to 0.41%; the expiration period is from January 2022 to March 2022	1,102,460
		<hr/>
		<u>\$ 2,688,875</u>

Note: EUR converted to NTD at EUR\$1=NT\$31.32

STATEMENT 2

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF ACCOUNTS RECEIVABLE

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Amount
Related parties	
Game Flier	\$ 12,961
Chinese Gamer	5,221
Others (Note 1)	<u>1,717</u>
	<u>19,899</u>
Unrelated parties	
Company A	34,676
Company B	15,368
Company C	9,270
Company D	5,046
Others (Notes 1 and 2)	<u>17,024</u>
	81,384
Less: Allowance of accounts receivable	<u>1,972</u>
	<u>79,412</u>
	<u>\$ 99,311</u>

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

Note 2: The amount of accounts receivable past due 1 year was \$1,971 thousand.

STATEMENT 3

SOFT-WORLD INTERNATIONAL CORPORATION

**STATEMENT OF OTHER RECEIVABLES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Name	Amount
Related parties (Note)	\$ <u>86,517</u>
Unrelated parties	
Company A	471,503
Company B	190,847
Company C	172,075
Company D	122,258
Company E	80,852
Others (Note)	<u>382,272</u>
	1,419,807
Less: Allowance of other receivables	<u>49,297</u>
	<u>1,370,510</u>
	<u>\$ 1,457,027</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, 2021
(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Carrying Amount	Net Realizable Value (Note)
Merchandise	\$ 28,470	\$ 30,900
Finished goods	<u>141</u>	<u>141</u>
	<u>\$ 28,611</u>	<u>\$ 31,041</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, 2021
(In Thousands of New Taiwan Dollars)**

Item	Amount
Prepayments for commission	\$ 52,294
Prepayments for projects	21,788
Others (Note)	<u>17,781</u>
	<u>\$ 91,863</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, 2021
 (In Thousands of New Taiwan Dollars)

Name	Balance, January 1, 2021		Increases in the Current Year		Decreases in the Current Year (Note)		Balance, December 31, 2021		Collateral	Decrease s/R ecl ass ific ati on s in the cur ren t ye ar
	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value	Shares	Fair Value		
Archosaur Games Inc.	1,336,000	\$ 103,050	-	\$ -	668,000	\$ 83,990	668,000	\$ 19,060	None	

Note: Includes the disposal of \$51,588 thousand and the adjustment to unrealized loss from financial assets of \$32,402 thousand.

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NONCURRENT
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2021		Increases in the Current Year (Note 1)		Decreases in the Current Year (Note2)		Balance, December 31, 2021		Collateral
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	
Userjoy Technology Co., Ltd.	510,189	\$ 51,784	25,509	\$ -	-	\$ 1,589	535,698	\$ 50,195	None
Softstar Entertainment Inc.	2,560,285	146,192	102,412	40,729	-	-	2,662,697	186,921	None
China Communications Media Group Co., Ltd	270,351	1,446	-	571	166,402	-	103,949	2,017	None
Fun Yours Technology Co., Ltd.	2,045,366	50,930	-	47,248	-	-	2,045,366	98,178	None
Kuobrothers Corporation	531,289	20,189	93,918	3,221	-	2,966	625,207	20,444	None
Gameone Holdings Limited.	1,200,000	1,300	-	1,255	-	-	1,200,000	2,555	None
Mobix Corporation	103,207	<u>3,209</u>	-	<u>12</u>	103,207	<u>3,221</u>	-	<u>-</u>	None
		<u>\$ 275,050</u>		<u>\$ 93,036</u>		<u>\$ 7,776</u>		<u>\$ 360,310</u>	

Note 1: Included the adjustments to unrealized gain from financial assets of \$89,815 thousand and the equity increased by \$3,221 thousand due to the conversion.

Note 2: Included the adjustments to unrealized loss from financial assets of \$4,555 thousand and the equity decreased by \$3,221 thousand due to the conversion.

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investees	Balance, January 1, 2021		Increases in the Current Year (Note 1)		Decreases in the Current Year (Note 1)		Balance, December 31, 2021			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	\$ 522,559	-	\$ -	-	\$ 20,109	41,880,205	49	\$ 502,450	\$ 60.10	\$ 2,517,000	None
Unlisted companies												
Soft-World Technology Pte. Ltd.	390,000	8,215	-	4,361	-	-	390,000	100	12,576	32.25	12,576	None
Game Flier International Corporation	28,332,800	870,565	-	-	-	25,674	28,332,800	98	844,891	29.82	844,891	None
Global Concept Corporation	9,631,253	276,231	-	11,504	-	-	9,631,253	100	287,735	29.88	287,735	None
Game First International Corporation	16,684,063	237,608	-	593	-	-	16,684,063	70	238,201	14.28	238,201	None
Zealot Digital International Corporation	8,904,162	69,999	-	20,333	-	-	8,904,162	99	90,332	10.14	90,332	None
Soft-World International (Hong Kong) Corporation	3,883,558	544,769	-	5,374	-	-	3,883,558	100	550,143	138.29	537,050	None
Dynasty International Information Corporation	1,460,610	17,022	-	16,590	-	-	1,460,610	86	33,612	23.01	33,612	None
Jhjh Long Venture Capital Corporation	10,182,500	7,895	345,953	5,479	-	-	10,528,453	13	13,374	1.27	13,374	None
Sofaman Corporation	936,000	462	-	-	936,000	462	-	-	-	-	-	None
Interactive Entertainment Technology Co., Ltd.,	480,000	17,344	-	219	-	-	480,000	80	17,563	36.59	17,563	None
Fast Distributed Cloud Computing Co., Ltd.	2,135,628	38,988	360,000	33,943	-	-	2,495,628	90	72,931	29.22	72,931	None
Neweb Technologies Co., Ltd.	38,104,043	451,849	-	27,901	-	-	38,104,043	50	479,750	12.59	479,750	None
Efun International Corporation	16,016,347	264,351	-	40,848	-	-	16,016,347	80	305,199	19.06	305,199	None
Long Xiang Investment Corporation	25,000,000	20,478	-	14,395	-	-	25,000,000	44	34,873	1.39	34,873	None
CELAD Incorporated	1,750,000	345	-	-	1,272,727	12	477,273	32	333	0.7	333	None
We Can Financial Technology Co., Ltd.	5,106,000	3,561	-	432	-	-	5,106,000	51	3,993	0.78	3,993	None
Joy Children Technology Co., Ltd.	2,051,153	11,594	-	-	-	211	2,051,153	32	11,383	5.55	11,383	None
		<u>\$ 3,363,835</u>		<u>\$ 181,972</u>		<u>\$ 46,468</u>			<u>\$ 3,499,339</u>		<u>\$ 5,500,796</u>	

Note 1: Includes the decrease in investment costs, cash dividends received from investee companies, share of profit of subsidiaries and associates accounted for using the equity method, increase in net equity accounted for using the equity method, decrease in exchange differences on translating foreign operations, adjustments to capital surplus arising from dividends paid to subsidiaries increase in share of other comprehensive income (loss) of subsidiaries accounted for using the equity method, increase 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 2021. Net asset value was calculated based on the investees' financial statements and the Corporation's ownership percentage.

SOFT-WORLD INTERNATIONAL CORPORATION

**STATEMENT OF NOTES PAYABLE
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Name of Suppliers	Amount
Related parties	
Asure	\$ 508
Others (Note)	<u>272</u>
	<u>780</u>
Unrelated parties	
Individual A	2,099
Company B	1,969
Individual C	770
Company D	683
Company E	587
Others (Note)	<u>946</u>
	<u>7,054</u>
	<u>\$ 7,834</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, 2021
(In Thousands of New Taiwan Dollars)**

Name of Suppliers	Amount
Related parties	
Game First	\$ 48,651
Others (Note)	<u>4,037</u>
	<u>52,688</u>
Unrelated parties	
Company A	45,777
Company B	26,751
Company C	15,562
Others (Note)	<u>29,218</u>
	<u>117,308</u>
	<u>\$ 169,996</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, 2021
(In Thousands of New Taiwan Dollars)**

Name of Suppliers	Amount
Related parties (Note 1)	<u>\$ 110,948</u>
Unrelated parties (Note 2)	
Company A	546,729
Others (Note 1)	<u>2,675,131</u>
	<u>3,221,860</u>
	<u>\$ 3,332,808</u>

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

Note 2: Refer to Note 17.

SOFT-WORLD INTERNATIONAL CORPORATION

**STATEMENT OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Quantity (Pieces)	Amount
Rendering of services		
Revenue from MyCard services		\$ 1,987,454
Others (Note)		<u>214,049</u>
		2,201,503
Sale of goods - recharge cards and product packages	1,957,588	411,605
Licensing revenue		<u>85,172</u>
Subtotal		2,698,280
Less: Sales return	178,539	<u>27,298</u>
Total		<u>\$ 2,670,982</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, 2021
 (In Thousands of New Taiwan Dollars)

Item	Amount
Cost of goods produced	
Raw materials used	
Add: Raw material purchased	\$ 548
	548
Direct labor	8,686
Manufacturing expenses	4,327
Manufacturing cost	13,561
Add: Finished goods, beginning of year	154
Less: Finished goods, end of year	(141)
Inventory write - downs	(681)
Disposal	(353)
Others	(10,901)
	<u>1,639</u>
Cost of goods purchased	
Merchandise, beginning of year	41,465
Add: Merchandise purchased	320,837
Less: Merchandise, end of year	(28,470)
Inventory write - downs	(119)
Disposal	(553)
Others	(64)
	<u>333,096</u>
Other operating costs	<u>156,219</u>
Loss on disposal of inventory	<u>906</u>
Loss on inventory write-downs	<u>800</u>
	<u>\$ 492,660</u>

STATEMENT 14**SOFT-WORLD INTERNATIONAL CORPORATION****STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Circulation	\$ 644,956	\$ -	\$ -	\$ 644,956
Salaries	255,362	120,676	8,360	384,398
Service for processing of information	145,192	-	3	145,195
Insurance	23,396	9,279	968	33,643
Depreciation	9,174	3,496	1,077	13,747
Amortization	9,703	1,291	30	11,024
Advertising	10,275	239	-	10,514
Pension	10,497	4,317	419	15,233
Others	<u>133,973</u>	<u>46,534</u>	<u>28,996</u>	<u>209,503</u>
	<u>\$ 1,242,528</u>	<u>\$ 185,832</u>	<u>\$ 39,853</u>	1,468,213
Expected credit loss				<u>19,443</u>
				<u>\$ 1,487,656</u>

SOFT-WORLD INTERNATIONAL CORPORATION

**SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	For the Year Ended December 31					
	2021			2020		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits						
Salaries	\$ 9,022	\$ 374,492	\$ 383,514	\$ 9,119	\$ 376,058	\$ 385,177
Labor and health insurance	850	33,643	34,493	728	28,479	29,207
Pension	328	15,233	15,561	343	14,888	15,231
Remuneration of directors	-	9,906	9,906	-	9,707	9,707
Others	89	3,195	3,284	90	3,244	3,334
	<u>\$ 10,289</u>	<u>\$ 436,469</u>	<u>\$ 446,758</u>	<u>\$ 10,280</u>	<u>\$ 432,376</u>	<u>\$ 442,656</u>
Depreciation	\$ 391	\$ 13,747	\$ 14,138	\$ 384	\$ 13,551	\$ 13,935
Amortization	29	11,024	11,053	14	12,816	12,830

Note 1: The Corporation's average number of employees was 417 and 418 for the years ended December 31, 2021 and 2020, respectively, which included 7 and 6 non-employee directors for both years, respectively.

Note 2: 1) Average employee benefits for the years ended December 31, 2021 and 2020 were \$1,065 thousand and \$1,051 thousand, respectively.

2) Average employee salary for the years ended December 31, 2021 and 2020 were both \$935 thousand.

3) The average employee salary increased by 0.05% year-on-year.

4) The remuneration of supervisors for the years ended December 31, 2021 and 2020 were \$1,552 thousand and \$3,015 thousand, respectively.

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

a) Remuneration of directors and supervisors

In accordance with the Corporation's articles of incorporation, the Corporation shall allocate a specific percentage of profit as remuneration of directors and supervisors 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 and supervisors on a regular basis.

(Continued)

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.

(Concluded)