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智冠科技股份有限公司

SOFT-WORLD INTERNATIONAL CORPORATION

110年度 年報

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I. A Message to the Shareholders

Thank you for joining us at the 2022 annual general meeting of shareholders. Soft-World group, with its core spirit of providing better service, has deepened its roots in cutting-edge applications of the cyber world, focused on the steady development of digital games, online advertising and marketing, and financial technology to secure current market share and concurrently explored opportunities overseas. In 2021, regardless of the adjustment of industrial policy in China and challenges from highly competitive game market, Soft-World stays on top of the industry trend with diversified service portfolio. Benefiting from steady contributions of Soft-World distribution, successful performance of IP authorization, and growth of subsidiaries, namely, EFun International Corporation (EFun) and Newweb Technologies Co., Ltd. (Newweb), Soft-World delivered the second-best record in the past eleven years in 2021 along with the consolidated revenue NT\$6.601 billion, the after-tax net profit attributable to the company's owners NT\$830 million, and EPS NT\$6.84.

Digital games business group: Omnichannel game marketing and cooperation with globally renowned products

Soft-World continues to extend the application of MyCard digital points and scale up comprehensive marketing service. In 2021, we continued to partner with several globally renowned game titles and maintained a leading position in game coverage among third-party service providers. Soft-World group has established one-stop integrated service which is including digital points payment, local commercial and promotion, exhibition design, online/offline marketing, game customer service, social media and e-Sports services, cloud service, art design and music production. With the most comprehensive omnichannel service resources, Soft-World has become the backbone of global game companies while launching games in Taiwan, Hong Kong, Macao, as well as the safe and convenient payment option for players. In the overseas market, in addition to Singapore and Malaysia, MyCard payment service was gradually made available in the Philippines, Thailand and Indonesia last year. As the demand of launching games in global market has been growing up, the Soft-World's service share in the Southeast Asia market is anticipated to ramp up.

In 2021, the game development subsidiary Chinese Gamer International Corporation (Chinese Gamer), released updated version of "Chinese Heroes Online," "TS M," "Huang Yi M," and "Love Box M", also licensed "TS M" to Chinese publisher and started to bring in revenue. In the coming year, Chinese Gamer has scheduled several gaming events for boosting popularity and adhesiveness among gamers. And the developing new titles "Legend of Emperors S" and "Back to the Past", have strived for strengthening every aspect of game mechanics in order to give players better gaming experience, are expected to be launched this year. Chinese Gamer will constantly follow the latest network technology and development trend, and explore opportunities in the new field of content creation.

In 2021, the game distribution subsidiary Game Flier International Corporation (Game Flier), co-published the well-known IP-based mobile game "Wind Fantasy Special Purpose" with FUN YOURS TECHNOLOGY CO., LTD. in order to diversify its product portfolio. Moreover, Game Flier scheduled update events of its classic games and initiated Southeast Asia operation service last year. In June 2021, Game Flier published game title "Eternal Scarlet II: Light" on mobile and web platform to accumulate local market knowledge and experience. Game Flier maintains steady operation of existing products, flexible business model and constantly collaborates with game developers with new attractive games achieving a win-win situation.

In recent years, the subsidiary Game First International Corporation (Game First) actively

developed the all-dimensional game integration service. With teams of multilingual game customer service staff, integrated marketing, social media and e-Sports services, it supported game companies to establish and execute global launching strategy and provides services in overall marketing planning, tailored to players in different markets. In 2021, it was appointed by many globally renowned game titles as the designated customer service provider in Taiwan, Hong Kong, Macao and the Southeast Asia region.

Soft-World group's IP authorized mobile game developed by ZLONGAME, "Kalpa of Universe," was launched in China, Taiwan, Hong Kong and Macao in 2021. The cutting-edge visual combat presentation has not only recreated the classic Chinese RPG game which received great feedback from players, but also raised the bar of Simulation Chess Game. This project has drastically increased proportion of the high-gross-profit licensing revenue, and will likely bring in stable income as the game is being launched in other overseas regions in the future. In addition, the classic original IP of "TS 3" owned by Chinese Gamer was authorized to 9Splay Entertainment Technology Co., LTD. for the development of new mobile game "TS 3: Idle" that launched in the second quarter this year.

Strengthening the development of marketing technology 'MarTech' and guiding the road to the global market

Subsidiary, Efun focuses on MarTech (marketing technology) application and masters all type of digital advertising. By utilizing data science and AI technology analysis to find the precise target audience and optimized online marketing plan, it has served the local and global leading brands in various industries. It once again received the "Premier Partner Awards 2021 – App Excellence" in the Taiwan and Hong Kong region from Google last year affirming its professionalism and creativity. In response to the constantly changing of industries in the post-pandemic era, Efun regularly introduces the latest digital marketing technology, including YouTube masthead ads and live stream ads. Through streaming technology, live stream ads can now be delivered cross-border synchronously, and thus improve customer reach. Meanwhile, Efun aims to expand overseas markets and develop partnerships in different industries with the goal of guiding Efun's partners to the global market.

Emphasizing both Online and Offline payment to build a comprehensive FinTech application scenario

The global pandemic in the past two years has sped up the change of consumer's behaviors and Neweb benefits by raising requirements of online sales and services. As a result, Neweb experienced double-digit growth in the online payment processing business in 2021. Neweb continuously strengthens digital financial solutions, of which, the third-party payment service "NewebPay" is already widely used in e-commerce, digital content, games, live video, delivery, taxi hailing, online ticketing, courses and education, and by many well-known brands. In order to deploy in payment extension application, in 2021, the logistics services of convenience store pick up and bulk shipment were launched. Neweb also plans to accelerate the establishment of one-stop payment and logistics integrated service platform by expanding logistics services in convenience store shipment, home delivery and cross-border shipment.

In accordance with the new electronic payment act, the e-wallet "ezPay" of ezPay Co., Ltd. (ezPay) took the lead to join the "cross-institutional electronic payment platform" in October 2021 to promote the cross-institutional transfer business. In an attempt to enter the offline market, ezPay continuously develops the offline terminal equipment sharing business. Through the latest version of integrated diversify collections device "ezAIO," which is expected to be launched this year, Neweb will extend the border to physical payment

scenarios such as mobile billing and tableside service. Moreover, the optimization of existing value-added functions, including donation platform, electronic invoices, and electronic receipt for Travel Agency are also expected to drive the growth of Neweb this year.

Here, I would like to give thanks for the incessant efforts of all employees and the full support and trust of shareholders, directors, and supervisors. Below is the results of our operations in 2021 and the business outlook for 2022.

I. The 2021 Business results

(I) 2021 Business Plan Result

The 2021 final account book was audited by Deloitte Taiwan. In 2021, the net consolidated revenue was NT\$6,601 million; the net consolidated profit after tax attributed to owners of this parent was NT\$830 million; and the EPS was NT\$6.84.

(II) Budget execution in 2021

We did not disclose any financial forecast for 2021, and there is thus no budget performance.

(III) Financial income and expenditure, and profitability analysis in 2021

1. Financial Revenue and Expenditure

Unit: NTD thousands

Item	2021	2020	Increase (decrease) in amount	increase / decrease %
Operating revenue	6,601,378	7,268,092	(666,714)	(9.17)
Gross profit	3,315,627	3,738,887	(423,260)	(11.32)
Operating expenses	2,261,971	2,631,370	(369,399)	(14.04)
Net income	1,053,656	1,107,517	(53,861)	(4.86)
Net profit before taxation	1,108,942	1,245,218	(136,276)	(10.94)
Net income in current year	873,329	997,267	(123,938)	(12.43)
Net profit attributable to the Company	829,934	943,767	(113,833)	(12.06)
Net gain attributable to non-controlling interest	43,395	53,500	(10,105)	(18.89)

2. Profitability analysis

Item		2021	2020
Return on assets %		6.00	7.54
Return on shareholders' equity (%)		11.54	13.70
To Paid-in Capital Proportion%	Net income	82.69	86.88
	Net profit before taxation	82.66	97.68
Net profit margin (%)		13.23	13.72
After tax EPS (NT\$)		6.84	7.76

(IV) Research and development

As a game development specialist, we mass produce games we develop and actively engage in the production of music and sound effects for games. In 2021, the consolidated R&D expenses were NT\$275,973,000.

II. Summary of business plan in 2022

(I) Operating approaches and important production-marketing strategies

1. MyCard channel distribution:

The “MyCard” platform of Soft-World International Corp. (Soft-World) provides players with a convenient way to recharge, play fun video games and virtual treasure hunt by having payment, distribution channels, and marketing service model integrated, which helps the Company become the market leader in Taiwan, Hong Kong, and Macau. Soft-World has unique physical channel promotion resources and works with more than 7,000 stores and shopping centers in Taiwan to create diversified store layouts, video walls, and other creativity propaganda so to increase the exposure of games through diversity marketing promotions. For the global distribution of MyCard through a joint effort with game publishers, the percentage of business generated from Singapore, Malaysia, the Philippines, Thailand, Indonesia, and other Southeastern regions will be increased continuously.

2. Proprietary video game development and chartered operation:

Chinese Gamer International Corp. is expected to launch new renowned proprietary IP mobile games this year, such as “Legend of Emperors S” and “Back to the Past,” which combine the familiar Hong Kong comics and Huang Yi’s novel IP with MMORPG gameplay to give players a rich gaming experience. Soft-World has several games and the Chinese version of the “TS M” will successively have updated contents and rich activities to enhance players’ participation. Game Flier International Corp. will work with the manufacturers to have the games, such as, “The Legend of the Three Kingdoms M,” “Wind Fantasy SP Mobile,” “GuJian Online,” and “Perfect World 2 Online,” updated and will continue to seek business opportunities for introducing domestic and foreign high-quality games and overseas services.

3. IP authorizations

Soft-World International Corp. Group has accumulated hundreds of IP creation assets over the years, including classic stand-alone games, martial arts novels, light novels, and many other subjects loved by many fans and accompanied many Overseas Chinese players to grow up for years. The Company has launched IP licensing cooperation with a number of domestic and international game developers in recent years, and has successively developed various types of gameplay products, and accelerated mass production with profits shared. The IP-licensed mobile game “Kalpa” was launched in 2021 and it will be launched in China, Taiwan, Hong Kong, and Macau this year; also, it will be subsequently released in other overseas regions so to increase the licensing income continuously. Chinese Gamer International Corp. authorizes the IP to 9SPLAY Entertainment Technology Co., Ltd. for developing the mobile game “TS3: Idle,” which will be launched in Taiwan, Hong Kong, Macau, Singapore, and Malaysia in the second quarter of this year, and it will generate licensing income gradually. The Company will actively launch other classic IP cooperation to create diversified licensing business opportunities.

4. Online advertising and marketing business:

EFUN International Corporation is committed to the development of Martech applications, specializes in various Performance Max advertising, continues introducing the latest digital marketing technology, provides YouTube video masthead advertising and live broadcast advertising, and brings precise digital advertising and integrated marketing plans to global partners. EFUN has cooperated with more than 700 brands, expanded the business services from game and entertainment field to renowned e-commerce platforms, 3C, real estate, health industry, catering brands, and other large enterprises. EFUN will expand overseas markets and work with partners in

different industries so to help promote corporate brands going global this year.

5. Fintech business:

Neweb Technologies Co., Ltd., in addition to continuing to grow the scale of online collection and payment transactions this year, will accelerate the development of offline diversified payment businesses. “Neweb Technologies Co., Ltd.” plans to expand more supermarket logistics, home delivery, and cross-border logistics services under the “NewebPay” plan with a comprehensive one-stop-pay/logistics integrated service platform constructed. The “ezAIO” of ezPay Co., Ltd. is with a new generation multiple collection device ready to be launched, which uses the Android system for wireless networking, integrates dozens of payment modes, and provides more service expansion and convenient value-added applications to attract more stores to join and to expand the physical channel bases.

The NewebPay donation platform of Neweb Technologies Co., Ltd. has been gradually upgraded with new interfaces and functions installed to enhance user experience and service efficiency in order to meet the needs of political donation during the election campaign this year. Neweb Technologies Co., Ltd. will launch a new generation e-invoice value-added service platform to simultaneously provide online and offline solutions for e-invoice issuance that fully fulfills the needs of online and physical stores. In terms of the e-invoice issued by travel agencies for a third-party payment, with the increasing global vaccine coverage and the loosening of pandemic prevention policies, the tourism demand is expected to grow significantly with the issuance of e-invoice to go up as well.

(II) Expected sales volume and its basis

Our revenue sources include various types of game software (mobile/online/web/single user), software magazines, royalty, processing, advertising, cloud technology service, fintech payment, event planning and implementation. In 2022, we will launch more types of new games and fintech payment applications and services. As we did not make any financial forecast for 2018, no sales statistics are available.

III. Future development strategy of the Company

- (I) Refine game R&D technology and mass production capacity, and produce products in-house to be sold worldwide by the authorized distributors.
- (II) Improve the operational competitiveness of games and secure the market share in Taiwan, Hong Kong, and Macau.
- (III) Reinforce the strength of the digital content integration platform and develop innovative service mechanisms.
- (IV) Build up comprehensively integrated marketing services and expand cooperation in local and overseas markets.
- (V) Grant IP authorization for multiple product applications and develop IP brand value and business opportunities.
- (VI) Develop online advertising and marketing in-depth and expand global digital advertising services.
- (VII) Promote financial technology business, root in Taiwan and eye on the world, and enter cross-border online finance.
- (VIII) Invest in innovative application development teams with potential to grow, and support the development of digital contents and cultural and creative industries.

IV. Impacts of the external competitive environment, regulatory environment, and the overall business environment

Game companies have greatly accelerated overseas development due to the rigorous policy imposed on the game industry by Chinese government last year, affecting the acquisition of product agency and worsening the operation in the highly competitive Chinese market. The Company bases on a flexible and diversified business strategy to provide comprehensive game

service support, expand cooperation in various fields, and strive to increase the proprietary products and agency products within the Group in order to secure the domestic market in Taiwan and to start overseas business. The Company has managed to build a large-scale operation in online marketing and advertising business and in the deployment of financial technology business groups so to increase operating income gradually, and to link to the Group's services in the future for more innovative applications. The Company while facing the emerging of a virtual world will closely observe and seek business opportunities in new fields for the products of the Company and follow the trend of industrial development.

As to the potential legislations and legal changes at present and in the future, we will constantly keep track of them, update our regulations, and ensure compliance to protect the biggest interest of shareholders. When assessing investments and operational policies, we consider the status of industry and observe the macroeconomic trend to carefully access and select the optimal strategies.

We wish you all shareholders,

Health and prosperity in the future.

Chairman and President: WANG, CHIN-PO

Accounting Supervisor HUANG, YA-CHUAN

II. Company Profile

I. Date of foundation: July 15, 1983

II. Company History:

- (I) Mergers and acquisitions of company, direct investment or reorganization of affiliates in the most recent year to the date this report was printed:
1. Merger and acquisition activities: NA
 2. Reinvested affiliate: None.
 3. Re-organization activities: NA
- (II) Massive transfer or conversion of shares by directors, supervisors or dominant shareholders with over 10% of the stakes in the previous year and by the date of publication of this report: NA
- (III) Management changes; significant changes in operations and business contents; and other important events that may affect the rights and interests of shareholders and their influence on the company in the previous year and by the date of publication of this report: NA
- (IV) Other information:

Year	Important events
1983	Established Soft-World International Corporation.
1986	Signed agency contract for the Chinese version of single-player PC game <i>Heavy Crack</i> with SSI of the USA.
1989	Published <i>SoftWorld</i> magazine.
1990	Organized the 1 st Golden Diskette Award Leisure Software Design Competition to discover domestic talented PC game designers.
1991	Published the first independently developed single-player PC game <i>Romance of the Three Kingdoms</i> .
1993	Published the first independently developed single-player PC game <i>The Smiling, Proud Wanderer</i> adapted from the novel by novelist Jin Yong.
1997	Published the first independently developed single-player PC game <i>Pili Phantom Arrow</i> based on the Taiwanese puppetry show.
1999	Published the independently developed single-player PC game <i>Play Through</i> adapted from the same-name novel by novelist Yee Wong.
2000	Established Chinesegamer International Corporation to start independent online game development in Taiwan and launched the first MMORPG <i>Romance of Three Kingdoms Online</i> .
2001	Listed on TPEx (stock code: 5478) at an IPO price of NT\$100/share to become Taiwan's first listed game developer, with a market worth of up to NT\$28.33 billion. Chinesegamer International launched the independently developed online game <i>Heroes of Jin Yong</i> .
2002	Established Gameflifer International Corporation to enter the game agency business and launched <i>Ragnarok Online</i> independently developed game by Gravity of South Korea. The MMORPG created a record of up to 350,000 players online at the same time.
2003	Published the first 5-in-1 GTC "e-Play Card" in the game world. Chinesegamer International launched the independently developed online game <i>TS Online</i> . Chinesegamer International was listed on TPEx (stock code: 3083) at an IPO price of NT\$100/share, with a market worth of up to NT\$43.17 billion.
2005	Gameflifer International launched <i>Nobunaga's Ambition Online</i> independently developed game by Koei of Japan.

Year	Important events
	Established Game First International Corporation and launched <i>World of Warcraft</i> , an internationally famous online game by Blizzard of the USA.
	Chinesegamer International launched the independently developed online game <i>Wonderland Online</i> .
2006	Gameflier International launched <i>Ghost Online</i> , the first free-to-play leisure game, to enter the free-to-play online game market.
	Chinesegamer International launched the independently developed 3D online game <i>Huang Yi Online</i> .
	Established “MyCard” platform and published the MyCard universal GTC.
	Gameflier International launched <i>Perfect world Online</i> , an independently developed game by Perfect World Co., Ltd. of China.
2007	Gameflier International launched <i>The Romance of the Three Kingdoms Web</i> , the first independently developed web game.
2008	Established Zealot Digital International Corporation to focus on game engine R&D.
	Gameflier International launched <i>Dragon Oath</i> , an independently developed game by Sohu, Inc. of China.
	Chinesegamer International launched the independently developed online game <i>Wu-Lin Heroes Online</i> .
2009	Chinesegamer International launched the independently developed online game <i>Chinese Hero Online</i> adapted from famous Hong Kong comics.
2010	Gameflier International launched <i>Monster Hunter</i> of Capcom, Japan.
	Launched the “e-PLAY” platform.
	Game First International signed an exclusive distribution contract for distributing the Traditional Chinese version of <i>StarCraft II: Wings of Liberty</i> in Taiwan, Hong Kong, and Macau with Blizzard Entertainment of the USA.
	Established “Kaohsiung Music Center” as the largest digital synchronous studio in Southeast Asia.
	Chinesegamer International launched the independently developed online game <i>Legends of Emperor Online</i> adapted from famous Hong Kong comics.
2011	Allied with Facebook to designate MyCard as the appointed cashflow partner in Asia Pacific.
	Won the “Best ROE” at the 51 st Golden Laureate Award organized by Taipei Exchange.
	Established Fast Distributed Cloud Computing Co., Ltd. to enter the IT resource management and cloud computing service markets.
2012	Game First International signed an exclusive distribution contract for distributing the Traditional Chinese version of <i>Diablo III</i> in Taiwan, Hong Kong, and Macau with Blizzard Entertainment of the USA.
2013	Game First International signed an exclusive distribution contract for distributing the Traditional Chinese version of <i>StarCraft II: Heart of the Swarm</i> in Taiwan, Hong Kong, and Macau with Blizzard Entertainment of the USA.
	Zealot Digital International launched the independently developed game <i>Pili Shen Zhou Online</i> .
	Established Pay2go Technology Corporation to enter the third-party payment business.
	Acquired a cooperation license for LINE Corporation in Taiwan.
	Gameflier International launched <i>Dragon Nest Online</i> by Eyedentity Games of South Korea.
2014	Gameflier International launched the mobile game <i>Devil Maker</i> by PALMPLE of South Korea.

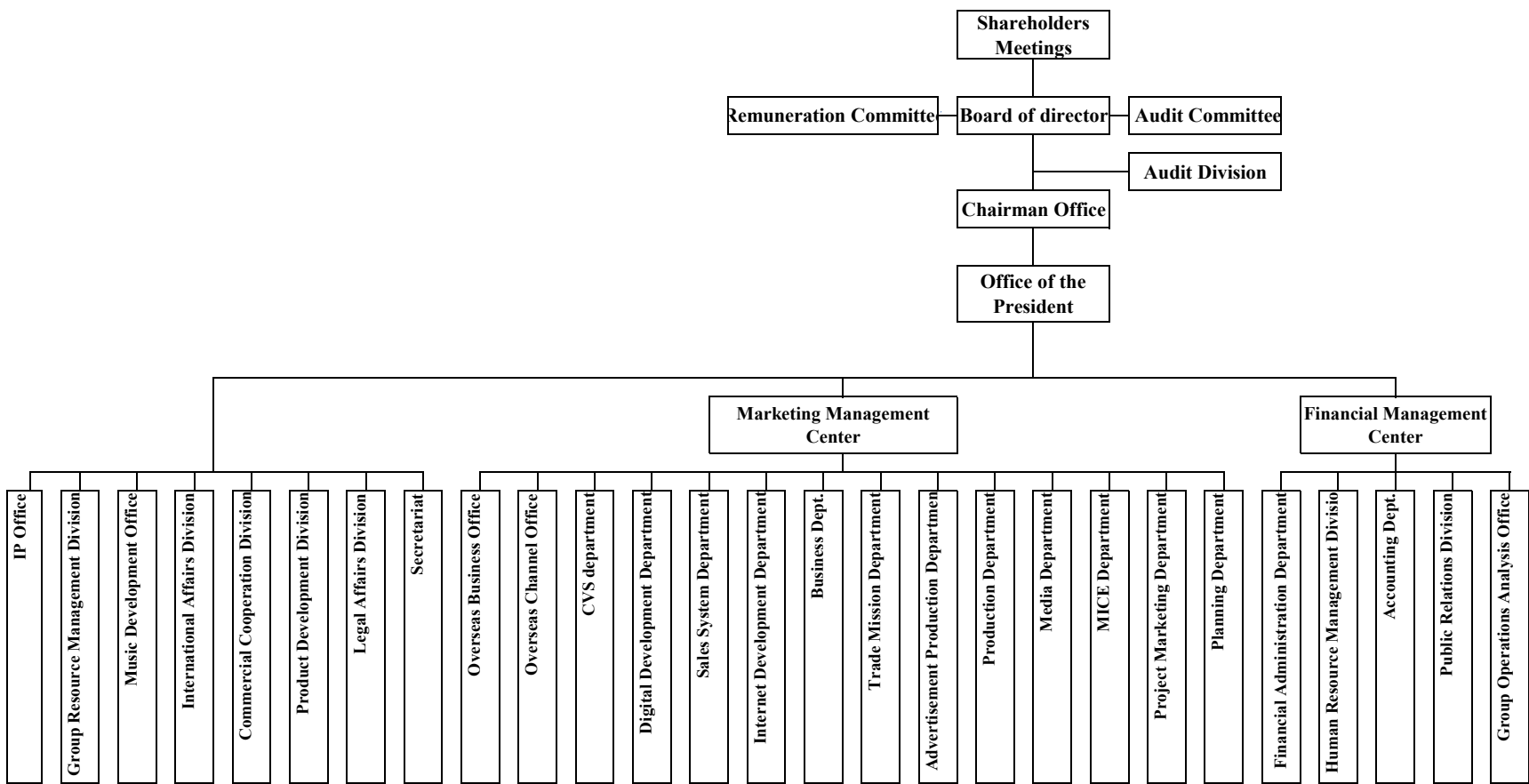
Year	Important events
	Game First International signed an exclusive distribution contract for distributing <i>Diablo III: Reaper of Souls</i> in Taiwan, Hong Kong, and Macau with Blizzard Entertainment of the USA.
	Zealot Digital International launched the independently developed game <i>Authentic Heroes of Gu Long Online</i> .
	Zealot Digital International launched the mobile game <i>Pili Heroes</i> co-developed with Dream ² of China in Taiwan, Hong Kong, and Macau.
2015	Gameflier International launched the mobile game <i>One Hundred Thousand Bad Jokes</i> independently developed game by Linekong Interactive Group Co., Ltd. of China.
	Established Smartparth Digital Tech Corporation, a subsidiary for collection transfer.
	Established subsidiary Re:Ad Media Corporation through joint venture with Wisebirds of South Korea.
2016	Game First International signed an exclusive distribution contract for distributing the Windows PC version of <i>Overwatch</i> in Taiwan, Hong Kong, and Macau with Blizzard Entertainment of the USA.
	Gameflier International launched the online game <i>Shushan Online</i> independently developed game by Loong Entertainment of China.
	Zealot Digital International launched the independently developed AR mobile game <i>My Hero Go</i> .
2017	Pay2go e-Wallet app went live to start the e-payment business.
2018	Stock-for-stock merger between subsidiaries Pay2go Technology Corporation and Smartparth Digital Tech Corporation with Neweb Technologies Co., Ltd. of Chander Electronics Corporation, the first large-scale merger of two leading OTC-listed companies in Taiwan's mobile payment industry.
	Chinesegamer International launched the independently developed mobile game <i>TS M</i> .
	After merging with Pay2go Technology and Smartparth Digital Tech, Neweb Technologies continued operations in the name of Pay2Go, which was then renamed "ezPay Corporation."
	Neweb Technologies merged with Smartparth Digital Tech and continued operations in the name of Neweb Technologies.
2019	Chinesegamer created TS Online M and authorized it to ASIASOFT, a Southeast Asian operator, to release it in Thailand and Vietnam, in order to reach international gamers.
	Chinesegamer International launched the independently developed mobile game <i>Love Box M</i> .
	ezPay launched ezAIO, an all-in-one integrated collection service for physical stores.
	EFUN received the "2019 Google Premier Partner Awards Application Excellence Award".
2020	EFUN developed "AdHero," a digital advertising technology platform, and introduced data science and AI analysis application.
	Gameflier acted as an agency of Aurogon Info&Tech (Shanghai), a subsidiary of Wangyuan Shengtang, to release their game, GuJian Online.
	Gameflier collaborated with USERJOY to release The Legend of Three Kingdoms M, a mobile game created by USERJOY.
	Chinese gamer International launched the independently developed mobile game <i>Huang Yi M</i> .
2021	Soft-World authorizes IP to Purple Dragon (China) Limited for the launch of its mobile game "Kalpa" in China, Taiwan, Hong Kong, and Macau.
	The "TS M" developed by Chinese Gamer International Corp. is licensed to launch in

Year	Important events
	China.
	Game Flier International Corp. has jointly published and launched the “Wind Fantasy SP Mobile” that was developed by Funyours Technology Co., Ltd.
	ezPay Co., Ltd. has joined the “Online Payment Inter-institution Platform” and obtained the financial institution code 398 for cross-agency money transfer service.
	EFUN International Corporation was awarded with Google “2021 Elite Partner Award – Application Program Business Development.”

Three. Corporate Cover

I. Organizational structure

(1) Organization structure



(II) The responsibilities of various divisions:

Department	Main business
Audit Division	<ol style="list-style-type: none"> 1. Assistance in the establishment and revision of the internal control system. 2. Establishment of the annual audit program. 3. Effectiveness audit of the nine cycles in the internal control system and various documented systems. 4. Production of audit reports, timely proposition of improvement recommendations, and periodic reporting to BOD.
Office of the President	<ol style="list-style-type: none"> 1. Administer overall strategic targets and supervise and coordinate all units. 2. Publicize and implement corporate policies and related regulations. 3. Draw up, review, and manage external contracts.
Financial Management Center	<ol style="list-style-type: none"> 1. Bookkeeping. 2. Financial planning and fund management. 3. Personnel affairs and wage management, general affairs, and stock service. 4. Analysis of operating efficiency and operating costs. 5. Media public relations.
Marketing Management Center	<p>Planning Department</p> <ol style="list-style-type: none"> 1. Project marketing and strategic planning and internet campaigning. 2. Contracting out and implementation of event planning projects. 3. Planning, discussion, and implementation cross-sector events. <p>Project Marketing Department</p> <ol style="list-style-type: none"> 1. Production of game marketing projects, websites and webpages, ad banners, and commercial films for subsidiaries of the group. 2. The marketing projects, such as, website design, online marketing, video & MV shooting and editing, outdoor advertising, H5 dynamic material production, and TV advertising, received from the customers. 3. Refers to the 3-way interactive entertainment city operation planning, webpage production, framing, video advertisement production and sales, spokespersons, Internet celebrities, and KOL assistance in negotiation and implementation. 4. Refers to the advertisement sales of Out of Home (OOH) and underground city. <p>MICE Department</p> <ol style="list-style-type: none"> 1. Professional department for planning creative events for the group. 2. Planning, design, and implementation of various exhibitions, press conferences, and large events. 3. The services include: activity design, various space decoration, corporate image design, gift design and making, HR deployment <p>Media Department</p> <ol style="list-style-type: none"> 1. Cross-platform digital media content services. 2. Print gaming magazine 3. Video customization team 4. Customized dubbing resource 5. Promotion of advertising business. <p>Production Department</p> <ol style="list-style-type: none"> 1. Post-production of handbooks, covers, boxes, posters, and publicity materials.

Department	Main business
	<ol style="list-style-type: none"> 2. Production and inventory management. 3. Product production.
	<p>Advertisement Production Department</p> <ol style="list-style-type: none"> 1. Assist subsidiaries in providing promotional copywriting and key visuals, online material design advice, and various physical and virtual design needs. 2. Exclusive manufacturer's needs in various physical or online marketing materials and designs
	<p>Trade Mission Department</p> <ol style="list-style-type: none"> 1. Negotiation and contract signing for MyCard and distribution agency 2. Implementation of product marketing plan 3. Collection of market intelligence 4. Management of accounts receivable and accounts payable 5. Commodity reporting, purchase, sales, and inventory management 6. Handling export sales.
	<p>Business Dept.</p> <ol style="list-style-type: none"> 1. New product distribution, product check and replenishment, customer order handling and delivery, 2. Customer data processing and receivables management. 3. Domestic customer cultivation and market intelligence collection.
	<p>Internet Development Department</p> <ol style="list-style-type: none"> 1. MyCard website, APP operations and management. 2. Operation and promotion of MyCard member and membership. 3. MyCard platform data control 4. Development and promotion of online payment mechanisms. 5. Supplier connection management 6. Customer service management 7. Planning for relevant application mechanism
	<p>Sales System Department</p> <ol style="list-style-type: none"> 1. IT planning and management. 2. Construction and maintenance of IT systems. 3. Construction and management of websites and network systems. 4. Management and maintenance of computer hardware and software. 5. Development and maintenance of financial, accounting, and business information systems.
	<p>Digital Development Department</p> <ol style="list-style-type: none"> 1. Developing APPs to reward download of digital games. 2. Market analysis of digital game download platforms, APP operations, digital diversification, planning and execution of marketing activities. 3. To keep pace with the latest digital promotion technologies and related applications in the market on a regular basis. 4. Continuously planning, developing, establishing and maintaining APPs in operation.
	<p>CVS training</p> <ol style="list-style-type: none"> 1. Working with Taiwan's four major convenience stores to sell MyCard debit cards and game packs. 2. Negotiations with superstores for cross-industry cooperation to provide marketing plans and acquire channel advertising resources as well as collaborated multi-products promotion.

Department	Main business
	<p>Overseas Channel Office</p> <p>Cooperation and expansion of overseas markets, cooperation in introducing channels and overseas financial flows</p> <p>Overseas Business Office</p> <ol style="list-style-type: none"> 1. Responsible for negotiation with overseas regional manufacturers to publish games in Taiwan. 2. Provide MyCard service cooperation with manufacturers in Taiwan, Hong Kong, Macau, and Southeast Asia. 3. Providing channel marketing, KOL marketing services, video-audio services, creative ideas services, curatorial services, and cloud servers.
Legal Affairs Division	Legal consultation and support for subsidiaries within the group.
Product Development Division	Handling collaborative IP development with suppliers.
Commercial Cooperation Division	Cultivation, planning, and analysis of overseas business.
International Affairs Division	Overseas market cultivation.
Music Development Office	Audio service including music production, sound effects, voice, mixing, and tape mastering; and video service including the design and special effects of all types of videos for subsidiaries within the group and other companies.
Group Resource Management Division	<ol style="list-style-type: none"> 1. Procurement and management of information equipment. 2. Procurement and management of general materials and equipment. 3. Planning and management of group resources utilization.
IP Office	Managing, authorizing and maintaining intellectual property (IP)

II. Background information of Directors, Supervisors, President, Vice Presidents, Assistant Managers, and the heads of various departments and branches:

(I) Directors and Supervisors:

1. Background of Directors and Supervisors

April 22, 2022

Title (Note 1)	Nationality or place of registration	Name	Gender, age (Note 2)	Election (Appointment Date)	Duration	Inauguration date (Note 3)	Shares at Election		Current shareholding		Current Shares Held by Spouse & Dependents		Shareholding under the title of a third party		Major (academic degree) experience (Note 4)	Current duties in The Company and in other companies	Other Chief, Supervisors or Directors with a Spousal or Other Immediate Relative			Remarks (Note 5)
							Quantity	Shareholding Proportion	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
Chairman	Taiwan R.O.C.	WANG, CHIN-PO	Male 61~70 years old	2021/07/30	3 years	1994/8/15	21,594,350	16.94%	21,594,350	16.94%	3,083,208	2.42%	0	0	Division of Chemical Engineering, National Kaohsiung University of Applied Sciences Chairman, Soft-World Co., Ltd.	Note 6	None	None	None	Note 7
Director	Taiwan R.O.C.	WANG, CHIUNG-FEN	Male 51~60 years old	2021/07/30	3 years	2018/6/14	0	0	0	0	0	0	0	0	Bachelor of Law, National Chung Hsing University President, General Law Firm	Note 8	None	None	None	None
Director	Taiwan R.O.C.	SHIH, MING-HAO	Male 51~60 years old	2021/07/30	3 years	2018/6/14	11,110	0.01%	11,110	0.01%	21,781	0.02%	0	0	Master of Business Administration, Pennsylvania State University Chairman of Trade-Van Information Co., Ltd. Director of Central Investment Co., Ltd. Director of Chinese Gamer International Corporation Director, ThinFlex Corporation Founder, Association of Listed/OTC Companies in Taiwan	Note 9	None	None	None	None
Director	Taiwan R.O.C.	CHIEN, CHIN-CHENG	Male 61~70 years old	2021/07/30	3 years	2021/07/30	0	0	0	0	0	0	0	0	PhD, Department of Accounting, New Jersey State University Professor, Department of Accountancy and Graduate Institute of Finance, National Cheng Kung University	Note 10	None	None	None	None
Director	Taiwan R.O.C.	CHANG, HUNG-YUAN	Male 61~70 years old	2021/07/30	3 years	2021/07/30	0	0	0	0	0	0	0	0	Master of Accounting and MBA, St. John's University, New York City, USA Assistant Finance Director and Assistant Director, Interplex Industries Inc., New York, USA General Manager, Suftech Co., Ltd. Director of Accounting Department, Shih Hsin University Director of International Management School, Shih Hsu University Enterprise Management Foundation Director, Soochow University Director of Culture and Education Foundation, Mingdao High School Board Supervisor, Shih Hsin University Part-time Professor, Dept. of Business Administration, SooChow University	Note 11	None	None	None	None

Title (Note 1)	Nationality or place of registration	Name	Gender, age (Note 2)	Election (Appointment Date)	Duration	Inauguration date (Note 3)	Shares at Election		Current shareholding		Current Shares Held by Spouse & Dependents		Shareholding under the title of a third party		Major (academic degree) experience (Note 4)	Current duties in The Company and in other companies	Other Chief, Supervisors or Directors with a Spousal or Other Immediate Relative			Remarks (Note 5)
							Quantity	Shareholding Proportion	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
Director	Taiwan R.O.C.	WU, AI-YUN	Female 51~60 years old	2021/07/30	3 years	2018/6/14	0	0	0	0	0	0	0	0	Bachelor of Accounting, Ming Chuan University Finance Director, Ju-Jiao Technology Co., Ltd.	Note 12	None	None	None	None
Independent director	Taiwan R.O.C.	SHYU, SO-DE	Male 61~70 years old	2021/07/30	3 years	2021/07/30	0	0	0	0	0	0	0	0	PhD Finance, University of Alabama, USA Professor, Department of Finance, Vice Dean, College of Management, National Sun Yat-sen University, President, Takming University of Science and Technology	Note 13	None	None	None	None
Independent director	Taiwan R.O.C.	LIN, HSUAN- CHU	Male 41~50 years old	2021/07/30	3 years	2018/6/14	0	0	0	0	0	0	0	0	PhD in Finance, New Jersey State University Master of Business Administration (MBA), New Jersey State University	Note 14	None	None	None	None
Independent director	Taiwan R.O.C.	CHUANG, PI-HUA	Female 51~60 years old	2021/07/30	3 years	2021/07/30	0	0	0	0	0	0	0	0	MSA, National Taiwan University Principal CPA, Haps Consulting Ltd. & CPAs	Note 15	None	None	None	None

Note 1: Corporate shareholders should have the name of corporate shareholders and representative illustrated separately (the name of the corporate shareholders should be noted) also, Table 1 should be filled out.

Note 2: Please indicate the actual age and the respective age group, such as 41-50 years old or 51-60 years old.

Note 3: Indicate the date of the first-time elected director or supervisor; also, the period of interruption should be noted.

Note 4: Previous work experiences relating to their current roles; if the person works in the auditor's firm or in an affiliated company during the aforementioned time period, the job title and responsibilities must be provided.

Note 5: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto. (For instance, more independent directors shall be added, and over half of directors are not concurrently an employee or manager.)

Note 6: This Company: President.

Other companies: Chairman of Chinese Gamer International Corporation (Institutional representative of Soft-World International Corporation), Chairman of Game Flier International Corporation (Institutional representative of Soft-World International Corporation), Chairman of Game First International Corporation (Institutional representative of Soft-World International Corporation), Chairman of Zealot Digital International Corporation (Institutional representative of Soft-World International Corporation), Chairman of Neweb Technologies Co., Ltd. (Institutional representative of Soft-World International Corporation), Chairman of ezPay Co., Ltd. (Institutional representative of Neweb Technologies Co., Ltd.), Director of Dynasty International Information Co., Ltd. (Institutional representative of Soft-World International Corporation), Director of Soft-World (Hong Kong) International Corporation (Institutional representative of Soft-World International Corporation), Director of Soft-World Technology Pte. Ltd. (Institutional representative of Soft-World International Corporation), The Chairman of CService Technology Co., Ltd. (Institutional representative of Neweb), Chairman of Fast Distributed Cloud Computing (Taiwan) Co., Ltd. (Institutional representative of Soft-World International Corporation), Chairman of Joy Children Technology Co., Ltd. (Institutional representative of Soft-World International Corporation), Chairman of Compete!Games interactive entertainment corporation (Institutional representative of Game First International Corporation), Chairman of Efun International Corporation (Institutional representative of Soft-World International Corporation), Director of PLAYGAME SDN. BHD (Institutional representative of Global Concept Corporation), Chairman of Taiwan Taomee Co., Ltd. (Institutional representative of PLAYGAME), Chairman of Re:Ad Media (Taiwan) Corporation (Institutional representative of Efun International Corporation), Director of Interactive Entertainment Technology Co.,Ltd, Chairman of Interactive Entertainment Technology (Taiwan) Co., Ltd. (Institutional representative of Interactive Entertainment Technology Co.,Ltd)

- Note 7: Our Chairman concurrently serves as the President to enhance operational efficiency and decision execution. To reinforce the independent of the Board, we have actively trained candidates for the President. In addition, the Chairman always closely communicates with all directors on recent operation and plan to implement company governance. We plan to add more independent directors to enhance the function and supervision competency of the Board. We have the following specific measures:
- (1) The current directors are experts in financial accounting and operational management, respectively. They can perform supervision effectively.
 - (2) Every year we arrange directors to take professional director courses provided by external institutions, such as Securities & Futures Institute, to enhance the operation of the board.
 - (3) Members of the Board discuss on issues thoroughly and make suggestions for reference to implement company governance.
 - (4) No more than half of the board members are employees or executives.
- Note 8: The Company: None
 Other companies: Chairman of Jin-Zhi-Fu Asset Management Co., Ltd., Chairman of Taiwan Steel Group Union Co., Ltd., Chairman of Taiwan Netcom Investment Holdings Co., Ltd., Chairman of Gloria Material Technology Corp., Chairman of S-TECH Corp., Chairman of Heyang Investment Co., Ltd., Chairman of Soltek Investment Company, Chairman of Jade Colorful Co., Chairman of Nanin Co., Ltd., Chairman of TSG Hawks (application filed for incorporation), Vice Chairman of Chun Zu Machinery Industry, Independent Directors, Audit Committee members, and Remuneration Committee members of Golden Huang Long Construction Co., Ltd., Director of Chun Yu Co., Ltd., Director of Taiwan Styrene Monomer Corporation, Director of D-LINK Corporation, Director of Cameo Communications, Inc. (Juristic person representative of D-Link Corporation), Director of Chun Bang Precision Co., Ltd., Director of Chunyu Bio-Tech, Director of Chunyu Investment Company, Director of Taigang Sports Marketing Co., Ltd., Supervisor of Game All International Corporation, Supervisor of Chunyu (Dongguan) Metal Products Co., Ltd., Supervisor of Shanghai UcheeHardware Products Co., Ltd., Director of Shanghai Chun Zu Machinery Company, Chairman of Guangzhou Rainbow Shines Limited, Chairman of Tianjin Rainbow Shines Limited, Chairman of Xi'an Rainbow Shines Limited, Chairman of Jiaxing Rainbow Shines Limited, Chairman of Jiaxing Xiangyang Metal Material Technology Co., Ltd., Chairman of Alloy Tool Steel Inc., Chairman of Gloria Material Technology Japan Co., Ltd., Chairman of G-YAO ENTERPRISES LTD. (GENLIGHT TECHNOLOGY CO., LTD.), Chairman of ALL WIN ENTERPRISES LTD. (Eurowin International Limited), and Chairman of FAITH ENTERPRISES LTD. (GLORY IN ENTERPRISES LIMITED)
- Note 9: The Company: None
 Other companies: The partner of Pao Chou PE Fund
- Note 10: The Company: None
 Other companies: Independent Director and Remuneration Committee Member, GMTC Co., Ltd.; Independent Directors and Remuneration Committee Member, Ton Yi Industrial Corp.; Independent Director and Remuneration Committee Member, Taiwan Styrene Monomer Corporation
- Note 11: The Company: None
 Other companies: Independent Director, TPK Holding Co., Ltd.; Independent Director, Lu Hai Industrial Corp.; Full-time Professor, Department of Communications Management and Department of Business Administration, Shih Hsin University
- Note 12: The Company: None
 Other companies: Director, Xingtian Technology Co., Ltd.; Director, Wayi International Digital Entertainment Co., Ltd.; Supervisor, Bonus Winner Online Entertainment Co., Ltd.; Supervisor, JFI Games Inc.
- Note 13: The Company: None
 Other companies: Independent director of Wah Lee Industrial Corp.
- Note 14: The Company: None
 Other companies: Independent Director, Taiwan Cooperative Bank Co., Ltd.; Independent Director, Taiwan Cooperative Financial Holding Co., Ltd.; Professor, Department of Accountancy and Graduate Institute of Finance, National Cheng Kung University; Supervisor, Taiwan International Ports Logistics Corporation
- Note 15: The Company: None
 Other companies: CPA, Haps Consulting Ltd. & CPAs; Independent Director, Tainan Living (Cayman) Co., Ltd.; Independent director of Fu Ta Material Technology Co., Ltd.

2. Corporate shareholders' main shareholders: None.

Note 1: Fill in the name of respective corporate investors when directors and supervisors are their representatives.

Note 2: Fill out the name of main shareholders (with top ten shareholding rate) and the shareholding ratio of the legal entity shareholder. Fill out Table 2 if the main shareholders are entities.

Note 3: If the legal entity shareholder is not in the company organization, the name and shareholding ratio of the said shareholder shall be disclosed is the name of the investor or donor and the percentage of their fund or donation.

3. Major Shareholders of Major Corporate Shareholder: None.

Note 1: Fill the name of respective corporations when major shareholders in Table 1 are corporate investors.

Note 2: Fill out the name of main shareholders (with top ten shareholding rate) and the shareholding ratio of the legal entity shareholder.

Note 3: If the legal entity shareholder is not in the company organization, the name and shareholding ratio of the said shareholder shall be disclosed is the name of the investor or donor and the percentage of their fund or donation.

4. Disclosure of information on the professional qualifications of directors and independence of independent directors.

Condition Name	Professional qualification and experience (Note 1)	Independence Criteria (Note 2)	Number of public companies where the person holds the title as independent director
Chairman WANG, CHIN-PO	More than five years of sales experience related to the Company's business operation Currently serves as the Chairman and President of Soft-World Co., Ltd. Not under any of the categories stated in Article 30 of the Company Act.	Not applicable	0
Director WANG, CHIUNG-FEN	An attorney with more than five years of work experience related to the Company's business operation Currently serves as the Chairman of Gloria Material Technology Corp. Not under any of the categories stated in Article 30 of the Company Act.	Not applicable	1
Director SHIH, MING-HAO	More than five years of work experience related to corporate governance and the Company's business operation Former Founder, Association of Listed/OTC Companies in Taiwan Not under any of the categories stated in Article 30 of the Company Act.	Not applicable	0
Director CHIEN, CHIN-CHENG	More than five years of sales experience related to the Company's business operation Former Professor, Department of Accountancy and Graduate Institute of Finance, National Cheng Kung University. Not under any of the	Not applicable	3

Condition Name	Professional qualification and experience (Note 1)	Independence Criteria (Note 2)	Number of public companies where the person holds the title as independent director
	categories stated in Article 30 of the Company Act.		
Director CHANG, HUNG- YUAN	More than five years of sales experience related to the Company's business operation Current the Full-time Professor, Department of Communications Management and Department of Business Administration, Shih Hsin University, Taiwan; Part-time Professor, Dept. of Business Administration, SooChow University. Not under any of the categories stated in Article 30 of the Company Act.	Not applicable	2
Director WU, AI-YUN	More than five years of sales experience related to the Company's business operation Current the Finance Director, Ju-Jiao Technology Co., Ltd. Not under any of the categories stated in Article 30 of the Company Act.	Not applicable	0
Independent Director, SHYU, SO- DE	Audit Committee members with accounting or financial expertise More than five years of sales experience related to the Company's business operation Former Professor, Department of Finance, Vice Dean, College of Management, National Sun Yat-sen University; President of Takming University of Science and Technology Not under any of the categories stated in Article 30 of the Company Act.	1. Not serving as a director, supervisor, or employee of the Company or the Company's affiliated enterprises 2. The principal, spouse, and relatives within the second degree of kinship (or held in the name of others) who do not hold any shares of the Company; 3. Not serving as a director, supervisor, or employee of a company that has a specific relationship with the Company (please refer to Article 3, Paragraph 1, Subparagraphs 5~8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); 4. No remuneration received for providing business, legal, financial, accounting, and other services to the Company or the Company's affiliated enterprises in the last two years;	1
Independent director, LIN, HSUAN- CHU	Audit Committee members with accounting or financial expertise More than five years of sales	1. Not serving as a director, supervisor, or employee of the Company or the Company's affiliated enterprises 2. The principal, spouse, and relatives	1

Condition Name	Professional qualification and experience (Note 1)	Independence Criteria (Note 2)	Number of public companies where the person holds the title as independent director
	experience related to the Company's business operation Current the Professor, Department of Accountancy and Graduate Institute of Finance, National Cheng Kung University Not under any of the categories stated in Article 30 of the Company Act.	within the second degree of kinship (or held in the name of others) who do not hold any shares of the Company; 3. Not serving as a director, supervisor, or employee of a company that has a specific relationship with the Company (please refer to Article 3, Paragraph 1, Subparagraphs 5~8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); 4. No remuneration received for providing business, legal, financial, accounting, and other services to the Company or the Company's affiliated enterprises in the last two years;	
Independent director, CHUANG, PI-HUA	Audit Committee members with accounting or financial expertise A certified public accountant with more than five years of work experience related to the Company's business operation Current Principal CPA, Haps Consulting Ltd. & CPAs Not under any of the categories stated in Article 30 of the Company Act.	1. Not serving as a director, supervisor, or employee of the Company or the Company's affiliated enterprises 2. The principal, spouse, and relatives within the second degree of kinship (or held in the name of others) who do not hold any shares of the Company; 3. Not serving as a director, supervisor, or employee of a company that has a specific relationship with the Company (please refer to Article 3, Paragraph 1, Subparagraphs 5~8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); 4. No remuneration received for providing business, legal, financial, accounting, and other services to the Company or the Company's affiliated enterprises in the last two years;	2

Note 1: Professional qualification and experience: Describe the professional qualifications and experiences of each director and supervisor. As for the Audit Committee member who is specialized in the accounting and finance fields, describe his/her accounting or financial background and work experience. Describe if they are not under any categories stated in Article 30 of the Company Act.

Note 2: Independent directors should state their independence status, including but not limited to whether they, their spouses, or relatives within the second-degree kinship serve as directors, supervisors or employees of Synmosa and/or its affiliated companies, as well as the number of shares and shareholding ratios held by them, their spouses and relatives within second-degree kinship (or through third-party holdings), whether they also serve as directors, supervisors or employees of Synmosa affiliated companies (see the provisions of Article 3, Paragraph 1.5-1.8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies), and remunerations received for providing business, legal, financial, accounting and other services to Synmosa and/or its affiliates in the last two years.

5. Diversity and Independence of the Board of Directors.

The Company, based on the diversity policy, corporate governance enhancement, and the profound development of the composition and structure of the Board of Directors, has adopted the candidate nomination system for the election of directors in compliance with the

requirements of the Articles of Incorporation. The overall composition of the Board of Directors shall be taken into account while selecting directors, including: Operational judgment and management ability, accounting and financial analysis ability, crisis management ability, industry knowledge, international market prospect, leadership, decision-making ability, etc., also, it shall be resolved by the Board of Directors and then submitted to the shareholders' meeting for election.

(1) The Company's incumbent board director diversity policy and its implementation is as follows:

The core of diversity Name	Basic details						Professional experience								Professional competency		
	Nationality	Gender	An employee of the Company	Age (Note 3)	Terms of service of independent directors		The ability to make judgments about operations	Perform accounting and financial analysis	Business management competence	Crisis management competence	Knowledge of Industry	Understanding of International Markets	Leadership	Decision Making	Law	Accounting	Industry
					3 years and below	6-9 Years											
Chairman WANG, CHIN-PO	Taiwan R.O.C.	Male	✓	61~70 years old	-	-	✓	O	✓	✓	✓	✓	✓	✓	O	O	✓
Director WANG, CHIUNG-FEN	Taiwan R.O.C.	Male	-	51~60 years old	-	-	✓	O	✓	✓	✓	✓	✓	✓	✓	O	✓
Director SHIH, MING-HAO	Taiwan R.O.C.	Male	-	51~60 years old	-	-	✓	O	✓	✓	✓	✓	✓	✓	O	O	✓
Director CHIEN, CHIN-CHENG	Taiwan R.O.C.	Male	-	61~70 years old	-	-	✓	✓	✓	✓	✓	✓	✓	✓	O	✓	✓
Director CHANG, HUNG-YUAN	Taiwan R.O.C.	Male	-	61~70 years old	-	-	✓	✓	✓	✓	✓	✓	✓	✓	O	✓	✓
Director WU, AI-YUN	Taiwan R.O.C.	Female	-	51~60 years old	-	-	✓	✓	✓	✓	✓	✓	✓	✓	O	✓	✓
Independent Director, SHYU, SO-DE	Taiwan R.O.C.	Male	-	61~70 years old	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	O	✓	✓
Independent director, LIN, HSUAN-CHU	Taiwan R.O.C.	Male	-	41~50 years old	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	O	✓	✓
Independent director, CHUANG, PI-HUA	Taiwan R.O.C.	Female	-	51~60 years old	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	O	✓	✓

Note: ✓ means with ability, O means with partial ability.

1. There are 9 directors (including 3 independent directors) of the Company's 10th term of the Board of Directors; also, independent directors shall not serve for more than 3 terms of office. The Company's board directors are all citizens of the Republic of China, and there are 3 independent directors (33%), 1 director (11%) who is also an employee of the Company, and 2 female directors (22%). In terms of the age group for all the board directors, 1 director falls in the age group of 41-50 years old, 4 directors fall in the age group of 51-60 years old, and 4 directors fall in the age group of 61-70 years old to help the Company accommodate more ways of thinking.

In addition to the aforementioned statement, the Company values the importance of gender equality in the composition of the Board of Directors. There are 2 female directors (one of which is an independent director) in service. The Company will strive to increase the proportion of female directors continuously.

2. In terms of the aspect, complementation, and substantiation of the director diversity, the standards in Article 16 of the Company's "Corporate Governance Best Practice Principles" are included. For the future to come, the diversity policy will be amended in a timely manner in accordance with the operation of the Board of Directors, the operational pattern, and the development needs, including but not limited to basic conditions and values, professional knowledge and skills in order to ensure that all board directors have the knowledge, skills, and attainment needed for their duty performance.

(2) Independence of Board of Directors:

The Company has 9 board directors elected to serve, including 3 independent directors that accounted for 33% of the Board of Directors. All independent directors of the Company were in compliance with the regulations of the Financial Supervisory Commission on independent directors as of the end of 2021; also, the matters stated in Article 26-3, Paragraph 3 and Paragraph 4 of the Securities and Exchange Act are not found between the directors and independent directors. The Company's Board of Directors is independent. Please refer to the annual report for the professional qualifications of directors and the independence of independent directors.

Note 1: Professional qualification and experience: Describe the professional qualifications and experiences of each director and supervisor. As for the Audit Committee member who is specialized in the accounting and finance fields, describe his/her accounting or financial background and work experience. Describe if they are not under any categories stated in Article 30 of the Company Act.

Note 2: Independent directors should state their independence status, including but not limited to whether they, their spouses, or relatives within the second-degree kinship serve as directors, supervisors or employees of Synmosa and/or its affiliated companies, as well as the number of shares and shareholding ratios held by them, their spouses and relatives within second-degree kinship (or through third-party holdings), whether they also serve as directors, supervisors or employees of Synmosa affiliated companies (see the provisions of Article 3, Paragraph 1.5-1.8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies), and remunerations received for providing business, legal, financial, accounting and other services to Synmosa and/or its affiliates in the last two years.

(II) Information of the President, Vice President, associated director, and supervisor of the various units and branches

April 22, 2022

Title (Note 1)	Nationality	Name	Gender	Election (Appointment) Date	Status of shareholding		Shares Held by Spouse & Dependents		Shareholding under the title of a third party		Major (academic degree) experience (Note 2)	Positions with other companies	Spouse or kin within the second pillar under the Civil Code and who is a manager			Remarks (Note 3)
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
President	Taiwan R.O.C.	WANG, CHIN- PO	Male	1983/7/15	21,594,350	16.94%	3,083,208	2.42%	0	0	Division of Chemical Engineering, National Kaohsiung University of Applied Sciences Chairman and President, Soft-World Co., Ltd.	Other Company: Chairman of Chinese Gamer International Corporation (Institutional representative of Soft-World International Corporation) Chairman of Game Flier International Corporation (Institutional representative of Soft-World International Corporation) Chairman of Game First International Corporation (Institutional representative of Soft-World International Corporation) Chairman of Zealot Digital International Corporation (Institutional representative of Soft-World International Corporation) Director of Dynasty International Information Co., Ltd. (Institutional representative of Soft-World International Corporation) Chairman of Taiwan Taomee Co., Ltd. (Institutional representative of PLAYGAME) Chairman of Joy Children Technology Co., Ltd. (Institutional representative of Soft-World International Corporation) Chairman of Fast Distributed Cloud Computing (Taiwan) Co., Ltd. (Institutional representative of Soft-World International Corporation) Chairman of Efun International Corporation (Institutional representative of Soft-World International Corporation) Chairman of Neweb Technologies Co., Ltd. (Institutional representative of Soft-World International Corporation) Chairman of ezPay Co., Ltd. (Institutional representative of Neweb Technologies Co., Ltd.) The Chairman of CService Technology Co., Ltd. (legal representative of Neweb) Chairman of Compete!Games interactive entertainment corporation (Institutional representative of Game First International Corporation) Chairman of Re:Ad Media (Taiwan) Corporation (Institutional representative of Efun International Corporation) Chairman of Interactive Entertainment Technology (Taiwan) Co., Ltd. (Institutional representative of Interactive Entertainment) Director of Soft-World (Hong Kong) International Corporation (Institutional representative of Soft-World International Corporation) Director of Interactive Entertainment Technology Co.,Ltd Director of PLAYGAME SDN. BHD (Institutional representative of GLOBAL CONCEPT CORPORATION) Director of SOFT-WORLD TECHNOLOGY PTE . LTD (Institutional representative of Soft-World International Corporation)	None	None	None	Note 4

Title (Note 1)	Nationality	Name	Gender	Election (Appointment) Date	Status of shareholding		Shares Held by Spouse & Dependents		Shareholding under the title of a third party		Major (academic degree) experience (Note 2)	Positions with other companies	Spouse or kin within the second pillar under the Civil Code and who is a manager			Remarks (Note 3)
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
President, Financial Management Center	Taiwan R.O.C.	CHUNG, HSING- PO	Male	2004/6/1	256,202	0.20%	0	0	0	0	Graduate School of Communications Management, Shih Hsin University Department of Statistics, National Cheng Kung University V.P. of Barits Securities Corporation	Other Company: Director of Fun yours Technology (Institutional representative of Soft-World International Corporation) Director and President of Neweb Technologies Co., Ltd. (Institutional representative of Soft-World International Corporation) Director of ezPay Co., Ltd. (Institutional representative of Neweb Technologies Co., Ltd.) The President of CService Technology Co., Ltd. Chairman and President of We Can Financial Technology Co., Ltd. Supervisor of Taiwan Taomee Co., Ltd. Supervise of Joy Children Technology Co., Ltd. (Institutional representative of Soft-World International Corporation)	None	None	None	None
Vice President of Overseas Business	Taiwan R.O.C.	Kai Le Yuan	Female	110/01/01	620	0	0	0	0	0	Department of Business Administration, Tungnan University	None	None	None	None	None
Vice President of Commercial	Korea	Shih Chen Li	Male	110/01/01	0	0	0	0	0	0	Department of Chinese, Dankook University, South Korea	Chairman of Sky Touch Co., Ltd. (Institutional representative of Korean business Entermate co.,Ltd)	None	None	None	None
Corporate Governance Officer	Taiwan R.O.C.	Su Mei Huang	Female	108/11/11	1,345	0	0	0	0	0	Department of Accounting, Fu Jen Catholic University	Director of We Can Financial Technology Co., Ltd. (Institutional representative of Soft-World International Corporation) Director of ezPay Co., Ltd. (Institutional representative of Neweb Technologies Co., Ltd.)	None	None	None	None
Assistant VP of Accounting Officer	Taiwan R.O.C.	HUANG, YA- CHUAN	Female	89/01/01	112,944	0.09%	0	0	0	0	Accounting Department of Tung Hai University KPMG	Supervisor of We Can Financial Technology Co., Ltd. Supervisor of ezPay Co., Ltd. (Institutional representative of Neweb Technologies Co., Ltd.)	None	None	None	None
Audit Division Assistant VP	Taiwan R.O.C.	Ming- Fen Huang	Male	89/07/01	5,000	0	93,986	0.07%	0	0	Graduate Institute of Business Administration, National Chengchi University	Supervisor of Dynasty International Information Co., Ltd. Director of Zealot Digital International Corporation	None	None	None	None

Note 1: Adjust the number of columns according to actual needs.

Note 2: place a "✓" in the box below if the Director or Supervisor met the following conditions during the time of active duty and two years prior to the elected date.

Note 4: Where the general manager and the chairperson of the board of directors or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto. (For instance, more independent directors shall be added, and over half of directors are not concurrently an employee or manager.)

Note 4: Our Chairman concurrently serves as the President to enhance operational efficiency and decision execution. To reinforce the independent of the Board, we have actively trained candidates for the President. In addition, the Chairman always closely communicates with all directors on recent operation and plan to implement company governance. We plan to add more independent directors to enhance the function and supervision competency of the Board. We have the following specific measures:

1. The current directors are experts in financial accounting and operational management, respectively. They can perform supervision effectively.
2. Every year we arrange directors to take professional director courses provided by external institutions, such as Securities & Futures Institute, to enhance the operation of the board.
3. Members of the Board discuss on issues thoroughly and make suggestions for reference to implement company governance.
4. Over half of directors among the members of the Board are not concurrently serving as employees or managers.

III. Remuneration paid to Directors, Supervisors, the General Manager, and the Vice President in the most recent year:

(I) The remuneration of the general and individual director

Unit: NTD thousands

Title	Name	Remuneration to Directors								% of the sum of A to D in the net profit after tax (Note 10)		Remuneration in the capacity as employees								% of the sum of A to G in the net profit after tax (Note 10)		Collect the remuneration from the reinvestment except the subsidiary or the remuneration from the parent company (Note 11).
		Director fees (A) (Note 2)		Pension (B)		Remuneration to directors (C) (Note 3)		For services (Note 4)				Salaries, bonuses, special allowances etc (E) (Note 5)		Pension (F)		Remuneration to employees (G) (Note 6)						
		The Company	All companies mentioned in the financial statements (Note 7)	The Company	All companies mentioned in the financial statements (Note 7)	The Company	All companies mentioned in the financial statements (Note 7)	The Company	All companies mentioned in the financial statements (Note 7)	The Company	All companies mentioned in the financial statements (Note 7)	The Company	All companies mentioned in the financial statements (Note 7)	The Company		All companies mentioned in the financial statements (Note 7)		The Company	All companies mentioned in the financial statements			
Chairman	WANG, CHIN-PO	0	0	0	0	1,164	1,164	90	181	1,254 /0.15%	1,345 /0.16%	2,591	4,204	42	42	881	0	881	0	4,768 /0.57%	6,472 /0.78%	None
Director	WANG, CHIUNG-FEN	0	0	0	0	1,164	1,164	90	90	1,254 /0.15%	1,254 /0.15%	0	0	0	0	0	0	0	0	1,254 /0.15%	1,254 /0.15%	None
Director	SHIH, MING-HAO	0	0	0	0	1,164	1,164	90	90	1,254 /0.15%	1,254 /0.15%	0	0	0	0	0	0	0	0	1,254 /0.15%	1,254 /0.15%	None
Director	WU, AI-YUN	0	0	0	0	1,164	1,164	90	90	1,254 /0.15%	1,254 /0.15%	0	0	0	0	0	0	0	0	1,254 /0.15%	1,254 /0.15%	None
Director	CHANG, HUNG-YUAN	0	0	0	0	447	447	30	30	477 /0.06%	477 /0.06%	0	0	0	0	0	0	0	0	477 /0.06%	477 /0.06%	None
Director	CHIEN, CHIN-CHENG	0	0	0	0	447	447	30	30	477 /0.06%	477 /0.06%	0	0	0	0	0	0	0	0	477 /0.06%	477 /0.06%	None
Independent Director	LIN, HSUAN-CHU	0	0	0	0	1,164	1,164	160	425	1,324 /0.16%	1,589 /0.19%	0	0	0	0	0	0	0	0	1,324 /0.16%	1,589 /0.19%	None
Independent Director	SHYU, SO-DE	0	0	0	0	447	447	60	60	507 /0.06%	507 /0.06%	0	0	0	0	0	0	0	0	507 /0.06%	507 /0.06%	None
Independent Director	CHUANG, PI-HUA	0	0	0	0	447	447	60	60	507 /0.06%	507 /0.06%	0	0	0	0	0	0	0	0	507 /0.06%	507 /0.06%	None
<p>1. Please state explicitly the remuneration policy, system, standard and structure of independent directors. Please state explicitly the correlation between the remuneration and the function and risk of the independent director, and the time the independent director engaged in, and pay the remuneration. The remuneration pf the independent director is based on Article 6 of Remuneration Committee Charter. Article 6 stated that the performance assessments and compensation levels of directors, supervisors, and managerial officers shall take into account the general pay levels in the industry, individual performance assessment results, the time spent by the individual and their responsibilities, their performance in other positions, and the compensation paid to employees holding equivalent positions in recent years. Also to be evaluated are the reasonableness of the correlation between the individual's performance and this Corporation's operational performance and future risk exposure, with respect to the achievement of short-term and long-term business goals and the financial position of this Corporation. We shall make recommendations and submit them to the board of directors for deliberation.</p> <p>2. In addition to the aforementioned disclosures, the remuneration received by the Company's directors for providing services (such as, serving as a consultant not an employees of the parent company / all companies included in the financial report / transfer invested enterprises, etc.) in the most recent year: None.</p>																						

Dismissed Director

Title	Name	Remuneration to Directors								% of the sum of A to D in the net profit after tax (Note 10)		Remuneration in the capacity as employees								% of the sum of A to G in the net profit after tax (Note 10)		Collect the remuneration from the reinvestment except the subsidiary or the remuneration from the parent company (Note 11).
		Director fees (A) (Note 2)		Pension (B)		Remuneration to directors (C) (Note 3)		For services (Note 4)				Salaries, bonuses, special allowances etc (E) (Note 5)		Pension (F)		Remuneration to employee (Note 6)						
		The Company	All companies mentioned in the financial statements (Note 7)	The Company	All companies mentioned in the financial statements (Note 7)	The Company	All companies mentioned in the financial statements (Note 7)	The Company	All companies mentioned in the financial statements (Note 7)	The Company	All companies mentioned in the financial statements (Note 7)	The Company	All companies mentioned in the financial statements (Note 7)	The Company	All companies mentioned in the financial statements (Note 7)	The Company		All companies mentioned in the financial statements (Note 7)		The Company	All companies mentioned in the financial statements	
																Cash	Stock	Cash	Stock			
Director	CHEN, CHING-JUNG	0	0	0	0	717	717	50	50	767 /0.09%	767 /0.09%	0	0	0	0	0	0	0	0	767 /0.09%	767 /0.09%	None
Independent Director	LI, MING-HSIEN	0	0	0	0	678	678	90	90	768 /0.09%	768 /0.09%	0	0	0	0	0	0	0	0	768 /0.09%	768 /0.09%	None

Note 1: The names of directors should be listed separately (the name of corporate shareholders representatives should be listed separately); the name of the general directors and independent directors should also be listed separately, and each payment amount should be disclosed in a summary manner. If the board director is also the President or Vice President of the Company, please fill in this table and table (3-1) or (3-2-1) and (3-2-2).

Note 2: Refers to Director's remuneration in the latest year (including salaries, work subsidies, severance pay, various bonuses and incentives etc).

Note 3: Please fill in the amount of remuneration to directors resolved in the most recent board meeting.

Note 4: Refers to compensations for services rendered (including travel, special allowances, various subsidies, accommodation, corporate vehicle and other items). If houses, cars or other vehicles, or personal allowances were granted, please describe the nature and cost of assets, their rental rates calculated based on actual or fair value, and details on petrol and other subsidies. If personal drivers were allocated, please make a footnote disclosure of the salaries made to these driver, but do not count them as part of the beneficiaries' remuneration.

Note 5: Remunerations received by directors who have also worked in the capacity as employees (including the position of President, Vice President, managers, and employees), including, salaries, subsidies, severance pay, bonus, awards, traveling subsidy, special subsidy, different forms of subsidies, accommodation, company car, and other supplies in kind. If houses, cars or other vehicles, or personal allowances were granted, please describe the nature and cost of assets, their rental rates calculated based on actual or fair value, and details on petrol and other subsidies. If personal drivers were allocated, please make a footnote disclosure of the salaries made to these driver, but do not count them as part of the beneficiaries' remuneration. The salary expense recognized in accordance with IFRS 2, "Share-Based Payment", including ESO, RS, and participation in subscription of new shares for raising capital, etc.

Note 6: For the directors who are also employees (including President, Vice President, managers, and staff) of the Company in the most recent year with remuneration received (including stock and cash), the remuneration amount to employees resolved in the board meeting in the most recent year should be disclosed. If the remuneration amount cannot be estimated, the amount to be distributed this year is to be estimated proportionally to the actual amount distributed last year; also, Attachment 1.3 should be filled out.

Note 7: The disclosure should cover all companies included in the consolidated financial statements (including The Company); present the total amount of remuneration paid by all companies above to The Company's Directors.

Note 8: The amount of remuneration made by The Company to each Director is disclosed separately in amount ranges.

Note 9: The total amount of remunerations to each director of the Company under the consolidated financial statement (including the Company) shall be disclosed with the disclosure of the names of the directors falling in relevant brackets.

Note 10: Corporate earnings shall be the net income after taxation. If IFRS has already been adopted, corporate earnings shall be the net income after taxation of individual entities or individual financial statements.

Note 11: a. In this field, fill out the remuneration the company director collected from the reinvestment except the subsidiary or the parent company. (Fill out "None" if this is not available.) b. When a director receives remuneration from an investee other than a subsidiary or from the parent, the amount of such remuneration shall be combined in column I of the Increments of Remuneration table, and the column shall be renamed "Parent or All Investees." c. Remuneration refers to any returns or the parent, compensation (including remuneration to Employees, Directors and Supervisors), professional fees etc which The Company's Directors have received for serving as

directors, supervisors, or managers in invested businesses other than subsidiaries.

* The basis of remuneration disclosed above is different to the basis required by the income tax law; hence the above table has been prepared solely for information disclosure, and not for tax purposes.

(II) Supervisors' remuneration Dismissed

Unit: NTD thousands

Title	Name	Remuneration to Supervisors						Total sum of A, B and C and their proportion to net income after tax (Note 8)		Collect the remuneration from the reinvestment except the subsidiary or the remuneration from the parent company (Note 9).
		Director fees (A) (Note 2)		Remuneration (B) (Note 3)		Fees for services rendered (C) (Note 4)				
		The Company	All companies mentioned in the financial statements (Note 5)	The Company	All companies mentioned in the financial statements (Note 5)	The Company	All companies mentioned in the financial statements (Note 5)	The Company	All companies mentioned in the financial statements	
Supervisor	CHANG, HUNG-YUAN	0	0	717	717	70	70	787 /0.09%	787 /0.09%	None
Supervisor	CHIEN, CHIN-CHENG	0	0	717	717	70	360	787 /0.09%	1,077 /0.13%	None

Note 1: Supervisors' names should be presented separately (for corporate shareholders, state separately the name of the corporate shareholder and its representatives); the amount of benefits and allowances can be presented in aggregate sums.

Note 2: Refers to the remuneration (including salary, job-related allowance, severance pay, various bonuses, incentives, etc.) paid to the supervisors in the latest year.

Note 3: Please fill in the amount of remuneration to supervisors resolved in the most recent board meeting.

Note 4: Refers to compensations for services rendered (including travel, special allowances, various subsidies, accommodation, corporate vehicle and other items). If houses, cars or other vehicles, or personal allowances were granted, please describe the nature and cost of assets, their rental rates calculated based on actual or fair value, and details on petrol and other subsidies. If personal drivers were allocated, please make a footnote disclosure of the salaries made to these driver, but do not count them as part of the beneficiaries' remuneration.

Note 5: The disclosure should cover all companies included in the consolidated financial statements (including The Company); present the total amount of remuneration paid by all companies above to The Company's Supervisors.

Note 6: The amount of remuneration made by The Company to each Supervisor is disclosed separately in amount ranges.

Note 7: The amount of remuneration made by the consolidated entity as a whole (including The Company) to each Supervisor is disclosed separately in amount ranges.

Note 8: Corporate earnings shall be the net income after taxation. If IFRS has already been adopted, corporate earnings shall be the net income after taxation of individual entities or individual financial statements.

Note 9: a. this field must state any form of remuneration the Supervisor has received from The Company's invested businesses other than subsidiaries or from the parent (if not, please fill in "none").. b. When a supervisor receives remuneration from an investee other than a subsidiary or from the parent, the amount of such remuneration shall be combined in column D of the Increments of Remuneration table, and the column shall be renamed "Parent or All Investees." c. Remuneration refers to any returns or the parent, compensation (including remuneration to employees, directors, and supervisors), professional fees etc which The Company's Supervisors have received for serving as directors, supervisors, or managers in invested businesses other than subsidiaries.

* The basis of remuneration disclosed above is different to the basis required by the income tax law; hence the above table has been prepared solely for information disclosure, and not for tax purposes.

(III) President's and Vice Presidents' remuneration

Unit: NTD thousands

Title	Name	Salary (A) (Note 2)		Pension (B)		Bonuses and allowances etc. (C) (Note 3)		Remuneration to the employees (D) (Note 4)				% of the sum of A to D in the net profit after tax (%) (Note 8)		Remuneration received from the invested companies other than the subsidiaries and the parent company (Note 9)
		The Company	All companies shown in the financial report (note 5)	The Company	All companies shown in the financial report (note 5)	The Company	All companies shown in the financial report (note 5)	The Company		All companies shown in the financial report (note 5)		The Company	All companies mentioned in the financial statements (Note 5)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	WANG, CHIN-PO	14,048	15,706	517	517	0	0	3,562	0	3,562	0	18,127 /2.18%	19,785 /2.38%	None
President, Financial Management Center	CHUNG, HSING- PO													
Vice President of Commercial	Shih Chen Li													
Vice President of Overseas Business	Kai Le Yuan													

Note 1: Disregarding position titles. All such job positions including general manager, vice general managers (e.g., President, Chief Executive Officer (CEO), Superintendent....) shall be disclosed.

Classification of remuneration

The brackets of remunerations to all Presidents and Vice Presidents of the Company	Name of Presidents and Executive Vice Presidents	
	The Company (Note 6)	All companies shown in the financial report (note 7) E
Less than 1,000,000	None	None
1,000,000(inclusive)~2,000,000 (exclusive)	None	None
2,000,000(inclusive)~3,500,000 (exclusive)	Kai Le Yuan	Kai Le Yuan
3,500,000(inclusive)~5,000,000 (exclusive)	WANG, CHIN-PO; Li, Shih-Chen	Shih Chen Li
5,000,000(inclusive)~10,000,000 (exclusive)	CHUNG, HSING- PO	WANG, CHIN-PO; CHUNG, HSING- PO
10,000,000(inclusive)~15,000,000 (exclusive)	None	None
15,000,000(inclusive)~30,000,000 (exclusive)	None	None
30,000,000(inclusive)~50,000,000 (exclusive)	None	None
50,000,000(inclusive)~100,000,000 (exclusive)	None	None
100,000,000 above	None	None
Total	4 persons	4 persons

- Note 1: The names of the President and Vice Presidents should be presented separately; the amount of benefits and allowances can be presented in aggregate sums. If the board director is also the President or Vice President of the Company, please fill in this table and table (1-1) or (1-2).
- Note 2: Refers to salaries, work subsidies, and severance pay made to the General manager and Vice Presidents in the latest year.
- Note 3: Refers to other compensations such as bonuses, incentives, travel allowances, special allowances, various subsidies, accommodation, corporate vehicle or other items made to the President and Vice Presidents. If houses, cars or other vehicles, or personal allowances were granted, please describe the nature and cost of assets, their rental rates calculated based on actual or fair value, and details on petrol and other subsidies. If personal drivers were allocated, please make a footnote disclosure of the salaries made to these driver, but do not count them as part of the beneficiaries' remuneration. The salary expense recognized in accordance with IFRS 2, "Share-Based Payment", including ESO, RS, and participation in subscription of new shares for raising capital, etc.
- Note 4: Please fill in the remuneration amount to the President and Vice President resolved in the board meeting in the most recent year (including stock and cash). If the remuneration amount cannot be estimated, the amount to be distributed this year is to be estimated proportionally to the actual amount distributed last year; also, Attachment 1.3 should be filled out. Corporate earnings shall be the net income after taxation. If IFRS has already been adopted, corporate earnings shall be the net income after taxation of individual entities or individual financial statements.
- Note 5: The disclosure should cover all companies included in the consolidated financial statements (including The Company); present the total amount of remuneration paid by all companies above to The Company's President/Vice Presidents.
- Note 6: The amount of remuneration made by The Company to its President/Vice Presidents is disclosed separately in amount ranges.
- Note 7: The total remunerations to each President and Vice President of all companies in the consolidated financial statements (including the Company), and disclose the names of these Presidents and Vice Presidents in relevant brackets along the scale of remunerations.
- Note 8: The net profits after tax refer to the net profits after tax of the most recent year for stand-alone or unconsolidated financial statements. Note 9: a. this field must state any form of remuneration the President and Vice Presidents has received from The Company's invested businesses other than subsidiaries or from the parent (if not, please fill in "none").. b. When a president or vice president receives remuneration from an investee other than a subsidiary, the amount of such remuneration shall be combined in column E of the Increments of Remuneration table, and the column shall be renamed "Parent and All Investees." c. Remuneration refers to any returns or the parent, compensation (including remuneration to Employees, Directors and Supervisors), professional fees etc which The Company's President/Vice Presidents have received for serving as directors, supervisors, or managers in invested businesses other than subsidiaries.
- * The basis of remuneration disclosed above is different to the basis required by the income tax law; hence the above table has been prepared solely for information disclosure, and not for tax purposes.

Name of the managers received remuneration and the distribution of remuneration

December 31, 2021; Unit: NT\$ thousand

	Title (Note 1)	Name (Note 1)	Stock	Cash	Total	As a percentage of net profit after tax (%)
Manager	President	WANG, CHIN-PO	0	4,425	4,425	0.53
	President, Financial Management Center	CHUNG, HSING- PO				
	Vice President of Commercial	Shih Chen Li				
	Vice President of Overseas Business	Kai Le Yuan				
	Chief accountant	HUANG, YA-CHUAN				
	Corporate Governance Officer	Su Mei Huang				

Note 1: The name and job title of each individual should be disclosed; however, the distribution of earnings can be disclosed aggregately.

Note 2: Please fill in the remuneration amount to the managers resolved in the board meeting in the most recent year (including stock and cash). If the remuneration amount cannot be estimated, the amount to be distributed this year is to be estimated proportionally to the actual amount distributed last year. Corporate earnings shall be the net income after taxation. If IFRS has already been adopted, corporate earnings shall be the net income after taxation of individual entities or individual financial statements.

Note 3: According to Notice Tai-Tsai-Cheng-3-0920001301 dated 27 March 2003, the following managerial roles are subject to reporting:

- (1) President or equivalent
- (2) Vice President or equivalent
- (3) Assistant Manager or equivalent
- (4) Head of Finance
- (5) Head of Accounting
- (6) Any other authorized signatories involved in The Company's administrative affairs

Note 4: If the Directors, President, and Vice President have received remuneration (including stock and cash), in addition to filling out Attachment 1.2, this form must be filled out too.

(IV) Individually explain and compare the total remunerations to the directors, supervisors, presidents, and vice presidents of the Company and the companies in the consolidated financial statements in the last 2 years in proportion to the corporate earnings of individual entities or individual financial statements and the analysis and description of the policy, standard, and combination, decision-making procedure of the remunerations, and the association with operation performance and risks of the future.

1. The ratio of the total remuneration paid to the Company's directors, supervisors, President, and Vice President in the last two years to the net income on the standalone or individual financial report

Item	110		109	
	The Company (%)	All companies mentioned in the financial statements (%)	The Company (%)	All companies mentioned in the financial statements (%)
Remuneration to Directors and Supervisors	1.78%	2.06%	1.70%	1.96%
President's and Vice Presidents' remuneration	2.18%	2.38%	0.90%	1.08%
Reason for difference	The remuneration amount distributed to the directors and supervisors in 2021 was increased from the year of 2020. The number of President and Vice President appointed in 2021 was increased by 2 persons from the year of 2020; therefore, the ratio was increased too.			

2. Remuneration policy, standard, and combination

- (1) An amount more than or less than 2% of the earnings, if any, should be appropriated as compensation to employees and directors, respectively. Such appropriation is based on the profit of the Company; therefore, it is closely related to operating performance. Also, the Company's Remuneration Committee will have the remuneration reviewed annually to determine its reasonableness, and then have it

submitted to the Board of Directors for discussion.

- (2) The remuneration for presidents and vice presidents was appropriated and their salaries were adjusted in accordance with the company's regulations. In addition, the amount of profit sharing for employees was assessed carefully in accordance with the actual status of our operational performance.
3. Procedures for determining remuneration and its correlation with the operating performance and future risks
In our procedure for stipulating the remuneration to directors, supervisors, President and Vice President, we perform appraisal based on our "Performance evaluation standard for directors, supervisors, and managers, and the policy, system, standard and structure of remuneration." Besides referring to the overall operation performance, future operational risk in industry and development trend, we offer reasonable remuneration based by referring to personal performance achievement rate and personal contribution to company performance. Relevant performance appraisal and remuneration rationality have been reviewed by the Remuneration Committee and the Board. We always review the remuneration system depending on the actual operation and relevant regulations at the right time to seek balance between corporate sustainable operation and risk control.

IV. Corporate governance:

(I) The operation of the Board of Directors

The Board called 7 (A) meetings in the latest year. The attendance of directors is specified as follows:

Title	Name (Note 1)	Actual number of attendance (B)	Attend through proxy	Attendance rate (%) (B/A) (Note 2)	Remarks
Chairman	WANG, CHIN-PO	6	1	86%	Second term Re-election on 07/30/2021
Director	WANG, CHIUNG-FEN	5	2	71%	Second term Re-election on 07/30/2021
Director	SHIH, MING-HAO	7	0	100%	Second term Re-election on 07/30/2021
Director	WU, AI-YUN	7	0	100%	Second term Re-election on 07/30/2021
Director	CHIEN, CHIN-CHENG	3	0	100%	Successor Re-election on 07/30/2021
Director	CHANG, HUNG-YUAN	3	0	100%	Successor Re-election on 07/30/2021
Director	CHEN, CHING-JUNG	3	1	75%	Former Re-election on 07/30/2021
Independent director	LIN, HSUAN-CHU	7	0	100%	Second term Re-election on 07/30/2021
Independent director	SHYU, SO-DE	3	0	100%	Successor Re-election on 07/30/2021
Independent director	CHUANG, PI-HUA	3	0	100%	Successor Re-election on 07/30/2021
Independent director	LI, MING-HSIEN	4	0	100%	Former Resignation on 07/20/2022

Other notes:

I. For the operation of the Board of Directors in any of the following circumstances, please specify the date, term, the contents of the proposals, the opinions of all independent directors, and the process of the opinions proposed by the independent directors:

(I) On issues stated in Article 14-3 of the Securities and Exchange Act

Date and session of board meetings	Agenda	Opinion of independent director	Handling of opinions
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15 th meeting of the 9 th Board of Directors Mar 17, 2021	1. The 2020 effectiveness evaluation of the internal control system and the Statement of Internal Control System. 2. Replacement of the CPA that does the Company's external audit, due to the accounting firm's internal job rotation.	No objection	Not applicable
17 th Meeting of the 9 th Board of Directors May 14, 2021	1. We amended the "Internal Control System and "Enforcement Rules of Internal Audit." 2. We endorse and guarantee the contract renewal for our subsidiary "Neweb Technologies Co., Ltd."	No objection	Not applicable
2 nd meeting of the 10 th Board of Directors Aug. 11, 2021	1. New addition of "Internal Control System" and "Internal Audit Regulations."	No objection	Not applicable
3 rd Meeting of the 10 th Board of Directors Nov. 10, 2021	1. New addition of "Internal Control System" and "Internal Audit Regulations." 2. We endorse and guarantee the contract renewal for our subsidiary "Neweb Technologies Co., Ltd."	No objection	Not applicable

(II) Except for the aforementioned matters, the resolutions reached by the Board of Directors with the objections or reservations of the independent directors documented or declared in writing: None.

II. The avoidance of the conflict of interest by the Directors on related motions, specify the names of the Directors, the content of the motions, the principle of the avoidance of the conflict of interest, and the participation in casting the ballots:

Board meeting time	The name of the director who have themselves recused due to a conflict of interest	Agenda	Nature of conflicting interests	Voting decision
16 th Meeting of the 9 th Board of Directors 2021/04/28	Chairman: WANG, CHIN-PO Director: WANG, CHIUNG-FE Director: SHIH, MING-HAO Director: WU, AI-YUN Independent director, LIN, HSUAN-CHU	List of candidates nominated for directors (including independent directors) and reviewed by the Board of Directors	Directors who have a conflict of interest in certain proposals shall have themselves recused	The directors on the list had themselves recused from proposals discussion and voting due to a conflict of interest in accordance with the assigned review order, and the remaining directors present had the proposals passed unanimously.
2 nd Meeting of the 10 th Board of Directors 2021/08/11	Independent Director, SHYU, SO-DE Independent director, LIN, HSUAN-CHU Independent director,	Proposal to hire Remuneration Committee members.	Directors who have a conflict of interest in certain proposals shall have themselves recused	The aforementioned recused directors did not participate in the proposal discussion and voting, and the remaining directors present had the proposals passed

III. Listed and OTC companies shall disclose the interval, period, scope, method and content of evaluation, of the self (or peer) evaluation, and fill out Table 2 (2) Board Evaluation:

- (I) Evaluation interval and period: The Board of Directors shall carry out the internal board performance evaluation at least once a year, to be completed before the end of the first quarter of the following year, based on the evaluation procedure and indicators stipulated in the regulations.
- (II) Scope of evaluation: Board performance evaluation Board director performance evaluation Functional committee member performance evaluation
- (III) Evaluation method: The performance evaluation is carried out in a way that after the end of the year, the meeting affairs team of the Board will determine the weighted average ratings of the Board performance based on the weighted indicators, and then report the result to the Board.
- (IV) Evaluation content: The indicators shall be established based on the corporate operations and business needs that determine the appropriate operational objectives suitable for the performance evaluation.

(V) Implementation status of board evaluation

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Evaluation performed once a year	January 1 to December 31, 2021	Board of Directors	Executive unit of the Board meetings Self-evaluation	Level of participation in the corporate operations, quality of decision-making, structural constituent, member appointment and continuous learning, and internal control.
Evaluation performed once a year		Self-evaluation of individual Board members	Self-evaluation of individual Board members	Grasp of corporate goals and tasks, recognition of responsibilities, level of participation in corporate operations, internal relationship build-up and idea exchange, professionalism and continuous learning, and internal control etc.
Evaluation performed once a year		Functional Committees Self-evaluation	Self-evaluation of members	Participation in the Company's operations, recognition of functional committee's responsibilities, improving the decision-making quality of the functional committee, the composition of the functional committee and the selection of members, and internal control.

The performance evaluation result of the Board of Directors and functional committees in 2021 was "Excellent."

IV. Evaluate goals and status of strengthening the board's job functions in the past few years.

1. Enhance BOD operating efficiency: On Nov 10, 2021, BOD passed the proposal to amend the "Procedural Rules for the Meeting of Board of Directors" to reinforce the implementation of the "Rules," convene board meetings according to the "Rules," maintain evidence with full-range recording, produce meeting minutes in detail, and keep constant track on the implementation of resolutions made by at the board meeting to demonstrate the efficiency of board meetings.
2. Enrich the professional knowledge of directors and supervisors: We proactively encourage directors to receive further education. Apart from informing directors and supervisors of the

information regarding courses in relation to governance, we hire instructors to give courses for them at the company.

3. Establish the Remuneration Committee: We have established a remuneration committee. Committee members will assess the fairness of the salary and remuneration for directors, supervisors and manager before submitting to BOD for review.
4. Enhance information transparency: We implement the spokesperson system and instantaneously disclose information that may affect shareholders and stakeholders in real time and update the information on the corporate website.

Note 1: For institutional Directors and Supervisors, disclose the names and the representative of institutional shareholders.

Note 2: The date of resignation must be specified for Directors or Supervisors who had resigned prior to the close of the financial year. The percentage of actual attendance (%) should be calculated based on the number of Board of Directors meeting held during active duty and the number of actual attendance.

Where an election may be held for filling the vacancies of director or supervisor before the end of the fiscal year, list out both the new and the discharged directors and supervisors, and specify if they are the former director or supervisor, or newly elected, re-elected and the date of the election. Their attendance (%) at the Board session shall be calculated on the basis of the actual number of sessions held and the number of sessions they attended.

(II) Implementation of the Audit Committee or supervisors' participating in the operation of the Board of Directors:

1. Operation of the Audit Committee:

The Auditing Committee has convened for 2 times in the most recent year (A). The attendance of the independent directors is shown below:

Title	Name	Actual number of attendance (B)	Attend through proxy	Attendance rate (%) (B/A) (Note)	Remarks
Independent director (convener)	SHYU, SO-DE	2	0	100%	Formed on 07/30/2021
Independent director	LIN, HSUAN-C HU	2	0	100%	
Independent director	CHUANG, PI-HUA	2	0	100%	

Other notes:

- I. If any of the following is applicable to the operation of the Audit Committee, specify the date, the series of the session, the content of the motions, the resolutions of the Audit Committee and the response of the Company to the opinions of the Audit Committee:

(I) On issues stated in Article 14-3 of the Securities and Exchange Act.

Audit Committee Date, term of office	Agenda	Committee members' opinions	Handling of opinions
1 st Meeting of the 1 st Audit Committee 2021/08/11	1. New addition of "Internal Control System" and "Internal Audit Regulations."	No objection	Not applicable
2 nd Meeting of the 1 th Audit Committee 2021/11/10	1. New addition of "Internal Control System" and "Internal Audit Regulations." 2. Issues for audit plans in 2022. 3. We endorse and guarantee the contract renewal for our subsidiary "Neweb	No objection	Not applicable

(II) In addition to the aforementioned motions, other motions without the approval of the Audit Committee but with the resolution of more than 2/3 of the Board of Directors.

Notes: Not applicable.

II. The avoidance of the conflict of interest by the independent directors on related motions, specify the names of the independent directors, the content of the motions, the principle of the avoidance of the conflict of interest, and the participation in casting the ballots:

Notes: Not applicable.

III. The communication between the Independent Directors and the Chief Internal Auditor and the certified public accountants (including the communications related to the financial position and state of operation of the Company, in materiality, the means of communications, and the result).

(I) Policies for the communication between independent directors, chief internal auditor, and CPAs

Supervisors of this company are free to communicate with the internal audit chief and accounting chief regarding the company's financial and sales performance and attend board meetings as a guest to listen to the business reports presented by directors and the management and participate in discussion and decision-making.

The internal audit chief shall submit an audit report to the independent directors in the next month after completing an audit. The audit chief shall attend board meetings as a guest to present an audit report.

Independent directors and the internal audit chief, and accountants shall attend at least one regular meeting (or through official letters) each year to understand the audit planning and the key audit items and the financial status and internal audit control of the group, and independent directors and supervisors may contact the internal control chief and accountants any time.

Present the certified financial report, earnings distribution proposal, and business report at the end of each fiscal year to the Audit Committee for review with a review report issued.

(II) Summary of communication between independent directors and the internal audit chief:

Date	Main points of communication	Opinions and results
2021/03/17	Internal control report on the defects audited between October 2020 and January 2021 and their improvements.	Acknowledged
2021/05/14	Internal control report on the defects audited between February 2021 and March 2021 and their improvements.	Acknowledged
2021/08/12	Internal control report on the defects audited between April 2021 and June 2021 and their improvements.	Acknowledged
2021/11/10	Internal control report on the defects audited between July 2021 and September 2021 and their improvements.	Acknowledged
2021/11/10	1. Effectiveness of the 2021 internal audit program 2. Issues for audit plans in 2022.	1. Acknowledged 2. Submitted to the Board of Directors for resolution

(III) Summary of the communication conducted between independent directors and CPAs:

Date	Main points of communication	Opinions and results
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2021/07/30	attend the shareholders' meeting.	CPA Zhen-Li Chen presented at the meeting:
2021/11/10	1. The responsibilities of the Governance Unit 2. Audit scope and approach 3. The 2021 Risk Assessment (including key audit matters) 4. Independence	Acknowledged

2. Participation of supervisors in the operation of the board meeting:

The Board called 4 (A) meetings in the latest year. The attendance of directors is specified as follows:

Title	Name	Actual number of attendance (B)	Attendance rate (%) (B/A) (Note)	Remarks
Supervisor	CHANG, HUNG-YUAN	4	100%	Former 2021/07/30 Establish an Audit Committee
Supervisor	CHIEN, CHIN-CHENG	4	100%	

Other notes:

I. The organization of supervisors and their duties:

(I) Communication (e.g. channels and methods of communication) between supervisors and employees and shareholders:

Description: Supervisors of this company are free to check on the company's sales and financial performance and communicate with employees and shareholders by phone, by email, or in person.

(II) Supervisors' communication with Internal Audit Officer and CPAs (for example, the matters, methods, and results of communication regarding the Company's finance, business operation, etc.)

Description: Supervisors of this company are free to communicate with the internal audit chief and accounting chief regarding the company's financial and sales performance and attend board meetings as a guest to listen to the business reports presented by directors and the management and participate in discussion and decision-making.

The internal audit chief shall submit an audit report to the independent directors and supervisors in the next month after completing an audit. The audit chief shall attend board meetings as a guest to present an audit report. Independent directors, supervisors, the internal audit chief, and accountants shall attend at least one regular meeting (or through official letters) each year to understand the audit planning and the key audit items and the financial status and internal audit control of the group, and independent directors and supervisors may contact the internal control chief and accountants any time.

II. Where the supervisors shall attend the meetings of the Board as observers, and may have opinions, specify the date of the meeting, the term of the Board, the content of the motions, the resolutions of the Board, and the response to the opinions of the supervisors.

Notes: Not applicable.

(III) How The Company's actual governance differs from The Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and why

Items for evaluation	Actual governance (Note)			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
1. Will the Company based on the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies set up and disclose the Company's corporate governance best-practice principles?	✓		To establish sound corporate governance, the Company has set forth the "Corporate Governance Code" and disclosed it on the Public Information Observatory and our corporate website.	No significant difference
2. Shareholding structure and shareholders' equity (1) Will the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly? (2) Will the Company possess the list of the Company's major shareholders and the list of the ultimate controllers of the major shareholders? (3) Will the Company establish and implement the risk control and firewall mechanisms with the related parties? (4) Will the Company set up internal norms to prohibit insiders from utilizing the undisclosed information to trade securities?	✓ ✓ ✓ ✓		(1) Apart from establishing the Rules of Procedure for Shareholders Meetings" and hiring a stock transfer agent to handle shareholder service, we have assigned spokespersons, public relations staff, and stock service staff to handle related affairs. In case of legal affairs, we will refer them to the Legal Affairs Division. (2) We have hired a professional stock transfer agent to take care of the changes in the list of shareholders and maintain close contact with major shareholders. (3) Through the internal control system and the subsidiary supervision regulations, we review operations periodically. In addition, the audit unit supervises the effectiveness of implementation regularly. (4) We have established the "Code of Ethical Conduct." Insiders shall abide by laws and regulations in relation to insider trading and shall not engage in securities trade with undisclosed information.	No significant difference
3. The constitution and obligations of the board of directors (1) Has the Board of Directors established a diversity policy, set goals, and implemented them accordingly?	✓		(1) Our "Regulations for Directorial and Supervisorial Elections" specify the directorial election and BOD structure shall be considered in accordance with the company's style of operations and the diversity of development needs, including, without limitation, gender, age, nationality, culture, professional background, professional skills, and field experience. BOD appoints employees by talent. Fulfillment of board members diversification:	No significant difference

Items for evaluation	Actual governance (Note)			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
<p>(2) Will the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?</p> <p>(3) Has the Company formulated “The Procedures for the Company’s Board Performance Evaluation” and evaluation method, conducted a performance evaluation annually and regularly, reported the results of the performance evaluation to the Board of Directors, and applied it for reference in determining individual director’s remuneration and nomination for renewal?</p> <p>(4) Will the Company have the independence of the public accountant evaluated regularly?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<div data-bbox="952 391 1601 694"> <p>董事成員年齡分布</p> <p>董監事專業能力分布</p> </div> <p>There are 9 directors in the Company’s Board of Directors (including 3 independent directors). There are 2 female directors in the 10th term of the Board of Directors; also, all board directors are all citizens of the Republic of China. The Board members have professional backgrounds in law, accounting and finance, and each of them possesses professional expertise of operational judgment, accounting and financial analysis, operation management, crisis handling, industrial knowledge, international market vision, as well as leadership and decision-making capabilities, to manifest a diversified complementary efficacy.</p> <p>(2) We have established the Remuneration Committee and Audit Committee as required by law. We will establish other kinds of functional committees based on business needs.</p> <p>(3) In accordance with the “Regulations on Board Evaluation” approved by the Board of Directors, the regular self-evaluation of the Board and its members, functional committees was inceptioned in 2021, and the result will be submitted to the Board and used as a reference to the appointment or nomination of Board members.</p> <p>(4) We hire CPAs from the Taiwan branch of one of the Big Four. BOD assesses the Independence of CPAs every year and requests them to submit a “Statement of Independence.” Currently, all CPAs in service are independent. Please see the CPA Independence Assessment Sheet in Note 1.</p>	

Items for evaluation	Actual governance (Note)			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
4. Does a public company equip an appropriate number of eligible governance personnel and assign the governance office to take charge of company's governance affairs (including, without limitation, providing directors and supervisors with the data required for business operations, assistance for the legal compliance of directors and supervisors, handling affairs related to holding a board meeting or a general meeting of shareholders and producing minutes for board meetings and general meetings of shareholders)?	✓		<p>(1) To implement corporate governance and the function of the Board, the Board agrees to hire Huang Su Mei, the Assistant Vice President of Department of financial administration, as the corporate governance officer. Huang has over three years of experience in management work at public companies, including finance, stock affairs and discussion.</p> <p>(2) The corporate governance officer is primarily responsible for corporate governance matters and servers as the board secretary. The main responsibilities include "carrying out tasks associated with the Board and Shareholders' Meeting according to the law," "creating the meeting minutes of the Board and Shareholders' Meeting," "assisting directors and supervisors with taking office and continuing education," "providing information directors and supervisors needed for operation," "helping directors and supervisors with compliance," and "other tasks stipulated according to the articles of incorporation or contract."</p> <p>(3) The following describes the implementation of company governance matters in 2021:</p> <ol style="list-style-type: none"> 1. Assist directors and supervisors in carrying out their duties, provide them with the required data, and arrange further education for them. 2. We provide information directors and supervisors needed for operation and assist them with compliance. 3. Assist with the procedure of board meetings and meetings of shareholders and the legal compliance of resolutions. <ol style="list-style-type: none"> (1) Report the effectiveness of governance to the BOD, independent directors, and supervisors; confirm the legal compliance and compliance with the governance best practice principles of the convening of meetings of shareholders and board meetings. (2) Assist directors in legal compliance while carrying out their duty and making board resolutions, and remind directors of illegitimate resolutions. (3) Review the material information for disclosures on important resolutions after a board meeting and ensure the legitimacy and accuracy of material information to maintain information symmetry of investors. 4. Maintain investor relations: Arrange exchange and communication activities for directors and major shareholders, institutional investors, and general shareholders as necessary for investors to acquire sufficient information to assess the fair value of the enterprise in the capital market and maintain the 	No significant difference

Items for evaluation	Actual governance (Note)			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			<p>rights and interests of shareholders.</p> <p>5. Draw up the board meeting agenda and notify directors seven days in advance. Convene the board meeting and supply meeting data. Remind directors of proposals requiring avoidance of the conflict of interest. Complete the meeting minutes within 20 days after the board meeting.</p> <p>6. Complete the advance registration of the date of the meeting of shareholders; and produce the meeting notice, handbook of the meeting of shareholders, and meeting minutes within the regulatory time limits; and complete the change registration after an amendment to the Articles of Incorporation and director re-election.</p> <p>7. We open continuing education courses</p> <p>(4) Corporate governance executive's training The continuing education for a total of 17 hours was completed in 2021, please refer to Note 3 for details.</p>	
5. Has the Company established a communication channel with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and responded appropriately to the important corporate social responsibilities concerned by the stakeholders?	✓		We have established a spokesperson system to address related matters. We have also set up a stakeholder section on the corporate website and assigned related departments and different entities (including stakeholders) to establish communication channels	No significant difference
6. Has the Company commissioned a professional stock service agent to handle shareholders affairs?	✓		The Company has appointed Yuanta Securities Co., Ltd., an independence of professional stock service agent, to handle shareholders affairs.	No significant difference
<p>7. Disclosure of information</p> <p>(1) Does the Company have a website setup and the financial business and corporate governance information disclosed?</p> <p>(2) Has the Company adopted other information disclosure methods (such as, establishing an English website, designating a responsible person for collecting and disclosing information of the Company, substantiating the spokesman system, placing the juristic person seminar program on the Company's website, etc.)?</p> <p>(3) Has the Company announced and declared its financial report within 2 months after the end of the fiscal year, and announced and declared the quarterly financial</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) We have established a corporate website to fully disclose information in relation of finance, sales, and governance. Website: https://www.soft-world.com</p> <p>(2) We have appointed responsible staff to gather and disclose information by law, hoping to instantaneously disclose information that may affect the decision-making of shareholders and stakeholders. We have also assigned suitable personnel to be the spokesperson and deputy spokesperson by law.</p> <p>(3) As statutorily regulated, the Company has announced and reported the financial statements for the first, second and third quarters, as well as the monthly operations, within the stipulated timeframe.</p>	No significant difference

Items for evaluation	Actual governance (Note)			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
report of Q1, Q2, and Q3 and the monthly business report before the deadline?				
8. Is there any other material information (including, without limitation, the following) that will help stakeholders understand governance practices at the company? 1. Employees' rights 2. Care for the employees 3. Investor Relations 4. Supplier Relations 5. Stakeholders' rights 6. Continuing education of directors and supervisors 7. Implementation of risk management policies and risk measurement standards 8. Implementation of customer policies 9. The liability insurance obtained for directors and supervisors by the Company	✓		1. We have established an employee welfare system to maintain the rights and interests of employees. 2. We abide by the law and maintain employee safety: e.g. workplace safety and employee bodily safety. 3. We have established the Public Relations Division to maintain shareholders relations, protect the rights and interests of investors, and fulfill our responsibilities for shareholders. 4. We always maintain sound supplier relations. 5. We have set up a stakeholder section on the corporate website for stakeholders to communicate with and make recommendations for the company, in order to maintain their legal rights and interests. 6. Further education of directors and supervisors. Please see details in Note 2. 7. Prior to implementing important proposals, such as important operational policies, investment projects, endorsements/guarantees, and lending, the responsible departments will assess and analyze such proposals and submit to BOD for approval. The Audit Division also draws up the annual audit program to exercise the supervision mechanisms and control and manage all kinds of risk. 8. We maintain sound customer relations to create profit for the company. 9. To enforce governance, protect the rights and interests of all shareholders, and to reduce operational risk, we have purchased liability insurance for directors, supervisors, and officers as of 30 October 2017 and report to BOD every year.	No significant difference
9. Please describe the improvement performed according to the corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange in recent years, and propose the matters with priority for improvement and the respective measures. (The companies that are not subject to an evaluation do not need to fill out this form.) The Company has carried out corporate governance self-evaluation in accordance with the competent authority's requirements and will continue to strengthen the practice. In 2021, the Company had improved the items that were not given evaluation scores, and will continue to strengthen the practice.				

Note: Whether the company selects “Yes” or “No” in the operation condition, it should explain the situation in the summary space.

Note 1: CPA Independence Assessment Sheet

(1)	Did CPAs hired by this company work at this company two years before engagement or within one year after retirement?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
(2)	Do CPAs hired by this company recommend the stocks or other securities issued by this company?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
(3)	Are CPAs hired by this company financed or guaranteed by this company?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
(4)	Do CPAs hired by this company co-invest or share profit with this company?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
(5)	Are CPAs hired by this company a director, a supervisor, or an officer of this company or will this influence their duty significantly or conflict with the interest of this company?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
(6)	Are CPAs hired by this company involved with the management with decision-making power of this company?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
(7)	Are CPAs hired by this company a spouse, a lineal relative by blood or by marriage, or a collateral relative by blood within the second degree of a member of the management of this company?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
(8)	Do CPAs hired by this company solicit business with direct or indirect suggestion of relationship of a specific kind or with interest?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
(9)	Do CPAs hired by this company take commission from external companies or individuals in relation to the business of this company?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
(10)	The Statement of Independence obtained from CPAs every year.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Note 2: Continued education of directors and supervisors

Title	Name	Training date		Organizer	Course name	Training hours	Total continuing education hours of the year	Whether the training had complied with policies
		Start	End					
Director	WANG, CHIN-PO	2021/11/10	2021/11/10	Securities and Futures Institute	Blockchain technology development and business model	3.0	6.0	Yes
		2021/08/11	2021/08/11		Corporate Social Responsibility (CSR, ESG) Model for Corporate Governance Evaluation	3.0		
Director	WANG, CHIUNG-FEN	2021/09/07	2021/09/07	Taiwan Corporate Governance Association	Corporate governance and securities regulation	3.0	12.0	Yes
		2021/08/23	2021/08/23	Taiwan Corporate Governance Association	The impact of COVID 19 on Corporate Governance 3.0 and Directors' Obligations and Responsibilities	3.0		
		2021/08/11	2021/08/11	Securities and Futures Institute	Corporate Social Responsibility (CSR, ESG) Model for Corporate Governance Evaluation	3.0		
		2021/05/12	2021/05/12	Taiwan Corporate Governance Association	Corporate Sustainability Accelerator - CSR, ESG, and SDG	3.0		
Director	SHIH, MING-	2021/12/15	2021/12/15	Taiwan Listed Companies Association	Grasp international trend to develop new opportunities	1.5	14.0	Yes

	HAO	2021/11/24	2021/11/24	Taiwan Listed Companies Association	Shipping and Economic Recovery	1.5		
		2021/11/19	2021/11/19	Taiwan Listed Companies Association	Opportunities and Prospects of Taiwan's Industrial Development in 2021	2.0		
		2021/11/15	2021/11/15	Taiwan Listed Companies Association	ESG international trends and digital tactics	2.0		
		2021/10/14	2021/10/14	Taiwan Listed Companies Association	Cross-Strait Economic and Trade Prospect under the new circumstance	2.0		
		2021/09/15	2021/09/15	Taiwan Listed Companies Association	Taiwan Industrial M&A and Transformation Innovation	2.0		
		2021/05/07	2021/05/07	Independent Director Association Taiwan	In-depth analysis of the true meaning of financial reports from the perspective of the Chairman	3.0		
Director	CHIEN, CHIN-CHENG	2021/11/10	2021/11/10	Securities and Futures Institute	Blockchain technology development and business model	3.0	12.0	Yes
		2021/08/23	2021/08/23	Taiwan Corporate Governance Association	The impact of COVID 19 on Corporate Governance 3.0 and Directors' Obligations and Responsibilities	3.0		
		2021/08/11	2021/08/11	Securities and Futures Institute	Corporate Social Responsibility (CSR, ESG) Model for Corporate Governance Evaluation	3.0		
		2021/05/12	2021/05/12	Taiwan Corporate Governance Association	Corporate Sustainability Accelerator - CSR, ESG, and SDG	3.0		
Director	CHANG, HUNG-YUAN	2021/11/10	2021/11/10	Securities and Futures Institute	Blockchain technology development and business model	3.0	18.0	Yes
		2021/09/01	2021/09/01	Financial Supervisory Commission	The 13 th Taipei Corporate Governance Forum	6.0		
		2021/08/26	2021/08/26	Taiwan Investor Relations Institute	The strategy and practice of home-coming funds from overseas and the management and practice of anti-tax avoidance	3.0		
		2021/08/11	2021/08/11	Securities and Futures Institute	Corporate Social Responsibility (CSR, ESG) Model for Corporate Governance Evaluation	3.0		
		2021/01/21	2021/01/21	Taiwan Stock Exchange Corporation	The 1 st listed company independent director function briefing	3.0		
Director	WU, AI-YUN	2021/11/10	2021/11/10	Securities and Futures Institute	Blockchain technology development and business model	3.0	6.0	Yes
		2021/08/11	2021/08/11		Corporate Social Responsibility (CSR, ESG) Model for Corporate Governance Evaluation	3.0		
Independent director	SHYU, SO-DE	2021/11/10	2021/11/10	Securities and Futures Institute	Blockchain technology development and business model	3.0	9.0	Yes
		2021/09/01	2021/09/01	Financial Supervisory Commission	The 13 th Taipei Corporate Governance Forum	3.0		
		2021/08/11	2021/08/11	Securities and Futures	Corporate Social Responsibility (CSR, ESG) Model for	3.0		

				Institute	Corporate Governance Evaluation			
Independent director	LIN, HSUAN-CHU	2021/11/10	2021/11/10	Securities and Futures Institute	Blockchain technology development and business model	3.0	9.0	Yes
		2021/09/01	2021/09/01	Financial Supervisory Commission	The 13 th Taipei Corporate Governance Forum	3.0		
		2021/08/11	2021/08/11	Securities and Futures Institute	Corporate Social Responsibility (CSR, ESG) Model for Corporate Governance Evaluation	3.0		
Independent director	CHUANG, PI-HUA	2021/11/10	2021/11/10	Securities and Futures Institute	Blockchain technology development and business model	3.0	6.0	Yes
		2021/11/02	2021/11/02	Taiwan Corporate Governance Association	Business operation and crisis management	3.0		

Note 3: Corporate governance executive's training

Training date		Organizer	Course name	Training hours	Total continuing education hours of the year	Whether the training had complied with policies
Start	End					
2021/02/24	2021/02/24	Securities and Futures Institute	Discussion on Human Resource in Enterprise M&A Process and M&A integration subject	3.0	17	Yes
2021/08/11	2021/08/11		Corporate Social Responsibility (CSR, ESG) Model for Corporate Governance Evaluation	3.0		
2021/08/31	2021/08/31	Taipei Exchange	2021 TPEX Sustainable Upgrade Online Forum	2.0		
2021/09/01	2021/09/01		13th Taipei Corporate Governance Forum	6.0		
2021/11/10	2021/11/10	Securities and Futures Institute	Blockchain technology development and business model	3.0		

(IV) If the Company has established the Remuneration Committee, disclose the composition, function and state of operation

1. Information on the members of the Remuneration Committee

March 31, 2021

<div> <div>By identity</div> <div>Condition</div> <div>(Note 1)</div> <div>Name</div> </div>		Professional qualification and experience (Note 2)	Independence Criteria (Note 3)	Number of public companies where the members of the Remuneration Committee are also the members of the remuneration committees of these companies
Independent director Convener	SHYU, SO-DE	<p>Audit Committee members with accounting or financial expertise</p> <p>More than five years of sales experience related to the Company's business operation</p> <p>Former Professor, Department of Finance, Vice Dean, College of Management, National Sun Yat-sen University; President of Takming University of Science and Technology</p> <p>Not under any of the categories stated in Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> 1. The principal, spouse, and relatives within the second degree of kinship do not serve as directors, supervisors, or employees of the Company or the Company's affiliated enterprises; 2. The principal, spouse, and relatives within the second degree of kinship (or held in the name of others) do not hold any shares or have any shareholding ratio of the Company; 3. Not serving as a director, supervisor, or employee of a company that has a specific relationship with the Company (please refer to Article 6, Paragraph 1, Subparagraphs 5~8 of the "Regulations Governing the Appointment and Exercise of Power by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange"); 4. No remuneration received for providing business, legal, financial, accounting, and other services to the Company or the Company's affiliated enterprises in the last two years. 	1

Independent director Committee	LIN, HSUAN-CHU	Audit Committee members with accounting or financial expertise More than five years of sales experience related to the Company's business operation Current the Professor, Department of Accountancy and Graduate Institute of Finance, National Cheng Kung University Not under any of the categories stated in Article 30 of the Company Act.	<ol style="list-style-type: none"> 1. The principal, spouse, and relatives within the second degree of kinship do not serve as directors, supervisors, or employees of the Company or the Company's affiliated enterprises; 2. The principal, spouse, and relatives within the second degree of kinship (or held in the name of others) do not hold any shares or have any shareholding ratio of the Company; 3. Not serving as a director, supervisor, or employee of a company that has a specific relationship with the Company (please refer to Article 6, Paragraph 1, Subparagraphs 5~8 of the "Regulations Governing the Appointment and Exercise of Power by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange"); 4. No remuneration received for providing business, legal, financial, accounting, and other services to the Company or the Company's affiliated enterprises in the last two years. 	1
Independent director Committee	CHUANG, PI-HUA	Audit Committee members with accounting or financial expertise A certified public accountant with more than five years of work experience related to the Company's business operation Current Principal CPA, Haps Consulting Ltd. & CPAs Not under any of the categories stated in Article 30 of the Company Act.	<ol style="list-style-type: none"> 1. The principal, spouse, and relatives within the second degree of kinship do not serve as directors, supervisors, or employees of the Company or the Company's affiliated enterprises; 2. The principal, spouse, and relatives within the second degree of kinship (or held in the name of others) do not hold any shares or have any shareholding ratio of the Company; 3. Not serving as a director, supervisor, or employee of a company that has a specific relationship with the Company (please refer to Article 6, Paragraph 1, Subparagraphs 5~8 of the "Regulations Governing the Appointment and Exercise of Power by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange"); 4. No remuneration received for providing business, legal, financial, accounting, and other services to the Company or the Company's affiliated enterprises in the last two years. 	2

Note 1: **Professional qualification and experience:** Describe the professional qualification and experience of each individual Remuneration Committee member.

Note 2: **Compliance with the requirement of independence:** Please state the independence of Remuneration Committee members, including but not limited to whether they, their spouse, or relatives within the second degree of kinship serve as directors, supervisors, or employees of the Company or its affiliates; the number of Company's shares and shareholdings held by the Remuneration Committee members, their spouses, and relative in the second degree of kinship (or in the name of others); whether they are directors, supervisors, or employees of other companies that have a specific relationship with the Company (please refer to Article 6, Paragraph 1, Subparagraphs 5~8 of the "Regulations Governing the Appointment and

Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange”), and whether they provide commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company within the last 2 years.

Note 3: Please refer to the website of Corporate Governance Center, Taiwan Stock Exchange for best practices for the disclosure method.

2. Information on the operation of the Remuneration Committee

- (1) The Remuneration Committee of the Company is consisted of 3 persons.
- (2) The tenure of current members of the committee: August 11, 2021 to July 30, 2024. The committee has held 3 sessions lately (A). The qualification of the members and attendance to meetings are shown below:

Title	Name	Actual number of attendance (B)	Attend through proxy	Attendance rate (%) (B/A) (Note)	Remarks
Independent director	LI, MING-HSIEN	2	0	100%	1. Original convenor 2. Dismissed on 07/30/2021
Independent director	SHYU, SO-DE	3	0	100%	Second term Incumbent convener
Independent director	LIN, HSUAN-CHU	3	0	100%	Second term
Independent director	CHUANG, PI-HUA	1	0	100%	Newly appointed on 08/11/2021

3. The duties of the Remuneration Committee

The Committee shall exercise the due care of a good administrator to faithfully execute the following job functions and submit proposals to the Board for discussion. However, the remunerations of supervisors shall be proposed to the Board for discussion.

- (1) Establish the performance evaluation standards for directors, supervisors and executives, as well as the policies, systems, standards and structure of salaries and remunerations, to be disclosed in the annual report.
- (2) Establish and regularly review the salaries and remunerations of directors, supervisors and executives, and the individual salary and remuneration shall be determined based on the evaluation results by the standards.

Other notes:

1. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, the date, term of office, proposal content, resolutions of the Board of Directors, and the Company’s handling of the opinions of the Remuneration Committee (for example, when the remuneration approved by the Board of Directors is superior to the recommendations of the Remuneration Committee, the differences and reasons should be detailed) shall be stated: Not applicable to the Company this year.
2. If there is any member expressing a dissent or observation in writing or documented against the matters resolved by the Remuneration

Committee, the date, term of office, proposal content, the opinions of all members, and the handling of the said opinions by the Remuneration Committee shall be stated: Not applicable to the Company this year.		
3. Important Remuneration Committee resolutions:		
Date	RE:	Resolution
6 th Meeting of the 4 th Remuneration Committee on March 17, 2021	1. Review of the proposal on the 2020 earnings distribution for directors, supervisors, and employees.	All members attended the meeting passed the proposal as is.
7 th Meeting of the 4 th Remuneration Committee on May 14, 2021	1. Amended the “Remuneration Committee Charter.”	
1 st Meeting of the 5 th Remuneration Committee on November 10, 2021	1. Amended the “Remuneration Committee Charter.” 2. Amended the case of “Performance evaluation for directors, and the policy, system, standard and structure of remuneration.” 3. Assess the policy, system, standard, and structure of the performance evaluation and remuneration of officers. 4. Discussion the 2022 work plan of the Remuneration Committee.	
2 nd Meeting of the 5 th Remuneration Committee on March 16, 2022	1. Review of the proposal on the 2021 earnings distribution for directors, supervisors, and employees.	

- Note: (1) If specific member of the Remuneration Committee resigned before the end of the fiscal year, specify the date of departure in the field of Remarks, the attendance rate to committee meetings (%) basing on the actual attendance to committee meetings during his or her term of office in proportion to the total number of committee meetings held in the same period.
- (2) Before the end of the fiscal year, new members were elected to the Remuneration Committee to fill the vacancies left behind by the members with tenure expired. Specify both the details of the new and former members of the committee in the field of “Remarks” as original term, new term, or renewed term, and the date of the election. The actual attendance rate (%) shall be calculated on the basis of the total number of meetings and the actual number of meetings attended by the member during his/her term of employment.

(V) The promotion and operation of the sustainable development and its differences from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons:

In addition to game development, we spare no effort to implement corporate social responsibilities, such as consumer rights and interest and social welfare, in order to contribute to society in a timely fashion.

Promotion item	Status of implementation (Note 1)			Deviation and causes of deviation from the Corporate <u>Sustainable Development</u> Best-Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary	
1. Has the Company established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the Board of Directors to be handled by senior management, and the supervision situation of the Board of Directors?	✓		1. The Company’s Financial Management Center is responsible for promoting sustainable development, and the CSR team is organized by the relevant departments. 2. The Company’s implementation: (1) The Company’s “Corporate Social Responsibility Best Practice Principles” was resolved by the Board of Directors on March 22, 2017. The Chairman had instructed the Financial Management Center to be responsible for the relevant tasks; also, it was renamed as “Sustainable Development Best Practice Principles” on March 16, 2022. (2) The Company’s CSR team formulates strategic goals and develops specific and feasible work targets for implementation based on the major issues screening procedures and results every year. The CSR team selected and identified the major issue for consideration one by one in 2021, and confirmed the impact and importance of the issues according to the influence of stakeholders, and then disclosed the contents. (3) The Financial Management Center shall report the promotion results to the Board of Directors at least once a year. 3. The Company’s Board of Directors actively supervises the sustainable development and corporate governance results.	No significant difference
2. Does the company assess the risk of environmental, social, and governance (ESG) issues in relation to corporate operations based on the materiality	✓		1. The Company’s risk assessment boundary includes all the subsidiaries in the Company’s consolidated financial statements. 2. The Company reviews the characteristics of business and operations to have risks classified as financial risks, operational risks, human resources risks, information security risks (personal information risks), regulatory compliance risks, climate	No significant difference

principles and establish policies or strategies in relation to risk management? (Note 2)			change risks, etc. in accordance with the principle of materiality. The Company formulates corresponding measures in response to relevant possible risks by regularly assessing the risks of various business activities in order to prevent risks from emerging, and to monitor, adjust, and optimize continuously, so to minimize the frequency and impact of risks, to protect the interests of stakeholders, to increase the Company’s value, and to optimize the Company’s resource allocation. Please refer to Note 3 for related information.																								
3. Environmental Issues (1) Does the Company have an appropriate environmental management system established in accordance with its industrial character?	✓		1. The Company is not engaged in a manufacturing industry; therefore, climate risk has no actual impact on the Company. The Company has made efforts to utilize resources efficiently, reduce the impact on the environment, reduce the impact of rising electricity bills and carbon neutral policies, and respond to trends and relevant laws and regulations actively. 2. We are a manufacturer, and ISO 140001 thus does not apply to this company.	No significant difference																							
(2) Is the Company committed to improving the efficiency of resource utilization and using recycled materials with low impact on the environment?	✓		There is no harmful pollutant resulted from the business operation directly due to the characteristics of the industry. However, in terms of the electricity consumed in the information equipment room and by the employees in performing their routine work, although no contribution can be made in carbon reduction, the Company fully supports the government’s carbon reduction policy.	No significant difference																							
(3) Does the Company evaluate the potential risks and opportunities of climate change to the Company now and in the future, and take countermeasures to respond to climate related issues?	✓		We are not in manufacturing industry. The main potential risks we encountered are in environmental and operational aspects. To mitigate and adapt with changes incurred by climate changes, we adopt equipment with higher efficiencies to lower the operational cost.	No significant difference																							
(4) Did the Company produce statistics on the GHG emissions, water consumption, and total waste in the last two years? Has the company established policies for GHG reduction, water conservation, and waste management?	✓		<div>1. Statistics for the last two years</div> <table><tr><th rowspan="2">Item</th><th colspan="2">Year</th></tr><tr><th>2021</th><th>2020</th></tr><tr><td>Electricity consumption unit in KWH</td><td>2,050,010 degrees</td><td>2,027,786 degrees</td></tr><tr><td>CO2/kg resulted from the use of electricity</td><td>1,029,105 kg</td><td>1,017,949 kg</td></tr><tr><td>Tap water consumption unit in degree</td><td>11,983 degrees</td><td>13,565 degrees</td></tr><tr><td>CO2/kg resulted from the use of water</td><td>1,821 kg</td><td>2,062 kg</td></tr><tr><td>Consumption of paper / sheet</td><td>1,070,000 board lots</td><td>941,000 board lots</td></tr><tr><td>Number of trees cut / tree</td><td>128.4 trees</td><td>112.9 trees</td></tr></table>	Item	Year		2021	2020	Electricity consumption unit in KWH	2,050,010 degrees	2,027,786 degrees	CO2/kg resulted from the use of electricity	1,029,105 kg	1,017,949 kg	Tap water consumption unit in degree	11,983 degrees	13,565 degrees	CO2/kg resulted from the use of water	1,821 kg	2,062 kg	Consumption of paper / sheet	1,070,000 board lots	941,000 board lots	Number of trees cut / tree	128.4 trees	112.9 trees	No significant difference
Item	Year																										
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			<p>Calculation reference: © About 0.00012 tree is cut for the production of 1 sheet of paper.</p> <p>2. The Company has formulated the “Energy saving and carbon reduction, greenhouse gas reduction, water consumption reduction, or other waste management policies.”</p> <p>(1) Environmental and sustainable management goals: The Company is engaged in a low-pollution business. Although the Company cannot contribute to carbon reduction, the Company fully supports the government’s carbon reduction policy. The Company controls electricity and water consumption and reviews the efforts annually with a target set to reduce the electricity and water consumption by 1% after 3 years. The Company enhances the green energy environment and improves the concept of energy saving and sustainable development.</p> <p>(2) Promoting measures and achievements: Arrange employee training courses to promote the Company’s effort in energy saving. The light fixture in the office area is changed to LED lamps, and eliminates unnecessary lamps and reduces such use according to the brightness needed at the workplace. Substantiate the practice of turning off the lights when leaving the office area/meeting room. The colleague who is the last one to leave the office shall check to make sure that all lights and air conditioners are off. Reduce unnecessary power consumption. Post a water saving slogan on the side of the sink. Issue notices to employees by email. Use electronic invoices and substantiate environmental sustainability. New Year’s Card is replaced with E-cards. Paper is recycled and reused. Internal documents are photocopied with the use of recycled paper to reduce paper consumption. Reduce unnecessary meetings or switch to video conferences. The meeting information is presented with projectors instead of a hardcopy. The document delivery between the head office and branch office (subsidiary) is made together with the cargo delivered by the freight Company collectively on a daily basis in order to reduce the carbon footprint of transportation. Smoking is prohibited in offices and all spaces in the building to reduce air pollution. Colleagues are encouraged to bring their own utensils and to reduce the use of disposable utensils. Garbage sorting is mandatory so to enhance resource recovery efficiency.</p> <p>3. The relevant calculation data is based on the calculation reference published by the Bureau of Energy, Ministry of Economic Affairs. Although the information has not been verified by a third party, the Company has made the “Greenhouse Gas Reduction and Management Act” the indicator to move towards a green</p>	
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			environment and to fulfill the Company's corporate responsibility.	
4. Social issues (1) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	✓		In order to fulfill corporate social responsibilities and safeguard the basic human rights of all employees, the Company agrees to follow voluntarily the "United Nation's Universal Declaration of Human Rights (UDHR)," "The United Nations Global Compact," "United Nations Guiding Principles on Business and Human Rights," "International Labour Organization (ILO)," and other internationally recognized Human rights standards, to cease all violations and breaches of human rights, and to comply with labor-related laws and regulations where the Company operated. The Company actively performs specific improvement plans to mitigate human rights risks, creates an excellent working environment, and takes the following measures: 1. Human rights due diligence investigation process 2. Human rights protection training practices: The Company promotes relevant laws and regulations for compliance at the Company's orientations, provides sexual harassment prevention courses, substantiates workplace bullying prevention briefing, and offers a complete series of occupational safety training.	No significant difference
(2) Has the company established and implemented reasonable employee welfare measures (including remuneration, leave, and other benefits) and appropriately reflected business performance and achievements in the remuneration for employees?	✓		1. Employee welfare measures: The salary, vacation, and other benefits for the Company's employees at all levels are not different due to gender and race; also, a working environment with equal pay for equal work is provided. 2. Operating performance or results are reflected in the employee remuneration policy and its implementation: The Company distributes year-end bonuses, performance incentives, spring party, New Year gifts, etc., depending on the operating performance of the Company taking as a whole. The Company appropriated 5% of the net income before tax as compensation to employees in 2021 for a total amount of NT\$52,187,000.	No significant difference
(3) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	✓		1. Measures for employee safety and health at workplace, and the education policy for employees and its implementation: The Company actively cares for the physical and mental health of employees with a professional medical and health institution entrusted to give employee a health checkup every year in accordance with the frequency and budget superior to the requirements of the "Regulations of the Labor Health Protection." 2. The Company regularly arranges contracted occupational physicians to provide in-patient services and to provide employees with timely assistance and health advice. 3. The number of employee occupational accidents, the number of employees involved in such occupational accidents, the ratio to the total number of employees in the current year, and the related improvement measures: There is	No significant difference

			not any employee occupational accident occurred in this year.											
(4) Does the Company have an effective career capacity development training program established for the employees?	✓		<div>We encourage employees of all departments to apply for external professional training to enrich their career skills. We also encourage employees to assess their interest, skills, value, and goals to make future career planning.</div> <table><tr><th>Type</th><th>Training development content</th></tr><tr><td>New recruits Education and training</td><td>Training programs are arranged to help new recruits understand the Company’s systems and regulations promptly.</td></tr><tr><td>Occupational safety and health Education and training</td><td>The health management, occupational disease prevention, health promotion, and other labor health protection measures are arranged to prevent occupational disasters and to ensure the safety and health of workers.</td></tr><tr><td>External training</td><td>The Company selects personnel to participate in the training seminars on government regulations or the training programs arranged by external training institutions.</td></tr><tr><td>Within the department On-job training</td><td>At the work site, through the guidance of supervisors or senior colleagues in the implementation of practical work, learn the skills and knowledge required for the work.</td></tr></table>	Type	Training development content	New recruits Education and training	Training programs are arranged to help new recruits understand the Company’s systems and regulations promptly.	Occupational safety and health Education and training	The health management, occupational disease prevention, health promotion, and other labor health protection measures are arranged to prevent occupational disasters and to ensure the safety and health of workers.	External training	The Company selects personnel to participate in the training seminars on government regulations or the training programs arranged by external training institutions.	Within the department On-job training	At the work site, through the guidance of supervisors or senior colleagues in the implementation of practical work, learn the skills and knowledge required for the work.	No significant difference
Type	Training development content													
New recruits Education and training	Training programs are arranged to help new recruits understand the Company’s systems and regulations promptly.													
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Within the department On-job training	At the work site, through the guidance of supervisors or senior colleagues in the implementation of practical work, learn the skills and knowledge required for the work.													
(5) Does the Company comply with relevant laws and regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services, and establish relevant customer rights protection policies and complaint procedures?	✓		The Company has had a customer service unit, the consumer rights and interests protection policy, and grievance procedures in place; also, a “stakeholders” section designated to provide customers with a channel for questions, complaints, and suggestions. The Company bases on the principle of good faith to properly handle and give feedback in order to protect the rights and interests of consumers and customers. The Company continues to improve quality and dedicates to the customer service management and optimization, and treats customer feedback with appreciation and patience. The Company also engages in a 24-hour monitoring mechanism so to cooperate with the police in handling and preventing frauds and to fulfill social responsibilities.	No significant difference										
(6) Has the company established policies for management to request suppliers to comply with the relevant laws and regulations of environmental protection, occupational safety and health, and labor	✓		<div>1. Supplier management policies and related compliance specifications: The Company cooperates with suppliers to substantiate corporate social responsibility. At the time of signing contracts with suppliers, the attached supplier sustainability statement shall also be signed.</div> <div>2. Describe the implementation of the supplier management policies and related compliance specifications: When signing contracts with the major suppliers, if the Company found that the supplier has violated its own corporate social</div>	No significant difference										

human rights? Does the company keep track on the implementation of such policies?			responsibility policy, which has a significant impact on environmental protection, occupational safety and health, or labor human right, it is proposed to have the business transactions ceased temporarily or permanently.	
5. Did the company, following internationally recognized guidelines, prepare and publish reports such as its <u>sustainable</u> report to disclose non-financial information of the company? Did the company apply for assurance or guarantee of such reports to a third-party certification body?	✓		Although the Company's report is without the assurance or guarantee of an independent certification unit obtained; however, the "Sustainable Development Best Practice Principles" is formulated. The "2020 Corporate Social Responsibility Report" with reference to the internationally accepted regulations governing the preparation of report is also prepared to disclose the Company's non-financial information; also, the contents are provided and compiled by all departments of the Company. The report information is compiled and disclosed to the public. °	No significant difference
6. If the company has its own code of <u>Sustainable Development</u> based on the " <u>Sustainable Development</u> Best Practice Principles for TWSE/TPEX Listed Companies", please describe the implementation and its discrepancies from the best practice principles: no major discrepancy.				
7. Other important information to facilitate better understanding of the Company's implementation of <u>sustainable development</u> : (1) As a domestic game developer, we encourage more talent to join technology and art creation in recognition of Kwoh-ting Li's contribution to Taiwan's economic miracle. Aiming to capacitate the industry, we began to sponsor all cash prizes for the digital game category of the KT Awards for technology and art creation competitions in 2014 has been nine consecutive years, in order to cultivate technology and art talent, and promote game industry innovation and creative talent. (2) We are devoted to enhancing the local industry in Kaohsiung and cultivate professional technical talents. Since 2018, we have collaborated with 20 universities on academia industry internship four years in a row, including National Pingtung University, National Yunlin University of Science & Technology, National Kaohsiung Normal University, National Kaohsiung University of Science and Technology, National Taitung University, National Chiayi University, National Formosa University, Tainan National University of the Arts, University of Science and Technology of China, Wenzao Ursuline University of Languages, Cheng Shiu University, Tungfang Design University, Southern Taiwan University of Science and Technology, Kun Shan University, Chang Jung Christian University, Shih Chien University Kaohsiung Campus, Shu-Te University, Yu Da University of Science, Technology and Ling Tung University, Tainan University of Technology and Mingdao High School. There were 36 students recruited for the first class (2018 school year) with a year long "3D Game Art" internship arranged. In addition to passing on professional industry knowledge and practical opportunities to the interns, monthly scholarships, free dormitories, allowances, group insurances, and other benefits are also provided. Through solid courses, we focus our in-depth training on competencies required for industrial talents. Interns can work in Soft-World Group once they pass the internship completion appraisal. A total of 12 students became full-time employees in the first year (academic year of 2018), 30% of all the interns. We helped these interns achieve seamless transition from graduation to employment. We recruited 38 students in the second year (academic year of 2019) for the one-year internship. In addition to 3D game arts, our training covers multimedia production and music composition. We expect to bridge the industry academia gap significantly, and cultivate new industrial talents in the long run, to cultivate work-ready industrial professionals and increase overall competitiveness. In the meantime, we built a new base for international game design in Southern Taiwan and achieve a three-win situation for schools, students and corporations. Although there were only 17 students recruited for the third class (2020 school year) and the fourth class (2021				

school year) due to the impact of COVID-19, through a year-long internships, in addition to the fields of “3D game art,” “multimedia production,” and “music creation,” there are also the fields of “graphic design” and “recording production” provided. The Company while facing the prevalence of pandemic still strives to make contribution in cultivating new blood for the game industry. Also, the Company’s outstanding achievements in cultivating talents was awarded with the “Excellent Study Unit” of the “DIGI+ Talent” by the Industrial Bureau of the Ministry of Economic Affairs in 2020 and 2021. The “Witch Trainee” App game of the 2021 class project was ranked in the 3rd place in the “Global Digital Rising Star Award,” which was a great recognition to the Company’s long-term efforts in cultivating industrial talents.

(3) To fulfill our environmental CSR, we ban hazardous substances in RoHS in the major raw materials for production and disseminate this message to all departments to ensure our products can comply with the regulatory and customer requirements.

(4) In times of social emergency, we initiate donations and encourage employees to participate in social assistance.

Note 1: If a check is placed for “yes” of the implementation status, please specify the major policies, strategies, measures and implementation status that have been taken; If a check is placed for “no,” please explain the differences and reasons under the column for “Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor,” and specify the future plans for related policies, strategies, and measures.

Note 2: The materiality principle refers to the environmental, social and corporate governance issues which have a significant influence on the Company’s investors and other interested parties.

Note 3: The Company should conduct risk assessments on environmental, social and corporate governance issues related to the Company’s operations and formulate relevant risk management policies or strategies based on the principle of materiality.

Evaluation standards	Evaluation process	Evaluation results	Risk management policies
Financial risk	Global financial markets are changing dramatically; also, fluctuations in exchange rates, interest rates, and commodity prices will bring more challenges to the Company’s business operation.	Based on the capital needs and financing conditions needed by the Group at different stages of development, with the attempt of realizing lowest financing risks and costs, and comprehensively considering capital raising and capital investment, the Company does not operate exchange rate instrument; therefore, the Company is not affected by the drastic changes in exchange rates and interest rate taking place in the global financial market recently.	Control cash flow through the budget management system, added with various financial strategies, to avoid risk of losses.
Operational risk	The game market is changing rapidly. The Company faces challenges in business operation, such as, the quality of the game, the content and entertainment of the game, the stability of the system services, the game industry’s service attitude and speed to players, the protection of consumers’ personal data, etc.	<ul style="list-style-type: none"> Observe the development of related industries constantly, understand and grasp the needs of customers and terminal application users, collect relevant information to grasp market trends, and regularly report in business meetings for discussion. Take appropriate measures, properly manage operational risks, reduce corporate losses in a timely manner, and minimize damage to maintain the stability of corporate operations. 	Respond to the continuous technological innovation, upgrade technical capabilities, adapt to industrial changes, and adjust operating strategies.
Human Resources risks	The cultivation and recruitment of information security and software design and	<ul style="list-style-type: none"> Observe employee business trip and attendance, interactions with colleagues, and manpower inventory and audits. Optimize recruitment channels and processes, pay attention to 	Establish a talent database, enhance employees’ loyalty, recognition, and job satisfaction in order to

	development talents is not an easy task; furthermore, the severe competition in the industry and the attempt of recruiting technical personnel from each other can easily lead to a shortage of manpower and a gap in professional ability.	compensation and employee welfare measures of the industry, and strengthen employee care measures. • Plan and implement employee education and training to improve essential academic ability; also, employee benefits shall not be inferior to the requirements of labor laws and regulations.	reduce risks, such as, loss of talents, labor disputes, etc.
Information security risk	The risk of theft, tampering, or plagiarism by unauthorized personnel due to leakage of personal information, business secrets, and malicious programs.	Member information is strictly encrypted and kept. The use of member lists and analysis of requirements are subject to relevant management and control; also, the access to system data is recorded with a backed up regularly made for records.	The key items of relevant knowledge and information are included in the key audit matters and properly audited.
Compliance risk	The relevant internal control systems or management measures must be amended immediately in response to changes in government decrees or regulations; also, the administrative operations are performed in accordance with relevant specifications.	Each department shall have the relevant Operational Rules updated and amended according to the applicable laws and regulations within its business scope. The legal department also downloads the latest laws and regulations from relevant websites occasionally for the reference of the related departments in assessing risks and implementing them.	Formulate business strategies suitable to the Company in accordance with the governing laws and regulations.
Climate change risk	The surrounding environment may be sabotaged along with the global warming, resulting in the destruction of social economy and human activities and habits.	Regularly perform relevant tests, data reporting, announcements, etc. in accordance with laws and regulations, such as, environmental protection and energy management.	Effectively implement energy saving and carbon reduction, reduce carbon dioxide, substantiate the responsibility of a global citizen, and ensure that the green mountains stand tall forever.

(VI) The Company's integrity and measures taken to ensure service integrity:

Items for evaluation	Actual governance (Note)			Difference with other companies listed in TWSE/ GTSM in best-practice principles of business integrity
	Yes	No	Summary	
<p>1. The policy and plan of business integrity</p> <p>(1) Has the company established policies for ethical corporate management approved by the board of directors and stated such policies and practices in its regulations and external documents and in the commitment made by the board of directors and senior management to actively implement such policies?</p> <p>(2) Has the company established an assessment mechanism of risk from unethical behavior to regularly analyze and assess business activities with higher risk of involvement in unethical behavior and preventive programs for unethical behaviors containing at least the preventive measures stated in paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies?"</p> <p>(3) Has the company explicitly specify the operating procedure, code of conduct, punishment and grievance system for violation in the unethical conduct prevention plan? Has the company implemented the aforementioned operating procedure, code of conduct, punishment and grievance system for violation? Does the company review and amend the abovementioned plan regularly?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) To implement ethical corporate management. Therefore, we established the "Soft-World International Ethical Corporate Management Best Practice Principles" to prevent unethical conduct, prohibit any and all forms of bribery, corruption, extortion and embezzlement and prevent individual behaviors from damaging the interest and goodwill of the company, and ensure compliance with related laws and regulations and the code of ethical conduct for business. Our senior management and Board members are responsible for supervision based on integrity when performing the operation to create an operating environment for sustainable development.</p> <p>(2) The company is committed to implementing the unethical conduct prevention plan. Our "code of practice" specified unethical conducts including the "opportunistic, concealment, swindling, seeking of illegal profit." We have adopted preventive measures and promoted unethical conduct prevention to carry out the ethical management policy.</p> <p>(3) To prevent the risk of unethical behavior in business activities, we prohibit the offering and acceptance of bribes and illegal policy contribution. In the "Work Rules," we specify that employees will be dismissed when they "charge on credit in the name of the company for reasons unrelated to work," "embezzle transaction payments," or "procure in the name of the company or privately."</p>	No significant difference

Items for evaluation	Actual governance (Note)			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
<p>2. The Materialization of Business Integrity</p> <p>(1) Does the company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed?</p> <p>(2) Has the company set up a unit responsible for promotion of corporate ethical management under the Board? Does the company report its ethical management policy, unethical conduct prevention plan, and relevant supervision and implementation regularly (at least once a year)?</p> <p>(3) Does the Company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies?</p> <p>(4) Has the company built an effective accounting system or internal control system for implementation of ethical management? Has our internal audit unit drawn up relevant audit plans based on the result for evaluation of risk of unethical conduct? Has our internal audit unit checked the compliance to unethical conduct prevention plan according to the audit plan or authorized an accountant to perform the check?</p> <p>(5) Has the Company organized corporate management internal and external education and training programs on a regular basis?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) We do not include ethical conduct terms in business contracts. However, we do engage in business activities in conformity with the Company Act and other laws and regulations or laws and regulations in relation to business activities.</p> <p>(2) The President Office instructed relevant units to carry out corporate ethical management and report the implementation to the Board. No valid case of external or employee whistleblowing was handled and no major unethical conduct occurred in 2021.</p> <p>(3) We perform all of the operating activities according to law. We announce major news for information transparency as required by law. For proposals in the Board, the directors associated with the proposals strictly comply with the rules for avoidance of conflict of interest and do not participate in discussion or voting.</p> <p>(4) Our internal audit unit regularly analyzes and evaluates the risk of unethical conduct (annual self-evaluation report). We formulate relevant audit plans according to the result and schedule specialized check by accountants for exceptional situation.</p> <p>(5) We establish the employee training plan every year and arrange courses involving governance and ethical corporate management. In 2021, we arranged up to 69.5 hours of courses involving ethical corporate management for 139 employees.</p>	No significant difference

Items for evaluation	Actual governance (Note)			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
3. The operations of the Company's Report System (1) Does the Company have a specific report and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported? (2) Has the Company established the standard operation procedures for the investigation of complaints as reported, follow-up actions after the investigation, and related mechanisms for confidentiality? (3) Has the Company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?	✓ ✓ ✓		Punishment is specified in the Work Rules. (1) Employees can report unethical behaviors to the "suggestion box" or the "whistleblowing email" for the responsible personnel of the Financial Management Center to take over a case. (2) Our document and data, and the record and archive after survey, are treated as confidential documents. All staffs handled these information are responsible for full confidentiality on the process with their participation. (3) We ensure the anonymity of whistleblowers and that they are not treated improperly.	No significant difference
4. Enhancing Information Disclosure Has the company disclose the contents of the integrity management rules and its implementation effectiveness on its website and the Market Observation Post System?	✓		We have disclosed our the "Soft-World International Ethical Corporate Management Best Practice Principles" and related information on the corporate website and MOPS.	No significant difference
5. Where the Company may have establish its own business integrity best-practice principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies", and shall elaborate the practice of business integrity and the variations from the aforementioned regulation: No significant difference.				
6. Other important information about the corporate integrity operations: according to the decree issued by the Financial Supervisory Commission in the letter Jinguanzheng Fazi No. 1080307434 dated May 16, 2019, the Board approved the revision of the Corporate Integrity Code on March 25, 2020. (Such as the review and revision of the Corporate Integrity Code)				

Note: Whether the company selects "Yes" or "No" in the operation condition, it should explain the situation in the summary space.

(VII) If the company has formulated corporate governance principles and related articles, it shall disclose the way of inquiry: our website and TWSE.

(VIII) Other important information that is helpful in understanding the operation of corporate governance should also be disclosed.

A comprehensive corporate governance is the cornerstone of corporate sustainability. Therefore, the Company, as the first listed game software company and a leading brand in Taiwan, values the importance of ethical corporate management and corporate social responsibility, operates the business openly and transparently, complies with legal specification and requirements, and creates value and reduces risks in order to help establish a good corporate governance system, formulate relevant best practice principles, such as: “Corporate Governance Best Practice Principles,” “Ethical Corporate Management Best Practice Principles,” “Guidelines for the Adoption of Ethical Conduct,” and “Corporate Social Responsibility Best Practice Principles” for the compliance of the Company’s employees. In addition, in the “Corporate Governance Evaluation” announced by the Taiwan Stock Exchange, Soft-World International Corp. was ranked at the top always, which shows how much the Company’s corporate governance is appreciated.

(XI) Important Resolution of the Board of Directors as of the Publication Date of the Annual Report:

1. Major shareholders' meeting resolutions:

The 2021 annual general meeting of shareholders (AGM) was held at 9.30am on (Friday) July 30, 2021 at the Kaohsiung Ambassador Hotel (No. 202, Minsheng 2nd Road, Kaohsiung City).

◎ Important resolutions

- (1) Adoption of the 2020 final accounting books.
- (2) Acknowledging the Company's 2020 Earnings Distribution.
- (3) We passed the vote on the amendment of the articles of incorporation.
- (4) The proposal to amend the rules of procedure for the shareholders meeting was passed by votes.
- (5) The proposal to amend the rules of procedure for electing board directors and supervisors was passed by votes.
- (6) It was resolved to lift the non-compete restriction against the newly elected directors.

◎ Status of implementation:

- (1) Implementation of the important resolutions made at the board meetings were completed.
- (2) The 2020 earnings distribution proposal: cash dividend at NT\$6 per shares. The base date of distribution was set at Sep 4, 2021. Cash dividend was distributed on Sep 17, 2021.
- (3) All the directors (independent directors) were re-elected. The Company had 9 directors (including 3 independent directors) re-elected on July 30, 2021 and had the change registration completed with the Jin-Sun-Zi No. 11001138620 Letter received from the Ministry of Economic Affairs on August 10, 2021.

2. Major Board of Directors resolutions:

Time	Important resolutions
15 th Meeting of the 9 th Board of Directors 2021/03/17	<ol style="list-style-type: none"> 1. The 2020 effectiveness evaluation of the internal control system and the Statement of Internal Control System. 2. Replacement of the CPA that does the Company's external audit, due to the accounting firm's internal job rotation. 3. Review of the proposal on the 2020 earnings distribution for directors, supervisors, and employees. 4. The Company's 2020 Business Report and Financial Statements. 5. The Company's 2020 Earnings Distribution. 6. Amendments to the "Articles of Incorporation". 7. Amendments to Rules of Procedure for Shareholders Meetings. 8. Amendments to Regulations for Directorial and Supervisorial Elections. 9. Procedures for Election of Directors. 10. Motion of cancelling the non-compete restriction on the newly-elected directors 11. Acceptance of the proposals and nomination made by shareholders holding 1% of shares. 12. Discussion of the date and place of the 2021 general shareholders meeting. 13. Operational Plan for year 2021. 14. We amended the Rules for Performance Evaluation of the Board. 15. The proposal to set up the Audit Committee Charter.
16 th Meeting of the 9 th Board of	<ol style="list-style-type: none"> 1. List of candidates nominated for directors (including independent directors) and reviewed by the Board of Directors 2. Motion of cancelling the non-compete restriction on the newly-elected directors

Time	Important resolutions
Directors 2021/04/28	
17 th Meeting of the 9 th Board of Directors 2021/05/14	<ol style="list-style-type: none"> 1. Amended the “Remuneration Committee Charter.” 2. We amended the “Internal Control System and “Enforcement Rules of Internal Audit.” 3. We endorse and guarantee the contract renewal for our subsidiary “Neweb Technologies Co., Ltd.” 4. It is proposed to donate NT\$2 million to the “Soft-World Culture and Art Foundation” (hereinafter referred to as the “Foundation”).
18 th Meeting of the 9 th Board of Directors 2021/07/06	<ol style="list-style-type: none"> 1. Adjustment of the date and venue of the Company’s 2021 general shareholders’ meeting
1 st Meeting of the 10 th Board of Directors 2021/07/30	<ol style="list-style-type: none"> 1. New Chairman election.
2 nd Meeting of the 10 th Board of Directors 2021/08/11	<ol style="list-style-type: none"> 1. New addition of “Internal Control System” and “Internal Audit Regulations.” 2. The 2021Q2 earnings distribution proposal 3. The base date proposed for the Company’s 2021 cash dividend distribution 4. Proposal to hire Remuneration Committee members.
3 rd Meeting of the 10 th Board of Directors 2021/11/10	<ol style="list-style-type: none"> 1. New addition of “Internal Control System” and “Internal Audit Regulations.” 2. Issues for audit plans in 2022. 3. We endorse and guarantee the contract renewal for our subsidiary “Neweb Technologies Co., Ltd.” 4. We endorse and guarantee the contract renewal for our subsidiary “Neweb Technologies Co., Ltd.” 5. Amended the “Remuneration Committee Charter.” 6. Amended the case of “Performance evaluation for directors, and the policy, system, standard and structure of remuneration.” 7. Assess the policy, system, standard, and structure of the performance evaluation and remuneration of officers. 8. The 2021Q3 Earnings distribution proposal 9. The proposal to extend the expired performance bond limit. 10. Independence and suitability assessment of CPAs. 11. Amended the Rules and Procedures of Board of Directors Meetings. 12. Amendments to the “Rules Governing the Scope of Powers of Independent Directors” 13. Amended the Rules for Performance Evaluation of the Board. 14. Amended the Corporate Governance Best Practice Principles
4 th Meeting of the 10 th Board of Directors 2022/03/16	<ol style="list-style-type: none"> 1. The 2021 effectiveness evaluation of the internal control system and the Statement of Internal Control System. 2. We amended the “Internal Control System and “Enforcement Rules of Internal Audit.” 3. Review of the proposal on the 2021 earnings distribution for directors, supervisors, and employees. 4. The Company's 2021 Business Report and Financial Statements.

Time	Important resolutions
	5. The Company's 2021Q4 earnings distribution and proposed base date 6. Reporting on the distribution of 2021 earnings as cash dividends. 7. Amendments to the Code of Ethical Conduct. 8. Amendments to the "Articles of Incorporation". 9. Amendments to Rules of Procedure for Shareholders Meetings. 10. Regulations Governing the Acquisition and Disposal of Assets. 11. We made discussion and in our announcement we explicitly specified that we are willing to handle proposals from shareholders holding at least 1% of shares. 12. Discussion of the date and place of the 2022 AGM 13. Operational Plan for year 2022. 14. Amended the Corporate Governance Best Practice Principles 15. Amendments to Corporate Social Responsibility Best Practice Principles

- (XII) If the directors or supervisors have different opinions on the resolutions reached by the Board of Directors with a record or written statement made in the most recent year and up to the printing date of the annual report, please state the content of the opinion: None.
- (XIII) The summary of the resignation or dismissal of the Company's Chairman, President, Accounting Officer, Finance Officer, Internal Audit Officer, Corporate Governance Officer and R&D Director in the most recent year and up to the printing date of the annual report: None.

(IX) Internal control:

1. Declaration of Internal Control Policies

Soft-World International Corporation

Statement of Declaration of Internal Control System

Date: March 16, 2022

The Company's 2021 Internal Control System Declaration is declared as follows in accordance with the self-assessment results:

- I. The Company is aware that the establishment, execution, and maintenance of its internal control policies are the responsibilities of the Company's board of directors and managers. These policies were implemented throughout the Company. The purpose is to provide reasonable assurance on the achievement of operating effectiveness and efficiency (including profits, performance, and assets safeguarding), reporting matters with reliability, timeliness, and transparency, and compliance with the relevant law and regulations.
- II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company has based on the criteria of the internal control system effectiveness in the "Regulations Governing the Establishment of Internal Control System by Public Companies" (referred to as the Regulations" hereinafter) to determine the effectiveness of the internal control system design and implementation. The criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to "The Governing Principles" for details.
- IV. The Company adopted the abovementioned criteria to evaluate the effectiveness of its policy design and execution.
- V. The Company based on the assessment results in the preceding paragraph believes that the Company's internal control system (including the supervision and management of subsidiaries) as of December 31, 2021, including the achievement of operating effectiveness and efficiency, reporting matters with reliability, timeliness, transparency, and compliance with the relevant specifications, and the compliance with the relevant law and regulations, and the related internal control system design and implementation, is effective and is able to reasonably ensure achieving the above objectives.
- VI. This declaration forms part of the main contents of the company's annual report and prospectus, and shall be disclosed to the public. Any misrepresentation or concealment of the aforementioned disclosures shall be liable to violation of Articles 20, 32, 171 and 174 of the Securities and Exchanges Act and the legal consequences thereof.
- VII. The "Internal Control System Declaration" was resolved in the Board of Directors meeting on March 17, 2022 without any objection from any of the seven (9) attending Board Directors. The attending Board Directors approved the "Internal Control System Declaration" unanimously.

Soft-World International Corporation

Chairman and President: WANG, CHIN-PO

2. For the CPAs specifically commissioned to review the internal control system, the Independent Auditor's Report should be disclosed: None.
- (X) Major resolutions from general shareholders' meetings and board of directors meetings during the latest financial year, up to the publication date of this annual report: none.

V. Information on independent auditors' fees:

Monetary Unit: NT\$ Thousand

Firm Name	Certified Public Accountant Name	Certified Public Accountant Duration of Audit	Auditing fee	Non-Auditing fee	Total	Remarks
Deloitte & Touche	Chen-li Chen	2021.01.01-2021.12.31	4,580	200	4,780	Other NT\$200,000
	Kai-Ning Hsu					
	LAI, YUNG-FA	2021.01.01-2021.12.31		350	350	Tax attestation fee is NT\$250,000 and other service fee is NT\$100,000.
	CHANG, WEI-CHIEH			520	520	Transfer pricing service is NT\$510,000 and other service is NT\$10,000.

Note: If there is any CPA or CPA Firm being replaced in current year, the auditing period should be indicated separately and the reason for such replacement should be detailed in the remark column; also, the information regarding the audit and non-audit fee paid should be disclosed. The contents of non-audit service and fee should be detailed.

VI. Change of CPA:

(I) About the former CPA:

Date of replacement	A resolution by the Board on March 17, 2021.		
Reason for replacement and note	The Company's external auditing CPAs from Deloitte & Touche Chen-li Chen and Chiang Jia-Ling were placed by Chen-li Chen and Kai-Ning Hsu due to the accounting firm's internal job rotation.		
Termination or appointment rejection by the appointer or CPAs	Interested party	Certified Public Accountant	Appointer
	Condition		
	Active termination	Not applicable	Not applicable
	Appointment/reappointment rejection	Not applicable	Not applicable
Opinions in and reason for audit reports issued other than unqualified opinion in the last two years	None		
Disagreement with the issuer (Yes/No)	There is no disagreement		
Other disclosures (Disclosures deemed necessary under Article 10.6.1.4~ Article 10.6.1.7 of The Guidelines)	None		

(II) New CPAs:

Name of CPA firm	Deloitte & Touche
CPA Name	Chen-li Chen and Kai-Ning Hsu
Date of appointment	Approval by the Board resolution on March 17, 2021.

Consultancy and result before appointment concerning the accounting practices or principles for specific transactions and the opinions possibly offered on financial statements	Not applicable
New CPA's written opinion on the matters on which the former CPA had different opinions	Not applicable

(III) The former CPA reply to the three issues concerning Item 1 and 2-3, Paragraph 6, Article 10 of this Standard: No concerns.

VII. Any of the Company's Chairman, General Manager, or managers involved in financial or accounting affairs being employed by the auditor's firm or any of its affiliated company within the recent year: None.

VIII. Shareholding transfers and share collateralization within the latest year, up till the publication date of this annual report, initiated by directors, supervisors, managers and shareholders with more than 10% ownership interest:

(I) Shareholding changes of directors, supervisors, managers, and major shareholders

Title	Name	2021		By 22 Apr of the year.	
		Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares	Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares
Chairman and President, major shareholder	WANG, CHIN-PO	0	0	0	0
Director	WANG, CHIUNG-FEN	0	0	0	0
Directors (Note 1)	CHEN, CHING-JUNG	0	0	0	0
Director	SHIH, MING-HAO	0	0	0	0
Director	WU, AI-YUN	0	0	0	0
Directors (Note 2)	CHIEN, CHIN-CHENG	0	0	0	0
Directors (Note 2)	CHANG, HUNG-YUAN	0	0	0	0
Independent Director (Note 3)	LI, MING-HSIEN	0	0	0	0
Independent director	LIN, HSUAN-CHU	0	0	0	0
Supervisor (Note 1)	CHIEN, CHIN-CHENG	0	0	0	0
Supervisor (Note 1)	CHANG, HUNG-YUAN	0	0	0	0
Independent Director (Note 2)	SHYU, SO-DE	0	0	0	0
Independent Director (Note 2)	CHUANG, PI-HUA	0	0	0	0
President, Financial Management Center	CHUNG, HSING-PO	0	0	0	0
Chief accountant	HUANG, YA-CHUAN	0	0	0	0
Corporate Governance Officer	Su Mei Huang	0	0	0	0
Vice President	Kai Le Yuan	0	0	0	0
Vice President	Shih Chen Li	0	0	0	0

- Note 1: As he was the former director/supervisor before the director re-election at the AGM on July 30, 2021, the disclosure period of changes in shares should be January 1, 2021 to July 30, 2021.
- Note 2: It was a new appointment made on 07.30.2021; therefore, the disclosure of the change in equity was for the period from 07.30.2021 to 04.22.2022.
- Note 3: Ming-Hsien Li, an independent director, resigned on 07.20.2021; therefore, the disclosure of the change in equity was for the period from 01.01.2021 to 07.20.2021.
- (II) The counterparty of equity transfer is a related party:
1. Shares transfer by directors, supervisors, officers, and shareholders holding over 10% of the outstanding shares: NA.
- (III) The counterparty of equity pledge is a related party: None.

IX. Relationships among The Company's top ten shareholders including spouses, second degree relatives or closer:

Information on the relationship between the top ten shareholders April 22, 2022

Name (Note 1)	Own shareholdings		Shares Held by Spouse & Dependents		Shareholdings under the title of a third party		Spouse, Relative Of Second Degree Or Closer, Or Related Parties Defined In Statement Of Financial Accounting Standards No. 6 Among The Top Ten Shareholders; State Their Names And Relationships. (Note 3)		Remarks
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Name	Relation	
WANG, CHIN-PO	21,594,350	16.94%	3,083,208	2.42%	0	0	Xiu-yan Ke WANG, SHU-CHUAN	Husband and wife Brother and sister	None
Xingtian Technologies Corporation Investment Account in Custody of KGI Commercial Bank Co., Ltd.	11,391,000	8.94%	0	0	0	0	None	None	None
Zilong Venture Capital Co., Ltd.	8,913,000	6.99%	0	0	0	0	None	None	None
Zilong Venture Capital Co., Ltd. Representative: WANG, LEE-JUNG	281,428	0.22%	0	0	0	0	None	None	None
Taiwan Branch, Belize Yiqiao Development Co., Ltd.	6,243,000	4.9%	0	0	0	0	None	None	None
Taiwan Branch, Belize Yiqiao Development Co., Ltd. Representative: WANG, CHIN-MING	0	0%	0	0	0	0	None	None	None
Xiu-yan Ke	3,083,208	2.42%	21,594,350	16.94%	0	0	WANG, CHIN-PO	Husband and wife	None
Boju Financial Holdings Corporation Investment Account in Custody of Union Bank of Taiwan Co., Ltd.	2,965,000	2.33%	0	0	0	0	None	None	None
Bank SinoPac Company Limited	2,113,000	1.66%	0	0	0	0	None	None	None
Bank SinoPac Company Limited Representative: CHEN, CHIA-HSIEN	0	0%	0	0	0	0	None	None	None
CHENG, KUO-CHI	1,950,198	1.53%	0	0	0	0	None	None	None
Wanin International Co., Ltd.	1,828,000	1.43%	0	0	0	0	None	None	None
Wanin International Corporation Representative: Zheng-hao Xiao	0	0%	0	0	0	0	None	None	None
WANG, SHU-CHUAN	1,632,324	1.28%	0	0	0	0	WANG, CHIN-PO	Brother and sister	None

Note 1: Illustrate the top-ten shareholders. The name of the corporate shareholders and the name of its representative should be illustrated separately.

Note 2: The calculation of shareholding ratio refers to the shareholding ratio calculated in accordance with the shareholding of the shareholders, spouse, minor children, and in the name of others.

Note 3: Disclose the interrelationship of the shareholders listed above, including corporate investors and natural investors.

X. Investments jointly held by The Company, The Company's directors, supervisors, managers, and enterprises directly or indirectly controlled by The Company. Calculate shareholding in aggregate of the above parties:

Proportion of overall shareholding

Expressed in shares; NT\$ thousands; % December 31, 2021

Investee (Note)	Invested by The Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Combined investment	
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding
Chinese Gamer International Corporation	41,880,205	48.55%	1,207,346	1.40%	43,087,551	50.03%
Game Flier International Corporation	28,332,800	98.5%	0	0	28,330,027	98.5%
Soft-World (Hong Kong) International Corporation	3,883,558	100%	0	0	3,883,558	100%
Game First International Corporation	16,684,063	70%	0	0	16,684,063	70%
Global Concept Corporation	9,631,253	100%	0	0	9,631,253	100%
Zealot Digital International Corporation	8,904,162	99%	49,287	0.55%	8,953,449	99.5%
Zilong Venture Capital Co., Ltd.	10,528,453	13%	0	0	10,528,453	13%
Soft-World Technology Pte. Ltd.	390,000	100%	0	0	390,000	100%
Fast Distributed Cloud Computing (Taiwan) Co., Ltd.	2,495,628	90%	0	0	2,495,628	90%
Interactive Entertainment Technology Co., Ltd.	480,000	80%	0	0	480,000	80%
Dynasty International Information Co., Ltd.	1,460,610	86%	0	0	1,460,610	86%
Sofaman Technologies Co., Ltd. Note 2	-	-	-	-	-	-
Neweb Technologies Co., Ltd.	38,104,043	50%	1,549,984	6.5%	39,654,027	56.9%
Efun International Corporation	16,016,347	80%	0	0	16,016,347	80%
Lung Hsiang Investment Co., Ltd	25,000,000	44%	0	0	25,000,000	44%

Investee (Note)	Invested by The Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Combined investment	
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding
Celad Taiwan Inc.	477,273	32%	0	0	477,273	32%
Joy Children Technology Co., Ltd.	2,051,153	32%	0	0	2,051,153	32%
We Can Financial Technology Co., Ltd.	5,106,000	51%	0	0	5,106,000	51%

Note 1: Investments using the equity method

Note 2: The settlement was completed in 2021.

IV. Funding Status

I. The Company's capital stock and stock shares

(I) Capital Sources

1. Process where the share capital was formatted

Year and month	Issuing price	Authorized shares capital		Paid-in shares capital		Remarks		
		Quantity	Amount	Quantity	Amount	Sources of shares and dividends	Paid in properties other than cash	Others
February 1983	Note 1	Note 1	5,000,000	Note 1	5,000,000	Cash	-	-
December 1989	Note 1	Note 1	25,000,000	Note 1	25,000,000	Issuance of common stock for cash \$20,000,000	-	-
June 1996	10	5,100,000	51,000,000	5,100,000	51,000,000	Issuance of common stock for cash \$26,000,000	-	-
September 1996	10	7,000,000	70,000,000	7,000,000	70,000,000	Issuance of common stock for cash \$19,000,000	-	-
October 1997	10	12,000,000	120,000,000	12,000,000	120,000,000	Issuance of common stock for cash \$50,000,000	-	-
September 1998	13	19,000,000	190,000,000	19,000,000	190,000,000	Issuance of common stock for cash \$70,000,000	-	-
June 1999	10	20,900,000	209,000,000	20,900,000	209,000,000	Recapitalization of earnings \$19,000,000	-	Note 2
October 2000	10	26,229,500	262,295,000	26,229,500	262,295,000	Recapitalization of earnings \$31,350,000 Capital surplus transferred to capital \$16,720,000 Capital increased by employees' bonus \$5,225,000	-	Note 3
October 2001	10	65,000,000	650,000,000	37,560,000	375,600,000	Recapitalization of earnings \$104,918,000 Capital increased by employees' bonus \$8,387,000	-	Note 4

Year and month	Issuing price	Authorized shares capital		Paid-in shares capital		Remarks		
		Quantity	Amount	Quantity	Amount	Sources of shares and dividends	Paid in properties other than cash	Others
November 2002	10	52,560,000	525,600,000	37,644,000	376,440,000	Convertible corporate bonds Converted to ordinary shares \$840,000	-	Note 5
November 2002	10 10 82 10	90,000,000	900,000,000	63,108,327	631,083,270	Recapitalization of earnings \$93,900,000 Capital increased by employees' bonus \$9,605,500 Issuance of common stock for cash \$150,000,000 Convertible corporate bonds Converted to ordinary shares \$1,137,770	-	Note 6
January 2003	10	90,000,000	900,000,000	63,332,603	933,326,030	Convertible corporate bonds Converted to ordinary shares \$2,242,760		Note 7
March 2003	10	90,000,000	900,000,000	63,397,152	633,971,520	Convertible corporate bonds Converted to ordinary shares \$645,490	-	Note 8
September 2003	10	120,000,000	1,200,000,000	78,009,344	780,093,440	Recapitalization of earnings \$114,114,870 Capital increased by employees' bonus \$12,500,000 Convertible corporate bonds Converted to ordinary shares \$19,507,050	-	Note 9
October 2003	10	120,000,000	1,200,000,000	78,114,108	781,141,080	Convertible corporate bonds Converted to ordinary shares \$1,047,640	-	Note 10

Year and month	Issuing price	Authorized shares capital		Paid-in shares capital		Remarks		
		Quantity	Amount	Quantity	Amount	Sources of shares and dividends	Paid in properties other than cash	Others
January 2004	10	120,000,000	1,200,000,000	78,210,918	782,109,180	Convertible corporate bonds Converted to ordinary shares \$968,100	-	Note 11
March 2004	10	120,000,000	1,200,000,000	78,490,742	784,907,420	Convertible corporate bonds Converted to ordinary shares \$2,798,240	-	Note 12
October 2004	10	126,690,000	1,266,900,000	94,695,281	946,952,810	Recapitalization of earnings \$141,283,330 Capital increased by employees' bonus \$19,900,000 Convertible corporate bonds Converted to ordinary shares \$862,060	-	Note 13
January 2005	10	126,690,000	1,266,900,000	94,698,858	946,988,580	Convertible corporate bonds Converted to ordinary shares \$35,770	-	Note 14
October 2005	10	152,000,000	1,520,000,000	105,591,344	1,055,913,440	Recapitalization of earnings \$93,924,860 Capital increased by employees' bonus \$15,000,000	-	Note 15
May 2006	10	152,000,000	1,520,000,000	105,591,344	1,055,913,440	Merger with Yuding Investment Co., Ltd.	-	Note 16
October 2006	10	152,000,000	1,520,000,000	111,459,057	1,114,590,570	Recapitalization of earnings \$51,971,170 Capital increased by employees' bonus \$6,705,960	-	Note 17

Year and month	Issuing price	Authorized shares capital		Paid-in shares capital		Remarks		
		Quantity	Amount	Quantity	Amount	Sources of shares and dividends	Paid in properties other than cash	Others
April 2007	10	152,000,000	1,520,000,000	112,730,557	1,127,305,570	Shares conversion with employee stock warrants \$12,715,000	-	Note 18
July 2007	10	180,000,000	1,800,000,000	112,754,057	1,127,540,570	Shares conversion with employee stock warrants \$235,000	-	Note 19
October 2007	10	180,000,000	1,800,000,000	112,769,057	1,127,690,570	Shares conversion with employee stock warrants \$150,000	-	Note 20
October 2007	10	180,000,000	1,800,000,000	122,783,301	1,227,833,010	Recapitalization of earnings \$89,342,440 Capital increased by employees' bonus \$10,800,000	-	Note 21
April 2008	10	180,000,000	1,800,000,000	123,382,301	1,233,823,010	Shares conversion with employee stock warrants \$5,990,000	-	Note 22
Aug 2008	10	180,000,000	1,800,000,000	123,406,551	1,234,065,510	Shares conversion with employee stock warrants \$242,500	-	Note 23
October 2008	10	180,000,000	1,800,000,000	123,426,551	1,234,265,510	Shares conversion with employee stock warrants \$200,000	-	Note 24
November 2008	10	180,000,000	1,800,000,000	125,039,565	1,250,395,650	Recapitalization of earnings \$6,130,140 Capital increased by employees' bonus \$10,000,000	-	Note 25

Year and month	Issuing price	Authorized shares capital		Paid-in shares capital		Remarks		
		Quantity	Amount	Quantity	Amount	Sources of shares and dividends	Paid in properties other than cash	Others
April 2009	10	180,000,000	1,800,000,000	125,661,815	1,256,618,150	Shares conversion with employee stock warrants \$6,222,500	-	Note 26
July 2009	10	180,000,000	1,800,000,000	125,681,065	1,256,810,650	Shares conversion with employee stock warrants \$192,500	-	Note 27
November 2009	10	180,000,000	1,800,000,000	126,900,001	1,269,000,010	Recapitalization of earnings \$6,209,850 Capital increased by employees' bonus \$5,979,510	-	Note 28
October 2010	10	180,000,000	1,800,000,000	127,527,131	1,275,271,310	Recapitalization of earnings \$6,271,300	-	Note 29
October 2011	10	180,000,000	1,800,000,000	128,161,332	1,281,613,320	Recapitalization of earnings \$6,342,010	-	Note 30
December 2011	10	180,000,000	1,800,000,000	127,474,332	1,274,743,320	Capital reduction at \$6,870,000 by cancellation of treasury stock.	-	Note 31

Note 1: The number of shares was not disclosed as we were a company of limited liabilities.

Note 2: Approved by the Securities and Futures Institute (SFI) of MOF with Letter (88) Tai-Cai-Zheng-(1) No. 63885 on 13 July 1999.

Note 3: Approved by the Securities and Futures Institute (SFI) of MOF with Letter (89) Tai-Cai-Zheng-(1) No. 83821 on October 9, 2000.

Note 4: Approved by the Securities and Futures Institute (SFI) of MOF with Letter (90) Tai-Cai-Zheng-(1) No. 003176 on July 31, 2001.

Note 5: Approved by MOEA with Letter Jing-Sho-Shang-Zi No. 09101460360 on 12 Nov 2002.

Note 6: Approved by MOF-SFI with Letter Tai-Cai-Zheng-(1) No. 0910144569 on 12 Aug 2002; MOF-SFI with Letter Tai-Cai-Zheng-(1) No. 0910144570 on 20 Aug 2002; and MOEA with Letter Jing-Sho-Shang-Zi No. 09101472470 on 21 Nov 2002.

Note 7: Approved by MOEA with Letter Jing-Sho-Shang-Zi No. 09201018880 on January 17, 2003.

Note 8: Approved by MOEA with Letter Jing-Sho-Shang-Zi No. 092010182170 on March 20, 2003.

Note 9: Approved by MOF-SFI with Letter Tai-Cai-Zheng-(1) No. 0920131967 on 16 July 2003 and MOEA with Letter Jing-Sho-Shang-Zi No. 09201271790 on 18 Sep 2003.

Note 10: Approved by MOEA with Letter Jing-Sho-Shang-Zi No. 09201293940 on 17 Oct 2003.

Note 11: Approved by MOEA with Letter Jing-Sho-Shang-Zi No. 09301006880 on January 20, 2004.

Note 12: Approved by MOEA with Letter Jing-Sho-Shang-Zi No. 09301044360 on March 26, 2004.

Note 13: Approved by MOF-SFI with Letter Jing-Guan-Zheng-(1) No. 0930136080 on 13 Aug 2004 and MOEA with Letter Jing-Sho-Shang-Zi No. 09301193630 on 11 Oct 2004.

Note 14: Approved by MOEA with Letter Jing-Sho-Shang-Zi No. 09401008700 on January 24, 2005.

Note 15: Approved by Financial Supervisory Commission (SFC) of the Executive Yuan with Letter Jing-Guan-Zheng-(1) No. 0940140986 on 16 Sep 2005 and MOEA with Letter Jing-Sho-Shang-Zi No. 09401218300 on 2 Nov 2005.

Note 16: Approved by MOEA with Letter Jing-Sho-Shang-Zi No. 09501113330 on July 26, 2006.

Note 17: Approved by SFC with Letter Jing-Guan-Zheng-(1) No. 0950142803 on 13 Sep 2006 and MOEA with Letter Jing-Sho-Shang-Zi No. 09501246500 on 1 Nov 2006.

Note 18: Approved by MOEA with Letter Jing-Sho-Shang-Zi No. 09601101320 on May 11, 2007.

Note 19: Approved by MOEA with Letter Jing-Sho-Shang-Zi No. 09601202150 on August 22, 2007.

Note 20: Approved by MOEA with Letter Jing-Sho-Shang-Zi No. 09601263770 on October 26, 2007.

Note 21: Approved by SFC with Letter Jing-Guan-Zheng-(1) No. 0960050206 on 11 Sep 2007 and MOEA with Letter Jing-Sho-Shang-Zi No. 09601291580 on 27 Nov 2007.

Note 22: Approved by MOEA with Letter Jing-Sho-Shang-Zi No. 09701099560 on April 25, 2008.

Note 23: Approved by MOEA with Letter Jing-Sho-Shang-Zi No. 0971202310 on August 13, 2008.

Note 24: Approved by MOEA with Letter Jing-Sho-Shang-Zi No. 09701271370 on October 24, 2008.

Note 25: Approved by SFC with Letter Jing-Guan-Zheng-(1) No. 0970052282 on 3 Oct 2008 and MOEA with Letter Jing-Sho-Shang-Zi No. 09701298050 on 21 Nov 2008.

Note 26: Approved by MOEA with Letter Jing-Sho-Shang-Zi No. 09801084640 on April 30, 2009.

Note 27: Approved by MOEA with Letter Jing-Sho-Shang-Zi No. 09801172710 on July 30, 2009.

Note 28: Approved by MOEA with Letter Jing-Sho-Shang-Zi No. 09801258540 on November 6, 2009.

Note 29: Approved by SFC with Letter Jing-Guan-Zheng-(1) No. 0990044721 on 24 Aug 2010 and MOEA with Letter Jing-Sho-Shang-Zi No. 09901242820 on 29 Oct 2010.

Note 30: Approved by SFC with Letter Jing-Guan-Zheng-(1) No. 1000038480 on August 19, 2011 and MOEA with Letter Jing-Sho-Shang-Zi No. 10001250530 on November 7, 2011.

Note 31: Approved by MOEA with Letter Jing-Sho-Shang-Zi No. 10001285300 on 20 Dec 2011.

2. Disclose the information regarding the amount and securities to be and have been issued with approval for issuing securities through collective reporting: NA.

3. Type of shares

Stock Type	Authorized shares capital			Remarks
	Outstanding shares (OTC)	Unissued Shares	Total	
Common stock	127,474,332	52,525,668	180,000,000	GTSM-listing companies stock

(II) Shareholders structure

April 22, 2022

Composition of Shareholders Amount	Government Apparatus	Financial Institution	Other Juridical	Individual	Foreign institutions and foreigners	Total
No. of Person	0	2	161	25,423	171	25,757
Shares	0	2,413,000	13,141,976	72,972,167	38,947,189	127,474,332
Ratio of Shareholding	0%	1.89%	10.31%	57.24%	30.56%	100.00%

Note 1: IPO companies and emerging listed companies shall disclose the proportion of PRC investments. PRC investments refer to the investments made by the citizens, companies, groups, other organizations, or the companies they invest in a third region as specified in Article 3 of the Regulations Governing Permission for People from the Mainland Area to Invest in Taiwan.

(III) Ownership diversification

1. Ordinary shares

Diversification of Shareholdings

NT\$10 of par value

April 22, 2022

Range of Shares	No. of Shareholders	Shares	Ratio of Shareholding (%)
1 - 999	16,870	557,788	0.44%
1,000 - 5,000	7,705	13,368,186	10.49%
5,001 - 10,000	638	4,657,486	3.65%
10,001 - 15,000	194	2,362,141	1.85%
15,001 - 20,000	95	1,670,336	1.31%
20,001 - 30,000	69	1,689,634	1.33%
30,001 - 40,000	43	1,522,265	1.19%
40,001 - 50,000	18	832,858	0.65%
50,001 - 100,000	37	2,514,452	1.97%
100,001 - 200,000	22	2,953,157	2.32%
200,001 - 400,000	23	6,273,672	4.92%
400,001 - 600,000	15	7,213,223	5.66%
600,001 - 800,000	2	1,355,000	1.06%
800,001 - 1,000,000	5	4,607,178	3.61%
1,000,001 and above	21	75,896,956	59.55%
Total	25,757	127,474,332	100.00%

2. Preference shares: None.

(IV) List of major shareholders: shareholders with shareholding exceeding 5% with top 10 shareholding percentages

April 22, 2022

Name of Principle shareholder	Stock Shares	Ratio of Shareholding
WANG, CHIN-PO	21,594,350	16.94%
Xingtian Technologies Corporation Investment Account in Custody of KGI Commercial Bank Co., Ltd.	11,391,000	8.94%
Zilong Venture Capital Co., Ltd.	8,913,000	6.99%
Taiwan Branch, Belize Yiqiao Development Co., Ltd.	6,243,000	4.90%
Xiu-yan Ke	3,083,208	2.42%
Boju Financial Holdings Corporation Investment Account in Custody of Union Bank of Taiwan Co., Ltd.	2,965,000	2.33%
Bank SinoPac Company Limited	2,113,000	1.66%
CHENG, KUO-CHI	1,950,198	1.53%
Wanin International Co., Ltd.	1,828,000	1.43%
WANG, SHU-CHUAN	1,632,324	1.28%

(V) Market price, net value, earnings, dividend per share and related information in the last 2 years

Information regarding the market price per share, total value, earnings, and dividends

Item \ Year			2020	2021	As of March 31, 2022
Market Price Per Share (Note 1)	The Highest		129	131.5	100.5
	The Lowest		59.5	86.1	88.7
	Average		102.74	108.34	96.47
Net Value Per Share (Note 2)	Before Distribution		49.55	51.00	-
	After Distribution		43.55	45.8	Note 9
Earnings per share (Note 3)	Weighted average shares		121,610 thousand shares	121,341 thousand shares	121,341 thousand shares
	Cum-dividend		7.76	6.84	-
	Ex-dividend		7.76	6.84	-
Dividend Per Share	Cash dividends		6.00	5.20	-
	Free-Gratis Dividends	Stock dividends from retained earnings	0	0	-
		Stock dividends from capital surplus	0	0	-
	Cumulative undistributed dividends (Note 4)		0	0	-
Return on investment Analysis	P/E ratio (Note 5)		13.24	15.84	-
	Price to dividends ratio (Note 6)		17.12	20.83	-
	Cash dividend yield (Note 7)		5.84	4.80	-

* If there is increased capital by recapitalization of earnings and capital surplus, the information on market prices and cash dividends retroactively adjusted in accordance with the number of shares issued should be disclosed.

Note 1: Disclose the highest and lowest market price of each year and calculate average market price in accordance with the annual transaction value and volume.

Note 2: Please fill in according to the issued number of shares at the end of the year and resolution for distribution by the Board of Directors or the following year's shareholders meeting.

Note 3: If a retroactive adjustment is needed due to stock dividend, the earnings per share before and after the adjustment must be disclosed.

Note 4: If the unappropriated dividend can be accumulated for distribution in the year with earnings subject to the equity securities issuance conditions, the cumulative unpaid dividends for the year ended shall be separately disclosed.

Note 5: Price-Earnings Ratio = Average closing price per share of current year / Earnings per share

Note 6: Dividend Yield = Average closing price per share of current year / Cash dividend per share

Note 7: Cash Dividend Yields = Cash dividend per share / Average closing price per share of current year

Note 8: Net worth per share and earnings per share should be based on audited (auditor-reviewed) data as at the latest quarter before the publishing date of this annual report. For all other fields, data should be provided as at the end of their respective years.

Note 9: Dividends per share for 2022 will not be distributed until it is resolved by the Board of Directors in 2022.

(VI) The company's dividend policies and execution:

1. Dividend Policy:

The company should distribute surplus or compensate loss at the end of each quarter. If there is any surplus after the quarterly settlement, the amount shall be reserved for the estimated tax amount, compensation of loss, employees' compensation and

directors' remuneration; then 10% appropriated for legal reserve unless the legal reserve has equaled the company's paid-in capital, in such case, the company shall recognize or reverse special earnings. If there is any amount remaining, the Board of Directors shall prepare the proposal of distributing surplus, where the proposal shall be executed after resolution by the Board of Directors for cash distribution, or by the shareholders meeting for stock distribution.

If there is any surplus after the annual settlement, the amount shall be used to pay the tax, compensate loss, then 10% appropriated for legal reserve unless the legal reserve has equaled the company's paid-in capital, in such case, the company shall recognize or reverse special earnings. Any amount remained shall be deemed as distributable earnings, which may be distributed along with the distributable earnings at the beginning of the period. The Board of Directors shall prepare the earnings distribution plan according to the stock dividend policy, and distribute stock dividends after resolution of the shareholders meeting.

The company authorizes the Board of Directors pursuant to Article 240 of the Company Act to adopt the resolution by a majority of the directors present who represent two-thirds or more of the Board of Directors to distribute the distributable dividends and bonus, or all or part of the legal reserve and capital reserve under Article 241 of the Company Act in the form of cash, and report to the shareholders meeting.

In consideration of the need for future expansion and R&D and coordination with the macro environment and industry characteristics for sustainable development and long-term profits for shareholders, dividends are appropriated based on the accumulated distributable earnings, provided the amount shall not be lower than 15% of the distributable earnings of the year under our dividend policy. However, no dividend will be distributed when the amount of accumulated distributed earnings is lower than 25% of the amount of paid-in capital. Dividends are released in either cash or stock, provided the amount of cash dividend shall not be lower than 10% of the total amount of dividends.

2. Dividend distribution proposed for the next annual general meeting:
 - (1) The Company's Board of Directors has the Company's 2021 earnings distribution proposal specially resolved as follows (03.16.2022):
Common stock dividend in cash: A cash dividend of NT\$5.2 per share is distributed for a total amount of NT\$659,949,326.
 - (2) In the event that the Company recovers and cancel the employee restricted shares or buys back the company's shares or transfers treasury stock on a later date to an extent that it affects the number of outstanding shares circulating in the market and the dividend distribution ratio, the AGM is advised to authorize the BOD to adjust the ratio of dividends.
3. There is no significant change in the dividend policy.

(VII) Impacts on business performance and earnings per share if the stock dividend proposal is approved during the annual general meeting

Unit: NTD

Item		Year	Year 2022 (Forecast)
Beginning paid-in capital			1,274,743,320
Stock Dividend in the current period	Cash dividend per share		5.2 (Note 1)
	Number of shares per share allocated from capitalization with retained earnings		0 (Note 1)
	Number of shares per share allocated from capitalization with capital reserves		0
Changes in business performance	Operating profit		(Note 2)
	Proportion of change in the operating income from the same period of the previous year (%)		(Note 2)
	Income after taxation		(Note 2)
	Proportion of change in the after-tax net profit from the same period of the previous year (%)		(Note 2)
	Earnings per share		(Note 2)
	Proportion of change in EPS from the same period of the previous year (%)		(Note 2)
	Annual average of ROI (annual average P/E reciprocal)		(Note 2)
Pro forma EPS and P/E ratio	If the retained earnings for capitalization into new shares were switched to payment of a cash dividend in the full amount	Pro forma earnings per share (EPS)	(Note 2)
		Pro forma annual average ROI	(Note 2)
	If there was no capitalization of additional paid-in capital	Pro forma earnings per share (EPS)	(Note 2)
		Pro forma annual average ROI	(Note 2)
	Cash dividends will be released when no there is capitalization with retained earnings or capitalization with capital reserves.	Pro forma earnings per share (EPS)	(Note 2)
		Pro forma annual average ROI	(Note 2)

Note 1: It was resolved by the Board of Directors on 03/16/2022.

Note 2: Impacts of the stock grants proposed by the current AGM on the company's operations and EPS: Not applicable as we do not need to make a financial forecast for this year.

(VIII) Remuneration to employees, directors, and supervisors

1. The percentage or scope of remuneration to the employees, Directors, and Supervisors as stated in the Articles of Incorporation:

This company shall appropriate a minimum of 2% and a maximum of 2% of net earnings of profit as profit sharing for employees and directors/supervisors respectively. The distribution proposal shall be submitted to AGM for approval. However, if the Company still has accumulated losses, the amount shall be retained

for compensation, and then appropriated as remuneration to employees, directors and supervisors based on the percentages mentioned above.

2. The estimation basis of remuneration to employees, directors and supervisors for the current period, and the accounting process when there is discrepancy between the calculation basis and actual distribution amount of employee remuneration distributed by shares and the estimated value:
 - (1) The amount of profit sharing for employees and directors/supervisors of this year has been estimated based on the possible amount of release in the past.
 - (2) The amount of the 2021 profit sharing for employees has been estimated based on the basis for calculating the shares as profit sharing for employees and the actual amount of distribution. The difference between this amount and the estimated amount shall be recognized as 2022 gains/losses.
3. Remuneration to be distributed as resolved in the board of directors:
 - (1) When the amount of profit sharing for employees, directors, and supervisors is different from the estimated amount recognized in the year, disclose the amount, cause(s), and treatment of the difference.
The amount of the 2021 profit sharing for employees, directors, and supervisors has been approved by BOD, including NT\$52,187,000 as profit sharing for employees and NT\$10,437,426 as profit sharing for directors and supervisors. This amount is the same as that of the estimated amount recognized in the year.
 - (2) the amount of payment to employees in the form of stocks in proportion to the net income stated in the separate financial statements in proportion to the total amount of remuneration to the employees:
All 2021 profit sharing for employees will be distributed in cash, and there will be no stock as profit sharing for employees.
 - (3) The imputed earnings per share of NT\$5.2 after distributing the remuneration to employees, directors, and supervisors is to be proposed for distribution.
4. Actual status of distributing remuneration to employees, directors and supervisors in the previous year (including the number of shares distributed, amount and share price), difference number, reasons and process status if there is discrepancy between the actual amount and the amount recognized: Not applicable.

(IX) Buy-back of the Company's shares by the company:

Re-purchase term	9 th time
Purpose of re-purchase	Transferred to employees
Re-purchase period	March 26 to May 25, 2020
Re-purchase price range	NT\$5 to NT\$100
Type and volume of shares re-purchased	Common stock / 561,000 share
Amount of shares re-purchased	NT\$ 43,492,330

<u>Ratio of repurchased shares to shares repurchase planned</u>	37.4%
Number of shares cancelled and transferred	0 share
Accumulated shareholdings of the Company	561,000 share
Ratio of accumulated shareholdings of the Company to total issued shares (%)	0.44%

- II. Disclosure relating to corporate bonds: none.
- III. Disclosure relating to preference shares: none.
- IV. Disclosure relating to depository receipts: none.
- V. Employee stock options/warrants and restricted stock awards (RSA): NA
- VI. Disclosure on new shares issued in exchange of other company shares: None.
- VII. Progress on the use of funds: None.

V. Operation Profile

I. Content of business:

(I) Scope of business:

1. Principal business activities:

F218010 Retail Sale of Computer Software

CC01110 Computers and Computing Peripheral Equipments Manufacturing

F118010 Wholesale of Computer Software

I301010 Software Design Services

F113070 Wholesale of Telecom Instruments.

I301030 Digital Information Supply Services

E701010 Telecommunications Construction.

F401010 International Trade.

J303010 Magazine and Periodical Publication.

I401010 General Advertising Services.

J602010 Agents and Managers for Performing Arts, Entertainers, and Models.

J305010 Audio Tape and Record Publishers.

F209060 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles.

F109070 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles.

JZ99050 Agency Services.

ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Business weightage:

Unit: NTD thousands

Product portfolio	2021		2020	
	Amount of operating revenue	Business weightage	Amount of operating revenue	Business weightage
Revenue from online game software	3,406,569	51.60	4,303,824	59.22
Others	3,194,809	48.40	2,964,268	40.78
Total	6,601,378	100.00	7,268,092	100.00

3. Current products (services):

A. We release MyCard points for interfacing with game products and digital content service products.

B. We release online games, develop our own mobile games, and serve as operation agencies and distributors.

C. e-PLAY, a sales platform for physical stores, provides entertainment products such as game point cards, virtual item packages, game peripherals, and entertainment and tourism tickets.

D. Interactive video platform advertising push service

E. Exhibition design and implementation

F. Cloud information service

G. Digital marketing and online ad-serving service

H. Cash flow application and value-added service for collection and payment and mobile payment

4. Planning for product (service) development:

The R&D Department of Soft-World never stops developing game software and peripherals to increase the added value of the game and bring infinite business opportunities to us.

(1) Expansion of MyCard distribution channel:

Soft-World's MyCard digital point platform provides a service model that combines digital payments, distribution channels and integrated marketing, in collaboration with a variety of video games to offer players a convenient way to store points, along with abundant gaming and virtual treasures as rewards. This is a solid leading platform among the Taiwan, Hong Kong and Macau markets. MyCard will accelerate overseas layout expansion in Southeast Asia to be in line with the trend of online game launchings. In addition to the existing gaming cooperation with Singapore and Malaysia, payment services in the Philippines, Thailand, and Indonesia have also been activated. With the increasing demand for global game releases, the scale of third parties in Southeast Asian markets is expected to gradually increase.

(2) Research and self-development of games:

Subsidiary ChineseGamer International Corp. will continue to plan various online game activities in order to boost players' enthusiasm and adhesion. In order to give players better gaming experience, it endeavors to solidify game mechanics of the mobile games under development, "Legend of Emperors S" and "Back to the Past," which are expected to be launched this year. Chinese Gamer will constantly follow the latest network technology and development trend, and explore opportunities in the new field of content creation.

(3) Distribution and operations of games:

Subsidiary Game Flier International Corporation has actively sought new products. At present, there are mobile games and PC games from Taiwan, South Korea and China are being actively negotiated. It also pays attention to game info overseas on a daily basis to schedule evaluations and business community analysis upon release of game launch news. The team in touch with the market will have more new product proxy opportunities.

(4) IP licensing collaboration:

Over the years, the Soft-World Group has accumulated hundreds of abundant IP assets of original creation, covering classic stand-alone games, martial art stories and light novels, gathering a large number of players and fans, and making it a shared memory in the Chinese gamers' circle. In addition to the subsidiary's self-developed game products, through IP authorization and in cooperation with many domestic and foreign game developers, the subsidiary has successively developed all kinds of mobile games and rules of play, as well as accelerating mass production, and sharing profits. "Kalpa" developed by Zilong Game through IP authorization was launched. The innovative and artistic battle presented reshapes the Chinese RPG game classic, which received positive feedbacks from the players and recreated another peak for battle piece games. This collaboration has substantively contributed to the ratio of income from high-margin licensing revenue. It is expected that subsequent game launchings in other overseas regions will continue to contribute stably.

(5) Online advertising and marketing business:

The global digital advertising continues to achieve growth. The digital team of subsidiary EFUN International Corporation is engaged in the cultivation of MarTech (marketing technology) technical applications. Specialized in all types of effective advertising, data science and AI technology analysis are applied to precisely find customer groups and the best online marketing plans. The services include domestic and foreign leading brands across the industries. Last year, the company once again won the "2021 Google Partners Award-App Business Expansion" in Taiwan and Hong Kong regions. The company has gained wide recognition for its professional technology and creative advertisements. In response to the rolling change of industries in the post-pandemic era, Efun regularly introduces the latest digital marketing technology, including YouTube

masthead ads and live streaming advertising. Through streaming technology, live streaming advertising can now be delivered cross-border synchronously, and thus improve customer reach. Meanwhile, Efun aims to expand to overseas markets and develop partnerships in different industries with the goal of leading its customers to the global market.

(6) Financial technology business:

The global pandemic in the past two years has sped up the change of consumption pattern, and Neweb Technologies Co., Ltd. (Neweb Technologies) therefore benefited by the jump in online sales and services. As a result, Neweb Technologies experienced double-digit growth in the online payment processing business in 2021. Neweb Technologies continuously strengthens digital financial solutions, of which, NewebPay is already widely used in e-commerce, digital content, games, live streaming, delivery, taxi hailing, online ticketing, courses and education, and by many well-known brands. In order to deploy in payment extension application, in 2021, the logistics services of convenience store store-to-store and bulk shipment were launched. Neweb Technologies also plans to speed up the establishment of one-stop payment/logistics integrated service platform by expanding logistics services in convenience store shipment, home delivery and cross-border shipment in 2022.

(II) Industry overview:

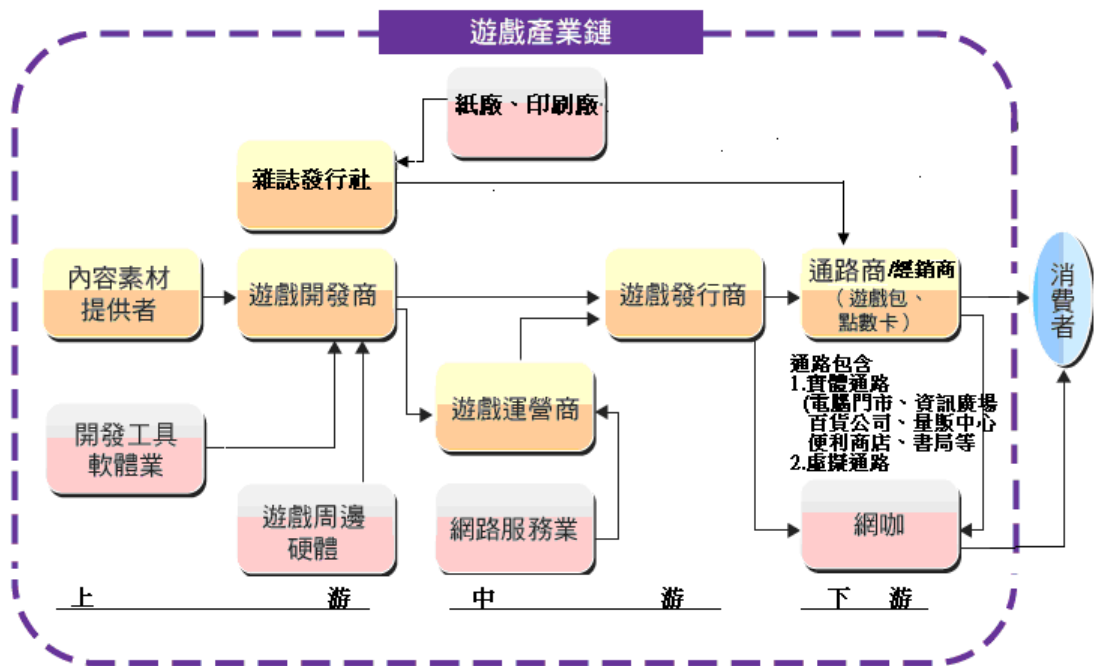
1. Current situation and development of industry:

The COVID-19 pandemic that has raged for more than two years has contributed to the development of games, audio-visual entertainment, content streaming and long-distance technologies by leaps and bounds. The pandemic has led to a drastic increase in game console sales. However, mobile devices can also provide graphics and gaming experience similar to those of consoles. They can also provide cross-platform competitive and social game functions. Therefore, consoles and mobile game experiences are gradually moving toward fusion. Benefited by the comprehensive development of mobile communication networks, the high penetration rate of smartphones and an increase in 5G service coverage have made mobile games the main drive contributing to growth in game consumption.

With services as the core, Soft-World International Corporation and Subsidiaries continue to deepen links to innovative applications in the cyberworld, steadily develop digital games, online marketing and the fintech business territory. In addition to gaining a foothold in the existing market, it will seize the opportunity to extend services overseas. Through diversified service aspects, the company continues to develop game channels and IP authorization, strengthen marketing technology development, online and offline payment and create a complete context of digital finance applications in line with industrial trends.

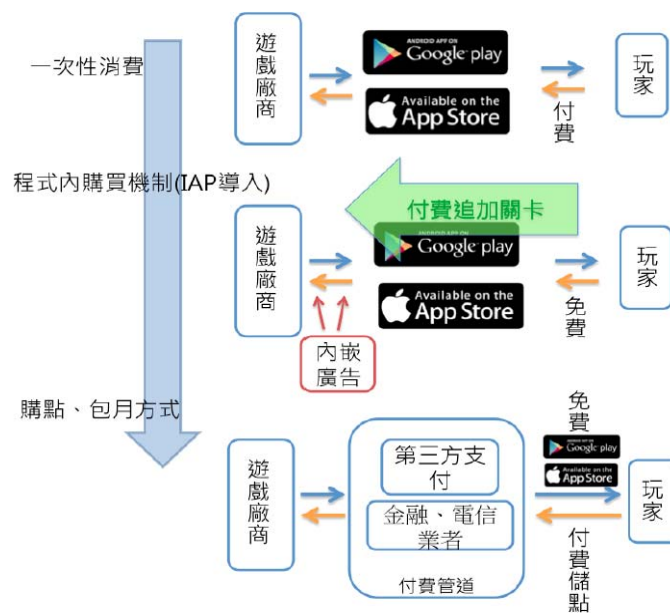
According to a report by survey agency Newzoo, Metaverse will be the next important stage of game development. As far as the game industry is concerned, new business models such as NFT, GameFi, Play-to-Earn, Play-to-Collect, and Pay-to-Socialize will overturn the ecosystem of traditional games. For instance, Play-to-Earn is intended for players to receive rewards from games through block chain. These rewards may be converted into the currency used in everyday life. Play-to-Collect involves is an NFT for earning items and virtual treasures through gameplay, which can also be directly traded in an open third-party market.

2. Association between upstream, midstream, and downstream industry participants



- 遊戲運營商：負責線上遊戲網路營運，含客服、網管等
- 遊戲發行商：負責遊戲市場行銷

Mobile game companies no longer need to find local agencies. They can install the Traditional Chinese system to release and launch a product on the two international mobile game platforms (Google Play and iOS). Therefore, they can reach consumers without agencies. Consumers can buy a game simply by downloading. With the help of social platform and advertisement such as Facebook and LINE, game companies can reach Taiwanese consumers without entrusting Taiwanese agencies to post advertisement on local media. Mobile game market in Taiwan has become a large international competition. All good, fun games around the world can reach Taiwanese consumers. Local game companies in Taiwan no longer has advantage in localization. They must compete with other international game products once they launch the products.



We mainly act as a developer, publisher and distributor and publish game magazines. We edit and promote the magazine ourselves, explore platform management and develop all-round integrated marketing services, including app marketing, exhibition organizing and print video multimedia. We also enter the business of online marketing media, and provide professional digital ad-serving on three global social networks,

Facebook, Instagram and Google. Furthermore, we expand our service to corporate brand application in all industries and maximize online business opportunities. Therefore, our business crosses upstream, midstream and downstream fields.

Business Supply chain	Game industry Role positioning	Remark
Upstream	Developer	The developer focuses on planning, art design, music, program and software developer required for game product development. The key competition factors are planning, art design and programming. The market reaction to a game depends on the working quality of game development team.
Midstream	Operating publisher	The operating publisher is in a game industry that focuses on product agency. The key competition factor is marketing competency and operational management.
Downstream	Distributor	The distributor is in charge of marketing and point card sales. It has to take the risk that whether the distributed products would be favored by consumers.

3. Diverse development trend and competition of product

A. Trend of product development

The game industry has gained users under the trend of high growth due to the pandemic. How to keep players in the long run and maintain their high degree of involvement and a growth trend have become issues of concern to game developers. Combining the application of IP topics, market differentiation can be created. In addition, it is only by timely acting as a proxy in the domestic and foreign market, engaging in authorization cooperation, issuing a diversified range of products and strengthening local operating characteristics can the local market strength be consolidated and overseas launching markets be expanded.

B. Industrial competition

With China's strengthening of game industry policy restrictions, game companies engage in overseas development at an accelerated pace. This affects the acquisition of the product agency while intensifying challenges from highly competitive Chinese market operations. The company adhering by flexible diversification operational strategies provides comprehensive game service support to expand the collaboration territory in various fields. At the same time, the company is also committed to enhancing the company's own and agent product quota, thereby consolidating Taiwan's market and open up overseas businesses. In recent years, online marketing and fintech business groups have established a leading status, generating revenues in time. In the future, the group services will be linked to open up more innovative applications. In view of the new trend of the virtual world, the company will continue to closely monitor the application opportunities of its businesses in the new fields.

(III) Technology and R&D overview:

1. Technical level and research development

(1) Multi-platform product development

Existing popular platforms and devices on the market: Our main direction focuses on mobile platform (e.g. smart phone and tablet), SNS platform (e.g. Facebook and LINE), wearable (e.g. iWatch), motion sensor device (e.g. AR/VR/MR/XR) and cloud gaming. For these products, we developed the underlying core engine and game production integration tool required for game production. We can effectively establish main development projects through game innovation, VR/AR

game presentation, realization of game planning and creation, and motion sensor UI/UX design including intuitive/perceptual motion sensor, platform membership interfacing, marketing resource interfacing and big data analysis system.

(2) Cross-platform integration of products

Besides carrying out product and research development for popular or latest platform and device on the market as described above, we reinforce the connection with the games on existing PC and mobile platform and integrate the immersive experience provided by somatosensory technology (AR/VR/MR/XR) and cooperate with 5G opening. We provide diverse gameplay, abundant content, varied interfaces and surreal, exciting experiences, and create a higher added value for games. This relies on the ability to master the technical core of all platforms and real-time integration of cross-platform data transfer and conversion. It is the key to win the competition of next gen games.

(3) Innovation and breakthrough of plan

The fun of game product comes from innovation and creativity of plan. The key of a plan is knowing the fun of the game, the sense of achievement players can find in a product, and the enthusiasm for self-challenge. We can find inspiration from the characteristics of gamers on different game platforms, and the creativity and breakthrough for different topics and game planning to come up with the idea close to the thought of gamers nowadays. With the support of platform for game technology development, we can efficiently develop game products with chances of making profit.

(4) Operational support system

We built a business model, and planned for and came up with new items with the consideration of current product operation mechanism. We analyze the mechanism and process for matching the current business model with marketing operation. Through the integration with dynamic data analysis of gamer, and introduction of AI, block chain, big data analysis, VTuber and cloud computing, we can effectively, instantly keep track of operation performance of game and how much gamers enjoy the game. Therefore, we can make quick response to adjust product content and operation marketing strategy, and improve product competitiveness and profitability.

(5) GameFi innovative issues

Digital games are one of the forms of entertainment originally designed to simply meet the players' self-challenge, self-realization and other goals. However, with decentralized blockchain technology, encrypted currency, other digital asset developments and the metaverse concept catalyzed in Steven Spielberg's Ready Player One, the economic value of virtual assets in games has given rise to the spillover effect. On top of it, fueled by NFT (non-fungible tokens) and block chain game topics, the imagined possibility of games becoming a medium in life and even the environmental structure can be amplified. This brings about more opportunities and challenges to the game industry. How to grasp the industrial development opportunities, taking into account regulatory compliance, will be an major issue facing the industry in the future.

2. The R&D expenditure we have invested in during the last year and by the date of publication of annual report, and the R&D expenditure we have invested in for the technology or product we successfully developed:

The following shows the R&D expenditure in the consolidated financial statement and the proportion of the R&D expenditure to revenue in the past two years and up to March 31, 2022.

Unit: NTD thousands

Term:	R&D budget	Proportion in sales
2020	383,230	5%
2021	275,973	4%
March 31, 2022	2: As of the date on which the annual report was printed, there was not financial data for 2022Q1 that has been audited by CPAs.	

3. Recent annual R&D achievement

Soft World Group focuses on game products all the time. We make our own games and actively invest in production of music and music effect. Mobile game becomes mainstream and AR/VR/MR/XR games emerge. The need of IP increases gradually. It has been 40 years since the establishment of the Soft-World International Corporation and subsidiaries. It has many Chinese classic game IPs that have won universal praise. Whether through cooperative development, such as “Pili Heroes,” or self-development, such as “Sakura Scroll,” the PC game adapted from the masterpiece sharing the same name “TS M”, etc. have achieved good market performance, while “Huang Yi M” even links players’ memories. On the other hand, “Legend of Emperors S” incorporates well-known comic master Huang Yu-Lang’s NFT, which is expected to set off another wave of nostalgia sweeping gamers. In terms of IP authorization, the achievements were extended last year. The authorized launch of “Kalpa of Universe” adapted from a stand-alone martial art masterpiece received fruitful results. In the future, hundreds of classic game Ips will continue to be promoted in the global Chinese market, thereby reaching a new peak for Taiwan’s cultural and creativity industry.

(IV) Short and long-term business development plan:

1 Short term development:

A. Marketing strategy:

- ① The channel market of game software becomes diverse. To enhance systemization and efficiency of channel structure, we keep adding new channel locations, and keep reviewing and improving the logistics structure and method of overall channel, to become the most effective software distributor.
- ② We reinforce cross-industry alliance through traditional, physical channels and networks. On the other hand, we promote our attraction through powerful, borderless network and hope to become the largest game website in Chinese-speaking community. We hope that our website can become an important weapon for competition when we promote products.
- ③ We implement diverse marketing. Besides hiring a celebrity spokesperson, we collaborate with drink, network and tourism and leisure companies for marketing.

B. Production policy: We reinforce communication and coordination with contract suppliers, speed-up product production, and accelerate product shipment.

C. Product development: We invested a lot in specialized game arts and music composition. Vitalize IP resources and cultivate multiple licensing opportunities.

D. Operating scale: Focus on mobile games R&D through transplanting PC games and enhancing our own R&D capacity and local utility.

E. Financial adaptation: We built a diverse fund-raising channel to reduce the cost of fund-raising.

2. Long term development:

A. Marketing strategy:

- ① We lower market concentration rate and distribute global marketing locations to avoid impact of domestic economic situation on company growth.
- ② We reinforce the strategic alliance with domestic and international software development companies and actively expand domestic and international channel deployment and marketing.

- ③ We actively develop the e-commerce market and put in full efforts in operation while facing the turbulent new Internet trend, hoping to build another largest new domestic channel of game software network.

B. Production policy:

- ① We cultivate talents in digital 3D art design that we need, and enhance the software and hardware equipment for current staffs to reduce the time for product development and the cost for development.
- ② We develop standardized, modular development tools or software parts and introduce the concept of “software factory” to gain benefits of economy of scale.

C. Product development:

- ① We aim to expand overseas markets. We provide multi-language versions for existing products based on the variance among local languages, customs, cultures and habits. We also develop new products with exclusive regional culture. We release new products in multiple languages at the same time to enter the international market and become the mainstream of global market for computer game software.
- ② We recruit outstanding youths all around the world to form an R&D team for new game software. We aim to maintain our leadership among Chinese game software development suppliers and become the core supplier for global game software development.
- ③ We reinforce the strategic alliance with famous domestic and international game software development companies and our competency in product development. Besides providing good game software we developed and designed ourselves, we actively acquire the agency of more good products from other suppliers. The purpose is to strengthen the depth and breadth of product and create more choices for customers and consumers.
- ④ We actively collaborate with other platforms, participate in the development of game product and explore the market opportunity.
- ⑤ Based on the need in joint development of game technology engine, we evaluate whether to establish a JV to actively promote game development technology and expand the game R&D team.

D. Business scope:

- ① We reinforce the collaboration with suppliers in the same industry, and cooperate with the promotion plans of agencies and distributors. We seek topics for game development on behalf of suppliers in the same industry. We enhance collaboration with these suppliers and facilitate growth for each other.
- ② To adapt with expansion of overall business, we focus on operating business in diverse aspects and put adequate efforts into the development of video game console and entertainment multimedia peripherals.

E. Financial adaptation

- ① We raise funds for future operation with minimum cost in consideration of the cost for releasing all kinds of financial products.
- ② We perform reinvestment beneficial to overall operation with limited funds.

II. Market and sales overview:

(I) Market analysis

1. Sales (provide) areas of main products (service)

Unit: NTD thousands

Region \ Year	2021		2020	
	Amount	%	Amount	%
Taiwan	5,471,717	82.89	6,145,150	84.55
Mainland China	691,091	10.47	717,930	9.88
Others	438,570	6.64	405,012	5.57

Total	6,601,378	100.00	7,268,092	100.00
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2. Market share, and the supply and demand and growth of market in future

A. Market share

The company's own distribution channel achieved steady growth in 2021. Mainly engaged in "MyCard" digital point platform, combined with the payment, distribution channels and integrated marketing service models and all types of game cooperation, the company provides gamers with a convenient value storage method, rich game activities and virtual treasure resource rewards, thereby gaining a leading status in Taiwan, Hong Kong and Macau markets. Soft-World International Corporation & Subsidiaries also has unique physical channels through which resources are promoted. Diverse store styling and decoration, video walls and other creative propagandas have been created in more than 7,000 partner stores and popular trading areas to enhance diverse game marketing and promotion. The company will also work with game companies to launch games around the world and the service ratio in Southeast Asian regions will continue to be enhanced.

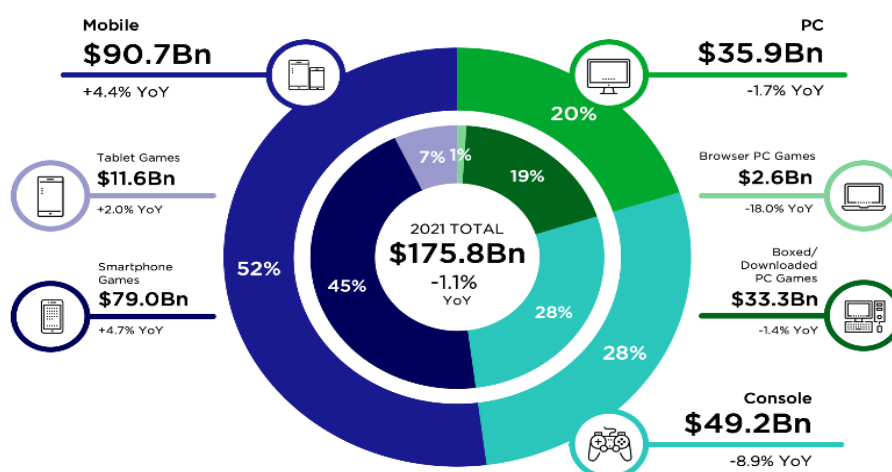
B. The supply and demand and growth of market in future

According to a report by research survey agency Newzoo, the global gaming market size in 2021 was about US\$175.8 billion, a slight 1.1% decrease compared to 2020. In particular, the revenues from games sold in Asia Pacific regions totaled US\$57.7 billion, accounting for 36.1% of revenues from games sold around the world.



2021 Global Games Market

Per Device & Segment With Year-on-Year Growth Rates



Global game market size (Source/Newzoo)

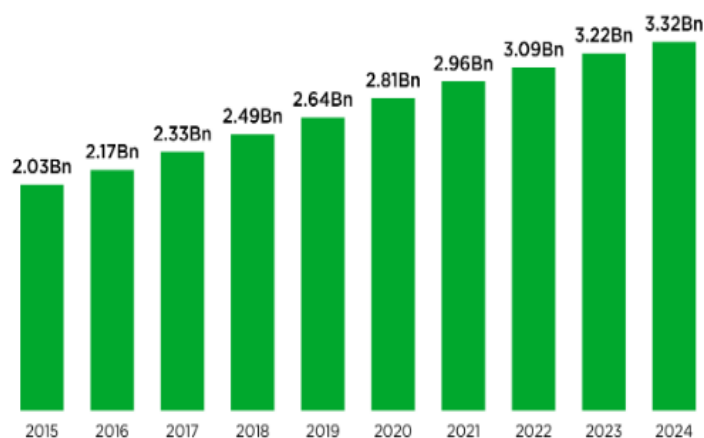
In terms of market forecast, Newzoo estimates that the global gamers will have exceeded 3.3 billion by 2024. Among them, 900 million will be console gamers, 1.4 billion gamers prefer PC platforms, but more will be mobile game gamers, accounting for about 2.8 billion.



2015-2024年全球玩家数

预测至2024年

单位：十亿



+5.6%

玩家总数CAGR
2015-2024



2021年移动游戏玩家数

2.8Bn



2021年主机游戏玩家数

0.9Bn



2021年PC游戏玩家数

1.4Bn

Global game market size (Source/Newzoo)

3. The favorable and unfavorable factors and countermeasures for competitive niche and prospect

A. Competitive niche

- (1) Channel business: Soft-World's MyCard digital point platform provides a service model that combines digital payments, distribution channels and integrated marketing, in collaboration with a variety of video games to offer players a convenient way to store points, along with abundant gaming and virtual treasures as rewards. This is a solid leading platform among the Taiwan, Hong Kong and Macau markets.

- (2) Gaming business: IP authorization, R&D, and distributorship

Game research and development: In addition to endeavoring for the research and development of self-developed products, Subsidiary Chinese Gamer International Corp. will also actively extend opportunities to work with wits IP. Through the dual track of self-development and IP authorization, the company will continue to increase market share. Chinese Gamer has also been actively integrating R&D resources, improving game quality and development efficiency through process management, and launching high-quality works that are more competitive in the market.

Game distribution: The subsidiary Game Flier International has many years of intimate operations on player interaction, coupled with diversified marketing activities, to create major hits of mobile games from time to time.

Game customer service, integrated marketing, social network management, and e-sport game services: In recent years, the company has actively developed all-around game integration services. The company has game customer service in multiple languages, integrated marketing, social network management and an e-sport game team in order to assist game companies in promoting global launch strategies. Targeting the characteristics of players in different markets, overall marketing planning is provided.

Game art and music production services: The Company also continues to develop the services of Zealot Digital game art and Soft-World music production, offering the game developers needed resources for a complete service chain covering the upstream, midstream and downstream of the gaming industry.

IP authorization: The Company is also engaged in collaboration for classic IPs to create new opportunities for the IPs used to have a large base of fan players.

- (3) Digital advertising part: EFUN International Corporation has been engaged in the cultivation of Martech applications. Specialized in all kinds of effective advertising and integrated marketing planning, the company has cooperated with more than 700 enterprises. The services include game entertainment, well-known e-commerce platforms, computers/Communications/Consumer products, real-estate, health industry, restaurant brands and other leading domestic and foreign brands spanning different industries. In the face of changes in the sector rotation during the post-pandemic era, EFUN International Corporation is committed to introducing the latest digital marketing technology. Through data science and AI technology analysis, customer groups and the best online market solutions can be precisely found. The company will also expand overseas markets and partners from different industries, thereby assisting in promoting enterprise brands to the international arena.
- (4) Fintech part: Subsidiary Neweb Technologies Co., Ltd. continues to strengthen digital finance solutions. This year, in addition to boosting the scale of online pay transactions, offline multi-pay businesses will be promoted at an accelerated pace. The “NewebPay” plan has been extended to more convenience store logistics, home delivery, and cross-border logistic services in order to build a complete one-stop cashflow/logistic integrated service platform; “ezAIO” under ezPay Co., Ltd. will also launch the new generation of multipay equipment in order to extend to mobile pay, desktop services and other physical payment scenes. In addition, greater service scalability and more convenient value-added applications will be provided to open up physical cooperation bases at an accelerated pace. For other value-added services, the NewebPay donation platform has successively upgraded new interfaces and functions in order to improve user experience and the effectiveness of services. In response to the need for fundraising activities for the election this year, Neweb Technologies will also launch the new generation of invoice value-added service platform. Solutions for issuing e-invoice online and offline will also be simultaneously provided to completely cover online and physical store use scenes. For travel agency pay and e-invoice business, considering the global vaccine coverage and the easing of the anti-pandemic policy, there is expected to be a travel boom that will boost the overall issuance.

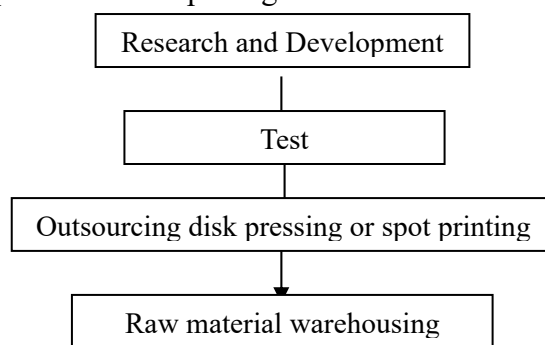
(II) Intended use and production processes of the main products

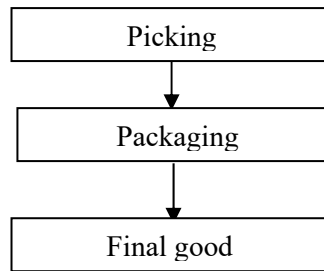
1. Major use of main products:

Computer game software: This provides recreation, brainstorming, enlightenment and entertainment. We hope to provide a new, lively interactive guided reading method to consumers interested in Chinese culture through edutainment.

2. Production process:

A. Production process of computer game software:





(III) Supply of main raw materials:

Item	Name of manufacturers	Remark
CD	Bokun	The supply is good and the quality and source are stable.
Paper	Pingcheng and Kingstate	They always adjust their delivery time for us and provide good quality. They always deliver goods to printing houses on time.

(IV) The name of the customers with their purchase and sales accounting for over 10% of total purchase and sales in any year over the last two years, and the amount and percentage of their purchase and sales:

1. Purchase **Information on main suppliers in the past two years** Unit: NTD thousands; %

Item	2021				2020			
	Name	Amount	Ratio to the annual net purchases amount [%]	Relationship with the issuer	Name	Amount	Ratio to the annual net purchases amount [%]	Relationship with the issuer
1	A	708,784	21.57	None	A	824,456	23.36	None
2	B	512,842	15.61	None	D	732,162	20.75	None
3	C	330,262	10.05	None	B	442,246	12.53	None
	Others	1,733,863	52.77		Others	1,530,341	43.36	
	Purchase - net	3,285,751	100.00		Purchase - net	3,529,205	100.00	

Note: The name of the suppliers with amount of purchase accounting for over 10% of the total purchase over the last two years, and the amount and percentage of their purchase, are listed explicitly.

Most of companies above are game, advertising and cash flow companies. The change of supplier is primarily affected by product diversity. The name of Customers A to D shall not be disclosed according to the contract and these customers are not our affiliates. Therefore, these customers are indicated by code.

According to IFRS15, the MyCard business is the recognized revenue of agency. Starting from 2018, the accounting principle applicable to income recognition is switched from total amount to net recognition.

2. Sales: **The main customers for sales within the last two years** Unit: NTD thousands; %

	2021				2020			
Item	Name	Amount	Ratio to the annual net sales amount [%]	Relationship with the issuer	Name	Amount	Ratio to the annual net sales amount [%]	Relationship with the issuer
	None				None			

Note: The name of the suppliers with amount of purchase accounting for over 10% of the total purchase over the last two years, and the amount and percentage of their purchase, are listed explicitly. However, the contract specified that the name of the customer, or the trading partner is an individual but not an affiliated person shall be indicated by code.

According to the IFRS 15 standard, the Company's revenues from MyCard business is of an agent-based recognition, and therefore by the accounting principles it has been the net revenues other than the gross recognized since 2018; moreover, the Company has no customers with sales more than 10% of total corporate sales volume.

(V) Recent secondary net production:

Unit: Number of software and magazines in thousands/NT\$ thousand

Production volume & value Main Products	Year	2021			2020		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Game software and magazine		-	107	13,014	-	164	12,017
Others		-	106	548	-	106	2,944
Total		-	213	13,562	-	270	14,961

Note 1. Productivity refers to the production generated under normal operation by using existing production equipment after a company put necessary shutdown and holiday shutdown into consideration. However, the main processes of our products are outsourced. The definition of productivity does not apply.

Note 2. Yield refers to the number of processed semi-finished products packaged by the production department of a company.

(VI) Recent secondary net sales:

Unit: NTD thousands

Sales volume and amount Main Products	Year	2021				2020			
		Domestic sales		Exports		Domestic sales		Exports	
		Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Game software and magazine		-	2,526,659	-	879,910	-	3,360,329	-	943,495
Others		-	2,945,058	-	249,751	-	2,784,821	-	179,447
Total		-	5,471,717	-	1,129,661	-	6,145,150	-	1,122,942

III. The percentage of practitioners, and the average seniority, age and educational attainment of practitioners, in the last two years and by the date of publication of annual report:

Year		2020	2021	As of March 31, 2022
Employee No.	R&D	316	249	249
	General staff	758	815	808
	Production staff	10	84	82
	Total	1,084	1,148	1,139
Average age		33.83	36.06	36.15
Average seniority		6.75	7.02	7.11
Education distribution (%)	Doctoral Degree	0.18%	0.24%	0.26%
	Master	5.72%	6.39%	5.91%
	College	82.48%	79.96%	80.36%
	Senior High School	11.16%	12.44%	12.25%
	Below Senior High School	0.46%	0.97%	1.22%

IV. Environmental Protection Expenditure:

- (I) Our countermeasures and possible expenditure in future for the loss incurred from pollution and total types of punishment during the last year and by the date of publication of annual report: Not applicable.
- (II) We shall apply for the permit of anti-pollution facilities or pollutant emission, pay for pollution control, or designate staffs for units responsible for environmental protection as required by law. We have not applied for any permit, made any payment or designated any staff for aforementioned units: Not applicable.
- (III) Investment in main equipment for pollution control, and the purpose and possible benefit of main equipment: We are a pollution-free business. We have no investment required for pollution control.
- (IV) Information on our improvement of pollution in the last two years and up to the date of publication of the annual report, any pollution dispute, and explanation on our way of handling: No pollution dispute occurred.
- (V) Current pollution condition, improvement of impact on our surplus, competitive position and CapEx, and expected major environmental capital expenditure in the next two years: We are a pollution-free business. We have no major capital expenditure required for environmental protection.

V. Employer and employee relationships:

- (I) All kinds of employee welfare measures, continuing education, training, retirement system and its implementation, labor agreement, and all kinds of employee rights protection measures:
 1. Welfare
 - (1) Cash gift: Cash gift for birthday, cash gift for Dragon Boat Festival, cash gift for Mid-Autumn Festival, cash gift for kick-off, cash gift for Christmas, cash gift

for Labor Day, cash gift for wedding and funeral, maternity allowance, quarter gathering allowance, team trip allowance and cultural event allowance.

- (2) Insurance and pension: We buy labor, health and group insurance for all employees and allocate reserve fund every month.
- (3) Medical insurance: employee group health insurance, annual health check-ups, welfare contracted medical institutions, and monthly health consultations.
- (4) Facility: Staff canteen, employee area, parking space and contract hotel.
- (5) Other benefits: Robust promotion channel, year-end bonus based on business operation, performance bonus, year-end-party raffle, festival gift and children education subsidy.

2. OJT and training system for employees:

We encourage employees to receive continuing education, improve competence, overall manner and business performance of employee, and train talents in R&D and operational management.

- (1) External training: We appoint employees to take professional seminars organized by educational training institutions and government agencies depending on their job.
- (2) System skill training: We introduce our information system, promote the system and offer skill training courses for staffs who need to use this system.
- (3) Professional skill training: To enhance overall employee competency, we encourage employees to take courses on professional skill training.

Items in 2021	Number of participants	Total training hours
Orientation organized by the company	139	205.5
Workplace safety and health courses organized by the company	139	205.5
Company commencement: Departmental in-service training	2,290	3,435
External training courses organized by external institutions	40	292

3. Retirement system and implementation:

We comply with the pension system specified in the Labor Pension Act. We follow the guidelines for defined contribution pension plan. We allocate six percent of monthly salary to personal pension account in the Bureau of Labor Insurance.

We comply with the pension system specified in the Labor Standards Act. We follow the guidelines for defined benefit plan. The employee pension is paid based on seniority and the average salary (base) of the last six months before approved date of retirement. We allocate two percent of monthly salary as the employee pension fund and authorize the Labor Retirement Reserve Fund Supervision Committee to deposit the employee pension fund to personal pension account in Bank of Taiwan in the name of the Labor Retirement Reserve Fund Supervision Committee.

4. Labor agreement:

We always care about employee rights and maintain labor-management harmony. We care about employee opinions. Employees can communicate with the HR Department or suitable senior executives to maintain a good relationship via opinion mailbox, sexual harassment appeal mailbox and whistleblower mailbox. No major labor dispute occurred so far.

5. Protection measures for all kinds of employee rights:

We comply with government decrees and protect relevant employee rights. We offer

counseling and assistance to employees in need.

(1) Workplace protection measures

- A. We perform sanitation, monitoring and management regularly for workplace, air and water quality to maintain the workplace.
- B. Numerous specialized cleaners provide a clean, comfortable workplace.
- C. We monitor the workplace 24-hour to provide a safe workplace.
- D. We built a complete fire system according to the fire regulations.

(2) Personal safety protection measures

- A. We offer regular health checkup to protect employee health.
 - B. We buy labor, health and group insurance for all employees
 - C. We build an internal appeal system to prohibit workplace violence.
- (II) The loss incurred from labor dispute and disclosure of current amount or estimated amount in future and countermeasures during the last year and by the date of publication of annual report: None.

VI. Information security management:

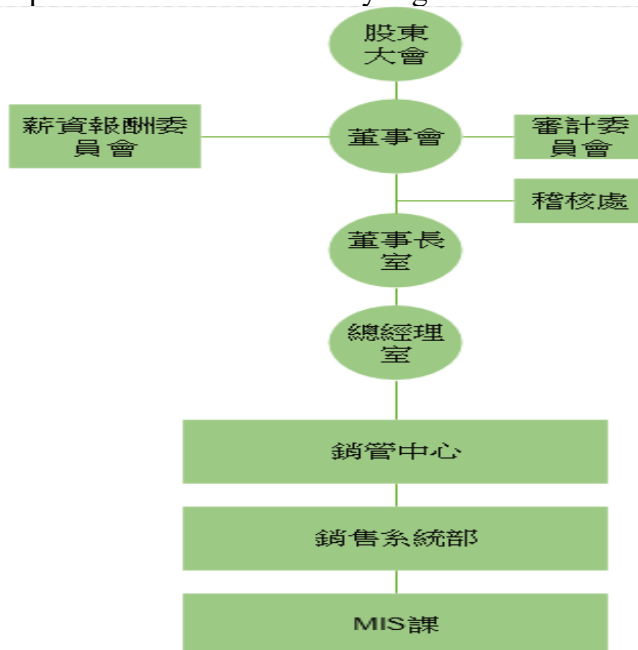
(I) Information security management strategies and framework:

1. Information and communication security risk management framework

(1) Corporate information security governance organization

Concerning the company's corporate information security organization, the MIS Section under the Sales System Department is currently responsible for coordinately and protecting the formulation and execution of related policies and risk management and compliance inspection. The company's Audit Division is responsible for supervising and governing corporate information security. The division shall supervise and evaluate the information and network security management mechanisms and directions.

(2) Corporate information security organization framework



2. Information and communication security policies

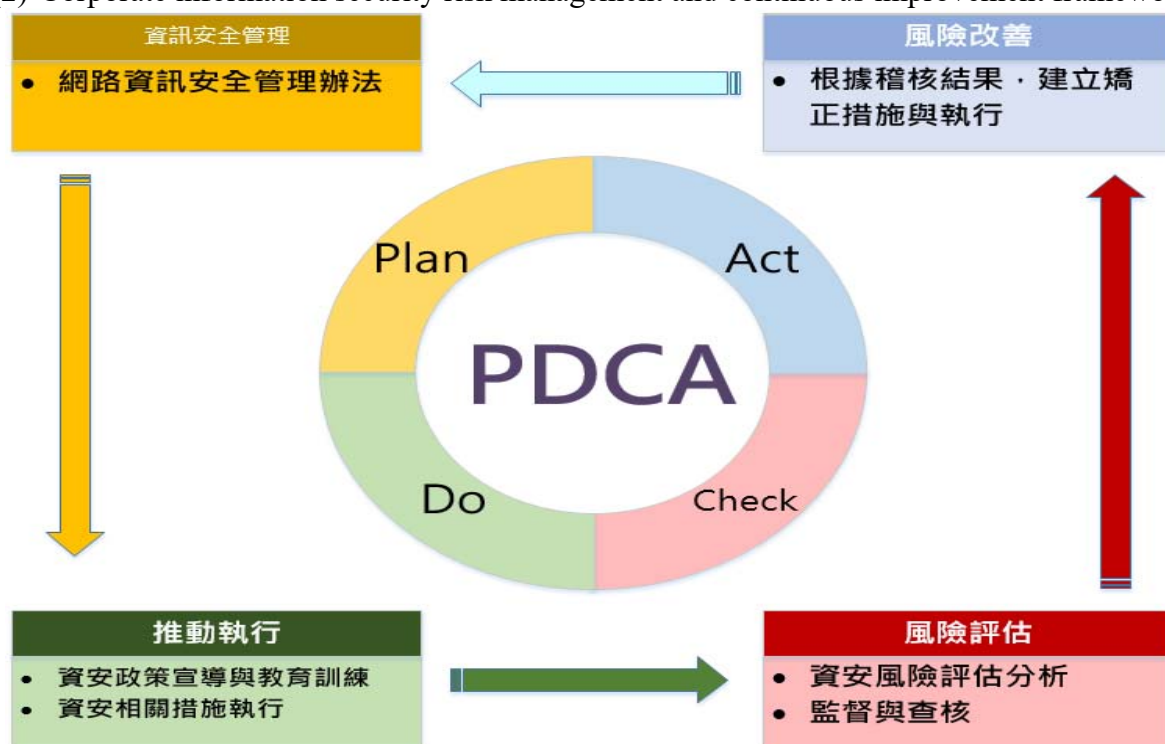
(1) Corporate information security management strategies

- A. The company's dedicate information security unit is the Systems Department. It is responsible for planning internal information security policies, executing information security management regulations, and promoting and fulfilling information security policies.
- B. The Audit Division is the inspection unit of information security monitoring. Inspections shall be carried out as scheduled. In case deficiencies or risks are found, the inspected shall conduct a review and propose specific improvement plans and schedules. The improvement progress shall be periodically followed - up in order to reduce information security risks and

implement information security policies.

C. The company's information security operating model is managed by PDCA(Plan-Do-Check-Act) in order to ensure the objectives are achieved and continue to be improved.

(2) Corporate information security risk management and continuous improvement framework



(3) Information security specific management plans

The company's information security policy includes the following four aspects:

- A. Regulations: set up information security management regulations to regulate the operational conducts of personnel.
- B. Hardware setup: set up complete information security equipment in order to fulfill information security management.
- C. Personnel education: In case of major information security events, notify personnel to ensure the information security awareness of all employees.
- D. Policy review: promote the continuous improvement of information security ensure business continuity.

(II) Information and communication security risks and coping measures:

1. The risk of information technology security and management measures

The company has established information security related protection measures for important networks and servers. However, there is no 100% guarantee the servers with important corporate functions can completely avoid cyberattacks from third parties that paralyze the system. These cyberattacks may illegally invade the company's internal network systems to destroy the company operations, damage the goodwill or steal important confidential data. Therefore, the company will continue to inspect and evaluate its information security regulations and procedures in order to ensure appropriateness and validity. Security protection will be added whenever deemed appropriate. However, there is no guarantee that the company under varying information security threats will not be affected by ever-changing risks and attacks. The company's coping measures for future information security risks are as follows:

(1) Information security regulations and procedures:

To enforce information security management, we have established the "Information Security Management Regulations" and their enforcement rules for implementing information security management, strictly managing data utilization and maintaining security. We have also established the firewall policy and application procedures to control the risk of

information security.

(2) Timely enhance security protection:

Endpoint detection and response software have been deployed targeting important servers.

The strengthening of inadequate protection against Advanced Persistent Threat (APT), the server's last line of defense detection and quick response and disposal can enhance the company's information security.

(3) Backup mechanism:

We have established a database backup mechanism and store backup media offsite to reduce the risk of data loss. We simulate situations and test regularly to ensure the normal operation and data security of information systems to reduce unexpected system disruption caused by natural disasters and human negligence, in order to comply with the planned target system recovery time.

(III) Major information and communication security events: none

VII. Major contracts: None.

VI. Financial summary

I. Summary balance sheet and comprehensive income statement for the last 5 years:

(I) Information of condensed statements of financial positions and statement of comprehensive income--IFRS

1. Brief Consolidated Balance Sheet- IAS

Unit: NTD thousands

Item	Year	Financial information from the past five years (Note)					Current year financial information up to March 31, 2022
		2017	2018	2019	2020	2021	
Current assets		10,158,265	10,780,940	11,164,456	12,088,944	13,804,044	No related information. (Note 4)
Property, plant, and equipment (Note 2)		390,129	423,285	400,700	386,835	382,135	
Intangible assets		127,709	518,941	490,894	484,199	470,058	
Other assets (Note 2)		631,283	672,527	712,629	753,788	754,137	
Total assets		11,307,386	12,395,693	12,768,679	13,713,766	15,410,374	
Current liabilities	Before Distribution	4,781,359	5,483,499	5,429,170	5,944,236	7,433,857	
	After Distribution	4,526,410	5,203,055	4,919,273	5,182,756	(Note 3)	
Non-current liabilities		107,086	162,472	235,115	310,135	300,570	
Total liabilities	Before Distribution	4,888,445	5,645,971	5,664,285	6,254,371	7,734,427	
	After Distribution	4,633,496	5,365,527	5,154,388	5,492,891	(Note 3)	
Equity of the parent company		5,673,225	5,670,266	5,973,763	6,316,235	6,501,821	
Capital stock		1,274,743	1,274,743	1,274,743	1,274,743	1,274,743	
Capital surplus		1,529,865	1,744,934	1,753,876	1,781,028	1,816,989	
Retained earnings	Before Distribution	2,735,203	2,936,814	3,266,641	3,699,174	3,765,422	
	After Distribution	2,480,254	2,656,370	2,756,744	2,937,694	(Note 3)	
Other equity		133,414	163,078	127,806	71,683	154,829	
Treasury stock		0	(449,303)	(449,303)	(510,393)	(510,162)	
Non-controlling interest		745,716	1,079,456	1,130,631	1,143,160	1,174,126	
Total equity	Before Distribution	6,418,941	6,749,722	7,104,394	7,459,395	7,675,947	
	After Distribution	6,163,992	6,469,278	6,594,497	6,697,915	(Note 3)	

Note 1: The financial statements of every fiscal year have been audited and reviewed by Deloitte Taiwan.

Note 2: After a revaluation, disclose the date of revaluation and the revaluation gain amount.

Note 3: The distributed figures above shall be filled out based on resolutions reached at the board of directors meeting or at the shareholders' meeting the following year.

Note 4: As of the date on which the annual report was printed, there was not financial data for 2021Q1 that has been audited by CPAs.

2. Condensed Consolidated Statement of Comprehensive Income -IFRS

(expressed in NT\$ thousands, except for EPS at NT\$1/share)

Item \ Year	Financial information from the past five years (Note)					Current year financial information up to March 31, 2022
	2017	2018	2019	2020	2021	
Operating revenue	15,611,929	5,552,667	5,828,654	7,268,092	6,601,378	No related information. (Note 2)
Gross profit	2,703,321	3,101,350	3,181,095	3,738,887	3,315,627	
Operating gains and losses	411,494	585,826	757,528	1,107,517	1,053,656	
Non-operating revenues and expenses	82,053	67,054	75,194	137,701	55,286	
Net profit before taxation	493,547	652,880	832,722	1,245,218	1,108,942	
Business units in continuing operation	367,278	472,019	665,943	997,267	873,329	
Net income						
gain(loss) from discontinued operations	0	0	0	0	0	
Net income	367,278	472,019	665,943	997,267	873,329	
Other comprehensive income for the period (post-tax profit or loss)	(190,042)	28,011	(43,805)	(64,785)	75,855	
Cumulative Comprehensive Income in current period	177,236	500,030	622,138	932,482	949,184	
Net profit attributable to parent company	417,558	461,322	610,580	943,767	829,934	
Net profit (loss) attributable to non-controlling interest	(50,280)	10,697	55,363	53,500	43,395	
Total comprehensive income attributable to owners of the parent company	222,422	486,224	574,999	886,307	910,874	
Comprehensive income, gross, attributable to non-controlling interest	(45,186)	13,806	47,139	46,175	38,310	
Earnings per share	3.28	3.70	5.00	7.76	6.84	

* The Company has prepared individual financial statement; therefore, the below condensed individual balance sheets and Income Statement within five years are provided otherwise.

* The financial information adopting International Financial Reporting Standards is not over 5 years; therefore, the below table (2) of financial information adopting Taiwan financial reporting standards is provided otherwise.

Note 1: The financial statements of every fiscal year have been audited and reviewed by Deloitte Taiwan.

2: As of the date on which the annual report was printed, there was not financial data for 2021Q1 that has been audited by CPAs.

(II) Condensed individual statement of financial position and statement of comprehensive income-IFRS

1. Brief Individual Balance Sheet- IAS

Unit: NTD thousands

Item	Year	Financial information from the past five years (Note)					Current year financial information up to March 31, 2022
		2017	2018	2019	2020	2021	
Current assets		5,914,722	6,075,148	5,928,878	5,909,431	6,799,024	We adopt IFRS without producing the individual financial statements for Q1. This indicator is thus not applicable.
Property, plant, and equipment		354,512	351,923	347,497	342,987	340,099	
Intangible assets		3,319	27,151	18,326	10,009	2,511	
Other assets		3,425,263	3,387,784	3,490,534	3,792,427	3,941,384	
Total assets		9,697,816	9,842,006	9,785,235	10,054,854	11,083,018	
Current liabilities	Before Distribution	6,075,148	4,063,128	3,689,336	3,557,521	4,388,513	
	After Distribution	3,669,637	3,782,684	3,179,439	2,796,041	(Note 2)	
Non-current liabilities		100,005	108,612	122,136	181,098	192,684	
Total liabilities	Before Distribution	4,024,591	4,171,740	3,811,472	3,738,619	4,581,197	
	After Distribution	3,769,642	3,891,296	3,301,575	2,977,139	(Note 2)	
Capital stock		1,274,743	1,274,743	1,274,743	1,274,743	1,274,743	
Capital surplus		1,529,865	1,744,934	1,753,876	1,781,028	1,816,989	
Retained earnings	Before Distribution	2,735,203	2,936,814	3,266,641	3,699,174	3,765,422	
	After Distribution	2,480,254	2,656,370	2,756,744	2,937,694	(Note 2)	
Other equity		133,414	163,078	127,806	71,683	154,829	
Treasury stock		-	(449,303)	(449,303)	(510,393)	(510,162)	
Total equity	Before Distribution	5,673,225	5,670,266	5,973,763	6,316,235	6,501,821	
	After Distribution	5,418,276	5,389,822	5,463,866	5,554,755	(Note 2)	

Note 1: The financial statements of every fiscal year have been audited and audited by Deloitte Taiwan.

Note 2: The distributed figures above shall be filled out based on resolutions reached at the board of directors meeting or at the shareholders' meeting the following year.

2. Brief Individual Income Statement- IAS

(expressed in NT\$ thousands, except for EPS at NT\$1/share)

Item \ Year	Financial information for the latest 5 years (Note 1)					Current year financial information up to March 31, 2022
	2017	2018	2019	2020	2021	
Operating revenue	14,425,722	2,402,463	2,335,588	2,719,262	2,670,982	We adopt IFRS without producing the individual financial statements for Q1. This indicator is thus not applicable.
Gross profit	1,927,353	1,993,919	2,006,539	2,287,179	2,178,322	
Operating gains and losses	512,193	522,683	567,776	711,931	690,666	
Non-operating revenues and expenses	4,429	65,394	178,941	402,867	290,452	
Net profit before taxation	516,622	588,077	746,717	1,114,798	981,118	
Current year profit of continuing business units	417,558	461,322	610,580	943,767	829,934	
gain(loss) from discontinued operations	0	0	0	0	0	
Net income	417,558	461,322	610,580	943,767	829,934	
Other comprehensive income for the period (post-tax profit or loss)	(195,136)	24,902	(35,581)	(57,460)	80,940	
Current period other comprehensive income (Gross)	222,422	486,224	574,999	886,307	910,874	
Earnings per share	3.28	3.70	5.00	7.76	6.84	

Note 1: The financial statements of every fiscal year have been audited and audited by Deloitte Taiwan.

(III) Condense balance sheets and statements of income - The ROC Financial Accounting Standards:

We adopted IFRS in 2013, and this indicator is thus not applicable.

(IV) Names of financial statement auditors in the last 5 years, and their audit opinions:

Year	Firm Name	Name of auditor	Opinion
2017	Deloitte & Touche	Qiu-yan Wu and Jia-ling Jiang	Unqualified opinion
2018	Deloitte & Touche	Qiu-yan Wu and Jia-ling Jiang	Unqualified opinion
2019	Deloitte & Touche	Qiu-yan Wu and Jia-ling Jiang	Unqualified opinion
2020	Deloitte & Touche	Chen-li Chen, Jia-ling Jiang	Unqualified opinion
2021	Deloitte & Touche	Chen-li Chen, Kai-Ning Hsu	Unqualified opinion

II. Financial analysis for the latest 5 years:

(I) Consolidated Financial analysis - The ROC Financial Accounting Standards:

Analytical items \ Year		Financial Analysis for the most recent five years					As of March 31, 2021	
		2017	2018	2019	2020	2021		
Financial structure (%)	Debt to assets ratio	43.23	45.55	44.36	45.61	50.19	No related information (note 7)	
	Ratio of long-term capital to property, plant and equipment	1,672.79	1,632.99	1,831.67	2,008.49	2,087.36		
Solvency (%)	Current ratio	212.46	196.61	205.64	203.37	185.69		
	Liquid ratio	209.53	191.61	199.97	199.52	183.39		
	Interest coverage ratio	0	238.00	326.92	656.38	1,175.73		
Operating ability	Account receivable turnover (times)	6.43	16.44	14.83	15.54	13.31		
	Days sales in account receivable	57	22	24.61	23.48	27.42		
	Inventory turnover (times)	187.03	47.87	14.54	29.44	18.98		
	Account payable turnover (times)	5.45	1.81	8.33	8.84	7.78		
	Average days in sales	2	8	25.10	12.39	19.23		
	Rate of real estate, plant buildings and equipment turnover (times)	39.87	13.65	14.15	18.46	17.17		
	Total assets turnover (times)	1.38	0.47	0.46	0.55	0.45		
Profitability	ROA (%)	3.25	4.00	5.31	7.54	6.00		
	ROE (%)	5.70	7.17	9.61	13.70	11.54		
	Percentage of net profit before tax to the paid-in capital (%)	38.72	51.22	65.32	97.68	86.99		
	Net profit rate (%)	2.35	8.50	11.43	13.72	13.23		
	Earnings per share (NTD)	3.28	3.70	5.00	7.76	6.84		
Cash flow (%)	Cash flow ratio (%)	18.05	18.68	19.35	28.23	33.47		
	Cash flow adequacy ratio (%)	181.56	206.32	206.43	280.03	294.16		
	Cash flow reinvestment ratio (%)	9.79	12.54	11.80	17.24	24.81		
Leverage	Operating leverage	2.88	2.08	1.93	1.85	1.91		
	Financial leverage	1.00	1.00	1.00	1.00	1.00		
Please describe the reasons for the changes in the financial ratios over the last two years (Effort for analysis may be dispensed with in case of increase/decrease change is below 20%)								
1. TIE: It is primarily associated with the decrease of interest expense in 2021.								
2. Inventory turnover rate: mainly due to the decreased cost of goods sold.								
3. Average days of sales: The increase is mainly due to the decreased inventory turnover rate.								
4. ROA (%): as the 2021 net revenue decreased.								
5. The cash reinvestment ratio (%): as the net operating cash flow increased.								

The Company has prepared individual financial statement; therefore, the below financial ratios analysis is provided otherwise.

Note 1: The financial reports for each year were audited by the CPAs.

Note 2: If available, disclose and analyze the financial data certified or reviewed by a CPA in the previous period of a listed company or its shares traded at a securities company by the date of publication of this report.

Note 3: The following equation shall be identified at the end of the annual report:

1. Financial structure

- (1) Liabilities to total assets = Total liabilities / total assets.
- (2) Ratio of long-term capital to property, plant and equipment = (Total equities + noncurrent liabilities) / property, plant and equipment.
2. Solvency
 - (1) Current ratio = current assets / current liabilities.
 - (2) Quick ratio = (current assets – inventories – prepaid expense) / current liabilities
 - (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.
3. Operating ability
 - (1) Receivable (including accounts receivable and notes receivable arising from business operation) Turnover = Net sales / average receivable (including accounts receivable and notes receivable arising from business operation) balance
 - (2) Days sales in account receivable = 365 / Account receivable turnover (times)
 - (3) Inventory turnover (times) = Cost of goods sold / average inventory amount
 - (4) Payable (including accounts payable and notes payable arising from business operation) Turnover = Cost of goods sold / Average payable (including accounts payable and notes payable arising from business operation) balance
 - (5) Average days in sales = 365 / Inventory turnover (times)
 - (6) Property, plant, and equipment turnover (times) = Net sales / Net average property, plant, and equipment
 - (7) T Total assets turnover (times) = Net sales / Average total assets
4. Profitability
 - (1) Return on assets = (after tax net profit + interest expenses x (1 - tax rate)) / average asset balance.
 - (2) Return on shareholders' equity = after tax net profit / total average equity.
 - (3) Profit ratio = net income / net sales
 - (4) Earnings per share = (profits or loss attributable to owners of the parent company – preferred stock dividend) / weighted average stock shares issued (Note 4)
5. Cash flow
 - (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
 - (2) Cash flow adequacy ratio = net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years
 - (3) Cash re-investment ratio = (net cash flow from operating activity – cash dividend) / (gross property, plant, and equipment + long-term investment + other noncurrent assets + working capital) (Note 5)
6. Leverage:
 - (1) Operating leverage = (Net operating income - Changes in operating cost and expense) / Operating profit (Note 6)
 - (2) Financial leverage = Operating profit / (Operating profit - interest expense)

Note 4: The calculation of earnings per share in the preceding paragraph should be with the following matters taken into consideration for measurement:

1. Weighted average quantity of shares is on the basis of common stock, not the outstanding shares as of the end of the year.
2. The quantity of new shares for raising new capital or treasury stock trade shall be included in the weighted average quantity of shares during their effective term.
3. Where the shares may be issued through the capitalization of retained earnings or capital surplus, make adjustment in proportion to the quantity of shares issued in calculating the semi-annual or annual EARNINGS PER SHARE of the year. The period for the release of such new shares may be omitted.
4. If the prefer stock is inconvertible cumulative preferred stock, the current stock divided (regardless distributed or not) should be deducted from the net income or added to the net loss. If the prefer stock is not cumulative, the current stock divided should be deducted from the net income, if any, but without the need of making any adjustment if there is net loss instead of net income.

Note 5: Consider the followings in conducting cash flow analysis:

1. Net cash flow from operation refers to net cash inflow from operation as stated in the Statement of Cash Flow.
2. Capital spending refers to the cash outflow to annual capital investments.
3. Increase in inventory will be counted only when the ending inventory amount exceeding the beginning inventory amount. The decrease in inventory at yearend will be treated as zero change.
4. Cash Dividends includes the dividends in cash paid to holders of common shares and preferred shares.
5. The gross property, plant, and equipment refer to the total amount of property, plant, and equipment before deducting the accumulated depreciation.

Note 6: The issuer should have the operating cost and operating expense classified as fixed and variable by the nature of operation. If it involves estimates or subjective judgments made, please pay attention to its rationality and consistency.

Note 7: As of the date on which the annual report was printed, there was not financial data for 2022Q1 that has been audited by CPAs.

(I) Individual Financial analysis - The ROC Financial Accounting Standards:

Analytical items \ Year		Financial Analysis for the most recent five years					As of March 31, 2022	
		2017	2018	2019	2020	2021		
Financial structure (%)	Debt to assets ratio	41.50	42.39	38.95	37.18	41.34	We adopt IFRS without producing the individual financial statements for Q1. This indicator is thus not applicable.	
	Ratio of long-term capital to property, plant and equipment	1,628.50	1,640.61	1,754.23	1,894.34	1,968.40		
Solvency (%)	Current ratio	150.71	149.69	160.70	166.11	154.93		
	Liquid ratio	148.46	149	156.26	162.48	152.27		
	Interest coverage ratio	0	0	3,661.38	3,597.12	4,882.18		
Operating ability	Account receivable turnover (times)	6.36	18.33	19.95	32.20	29.37		
	Days sales in account receivable	57	20	18.29	11.33	12.42		
	Inventory turnover (times)	310.47	7.69	6.54	7.79	9.55		
	Account payable turnover (times)	4.84	0.29	1.59	3.26	3.29		
	Average days in sales	1	47	55.81	46.85	38.22		
	Rate of real estate, plant buildings and equipment turnover (times)	41.06	7	6.68	7.88	7.82		
	Total assets turnover (times)	1.46	0.25	0.24	0.27	0.25		
Profitability	ROA (%)	4.23	4.72	6.22	9.52	7.85		
	ROE (%)	7.34	8.13	10.49	15.36	12.95		
	Percentage of net profit before tax to the paid-in capital (%)	40.53	46.13	58.58	87.45	76.97		
	Net profit rate (%)	2.89	19.07	26.14	34.71	31.07		
	Earnings per share (NTD)	3.28	3.70	5.00	7.76	7.76		
Cash flow (%)	Cash flow ratio (%)	14.25	17.76	12.80	23.62	38.09		
	Cash flow adequacy ratio (%)	151.98	141.94	133.98	150.18	163.10		
	Cash flow reinvestment ratio (%)	5.53	8.58	3.33	5.40	14.41		
Leverage	Operating leverage	2.88	2.08	1.93	1.85	1.91		
	Financial leverage	1	1	1	1	1		
Please describe the reasons for the changes in the financial ratios over the last two years (Effort for analysis may be dispensed with in case of increase/decrease change is below 20%)								
1. TIE: It is primarily associated with the decrease of interest expense in 2021.								
2. Inventory turnover rate: mainly due to the increased cost of goods sold.								
3. The cash reinvestment ratio (%): as the net operating cash flow increased.								
4. The cash reinvestment ratio (%): as the net operating cash flow increased.								

Note 1: The individual financial statements of all years have been certified by CPAs.

Note 2: If available, disclose and analyze the financial data certified or reviewed by a CPA in the previous period of a listed company or its shares traded at a securities company by the date of publication of this report.

Note 3: The following equation shall be identified at the end of the annual report:

1. Financial structure

(1) Liabilities to total assets = Total liabilities / total assets.

(2) Ratio of long-term capital to property, plant and equipment = (Total equities + noncurrent liabilities)

/property, plant and equipment.

2. Solvency
 - (1) Current ratio = current assets / current liabilities.
 - (2) Quick ratio = (current assets – inventories – prepaid expense) / current liabilities
 - (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.
3. Operating ability
 - (1) Receivable (including accounts receivable and notes receivable arising from business operation) Turnover = Net sales / average receivable (including accounts receivable and notes receivable arising from business operation) balance
 - (2) Days sales in account receivable = 365 / Account receivable turnover (times)
 - (3) Inventory turnover (times) = Cost of goods sold / average inventory amount
 - (4) Payable (including accounts payable and notes payable arising from business operation) Turnover = Cost of goods sold / Average payable (including accounts payable and notes payable arising from business operation) balance
 - (5) Average days in sales = 365 / Inventory turnover (times)
 - (6) Property, plant, and equipment turnover (times) = Net sales / Net average property, plant, and equipment
 - (7) Total assets turnover (times) = Net sales / Average total assets
4. Profitability
 - (1) Return on assets = (after tax net profit + interest expenses x (1 - tax rate)) / average asset balance.
 - (2) Return on shareholders' equity = after tax net profit / total average equity.
 - (3) Profit ratio = net income / net sales
 - (4) Earnings per share = (profits or loss attributable to owners of the parent company – preferred stock dividend) / weighted average stock shares issued (Note 4)
5. Cash flow
 - (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
 - (2) Cash flow adequacy ratio = net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years
 - (3) Cash re-investment ratio = (net cash flow from operating activity – cash dividend) / (gross property, plant, and equipment + long-term investment + other noncurrent assets + working capital) (Note 5)
6. Leverage:
 - (1) Operating leverage = (Net operating income - Changes in operating cost and expense) / Operating profit (Note 6)
 - (2) Financial leverage = Operating profit / (Operating profit - interest expense)

Note 4: The calculation of earnings per share in the preceding paragraph should be with the following matters taken into consideration for measurement:

1. Weighted average quantity of shares is on the basis of common stock, not the outstanding shares as of the end of the year.
2. The quantity of new shares for raising new capital or treasury stock trade shall be included in the weighted average quantity of shares during their effective term.
3. Where the shares may be issued through the capitalization of retained earnings or capital surplus, make adjustment in proportion to the quantity of shares issued in calculating the semi-annual or annual EARNINGS PER SHARE of the year. The period for the release of such new shares may be omitted.
4. If the prefer stock is inconvertible cumulative preferred stock, the current stock dividend (regardless distributed or not) should be deducted from the net income or added to the net loss. If the prefer stock is not cumulative, the current stock dividend should be deducted from the net income, if any, but without the need of making any adjustment if there is net loss instead of net income.

Note 5: Consider the followings in conducting cash flow analysis:

1. Net cash flow from operation refers to net cash inflow from operation as stated in the Statement of Cash Flow.
2. Capital spending refers to the cash outflow to annual capital investments.
3. Increase in inventory will be counted only when the ending inventory amount exceeding the beginning inventory amount. The decrease in inventory at yearend will be treated as zero change.
4. Cash Dividends includes the dividends in cash paid to holders of common shares and preferred shares.
5. The gross property, plant, and equipment refer to the total amount of property, plant, and equipment before deducting the accumulated depreciation.

(III) Financial analysis - Taiwan financial reporting standards:

We adopted IFRS in 2013, and this indicator is thus not applicable.

III. Supervisor's report on the review of the latest financial reports:

Soft-World International Corporation

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 business report, individual financial statements and consolidated financial statements and the earnings distribution proposal, of which, the individual financial statements and consolidated financial statements have been duly audited by CPA Chen-Li Chen and CPA Kai-Ning Hsu of "Deloitte & Touche" and an audit report relating thereto has been issued. The aforementioned business report, individual financial statements and consolidated financial statements and earnings distribution proposal have been reviewed by the Audit Committee without any inconsistencies found. The report is hereby prepared for approval in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, please approve.

To:

2022 Annual General Meeting

Soft-World International Corporation

Convener of the Auditing Committee

March 16, 2022

DECLARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of affiliates of Soft-World International Corporation for the year ended December 31, 2021 under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with International Financial Reporting Standard No. 10, “Consolidated Financial Statements”. In addition, relevant information required to be disclosed in the consolidated financial statements of affiliates has all been included in the consolidated financial statements of parent and subsidiary companies. Consequently, Soft-World International Corporation and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Soft-World International Corporation

By

Wang, Chun - Po
Chairman

March 16, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Soft-World International Corporation

Opinion

We have audited the accompanying consolidated financial statements of Soft-World International Corporation (the "Corporation") and its subsidiaries (collectively known as the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 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 23 to the consolidated financial statements for more details. We considered the risk of material misstatement of the recognition of revenue as the risk of incorrect calculation of the aforementioned game points and the amount needed to be transferred to the related game operators. Therefore, we focused on the accuracy of revenue recognized from MyCard transactions.

The main audit procedures performed by us included the following:

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

Other Matter

We have also audited the parent company only financial statements of the Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 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 consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 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)	\$ 5,701,412	37	\$ 5,074,336	37
Contract assets - current (Note 4 and 23)	2,831	-	-	-
Notes receivable (Notes 4 and 7)	445	-	4,025	-
Accounts receivable, net (Notes 4, 7 and 31)	413,072	3	574,498	4
Other receivables (Notes 4, 7 and 31)	1,965,150	13	1,745,983	13
Current tax assets (Notes 4 and 25)	699	-	6,747	-
Inventories (Notes 4 and 8)	33,829	-	41,326	-
Other financial assets - current (Notes 9 and 32)	5,533,757	36	4,442,006	32
Other current assets	152,849	1	200,023	2
Total current assets	13,804,044	90	12,088,944	88
NONCURRENT ASSETS				
Financial assets at fair value through profit or loss (Notes 4 and 10)	19,060	-	103,050	1
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4 and 11)	504,999	4	402,774	3
Investments accounted for using the equity method (Notes 4 and 13)	37,600	-	38,641	-
Property, plant and equipment (Notes 4, 14 and 32)	382,135	3	386,835	3
Right-of-use assets (Notes 4 and 15)	27,464	-	54,283	1
Investment properties (Notes 4 and 16)	38,337	-	42,219	-
Goodwill (Note 5)	457,621	3	457,621	4
Other intangible assets (Notes 4 and 17)	12,437	-	26,578	-
Deferred tax assets (Notes 4, 5 and 25)	41,793	-	36,040	-
Refundable deposits	31,245	-	28,219	-
Net defined benefit assets (Notes 4 and 21)	22,565	-	21,611	-
Other financial assets - noncurrent (Note 9)	30,445	-	25,389	-
Other noncurrent assets	629	-	1,562	-
Total noncurrent assets	1,606,330	10	1,624,822	12
TOTAL	\$ 15,410,374	100	\$ 13,713,766	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 23)	\$ 229,101	2	\$ 202,293	2
Notes payable (Notes 18 and 31)	8,584	-	7,616	-
Accounts payable (Notes 18 and 31)	327,236	2	500,894	4
Other payables (Notes 19 and 31)	4,186,014	27	2,891,250	21
Current tax liabilities (Notes 4 and 25)	171,056	1	68,098	1
Lease liabilities - current (Notes 4 and 15)	22,053	-	35,951	-
Other financial liabilities - current (Notes 4 and 20)	2,446,788	16	2,207,710	16
Other current liabilities	43,025	-	30,424	-
Total current liabilities	7,433,857	48	5,944,236	44
NONCURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 25)	117,878	1	123,820	1
Lease liabilities - noncurrent (Notes 4 and 15)	5,406	-	18,534	-
Net defined benefit liabilities (Notes 4 and 21)	89,038	1	83,638	-
Guarantee deposits received	88,248	-	84,143	1
Total noncurrent liabilities	300,570	2	310,135	2
Total liabilities	7,734,427	50	6,254,371	46
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 22)				
Share capital	1,274,743	8	1,274,743	9
Capital surplus	1,816,989	12	1,781,028	13
Retained earnings				
Legal reserve	1,132,078	7	1,037,835	8
Special reserve	25,117	-	30,984	-
Unappropriated earnings	2,608,227	17	2,630,355	19
Total retained earnings	3,765,422	24	3,699,174	27
Other equity	154,829	1	71,683	1
Treasury shares	(510,162)	(3)	(510,393)	(4)
Total equity attributable to owners of the Corporation	6,501,821	42	6,316,235	46
NON-CONTROLLING INTERESTS (Note 22)	1,174,126	8	1,143,160	8
Total equity	7,675,947	50	7,459,395	54
TOTAL	\$ 15,410,374	100	\$ 13,713,766	100

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

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	2021		2020	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 23 and 31)	\$ 6,601,378	100	\$ 7,268,092	100
OPERATING COSTS (Notes 4, 24 and 31)	<u>3,285,751</u>	<u>50</u>	<u>3,529,205</u>	<u>49</u>
GROSS PROFIT	<u>3,315,627</u>	<u>50</u>	<u>3,738,887</u>	<u>51</u>
OPERATING EXPENSES (Notes 24 and 31)				
Selling and marketing expenses	1,605,000	24	1,903,295	26
General and administrative expenses	344,176	5	343,985	5
Research and development expenses	275,973	4	383,230	5
Expected credit loss (Note 7)	<u>36,822</u>	<u>1</u>	<u>860</u>	<u>-</u>
Total operating expenses	<u>2,261,971</u>	<u>34</u>	<u>2,631,370</u>	<u>36</u>
OPERATING INCOME	<u>1,053,656</u>	<u>16</u>	<u>1,107,517</u>	<u>15</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 24)	38,794	1	39,284	-
Other income (Note 24)	57,011	1	55,293	1
Other gains and losses (Note 24)	(38,534)	(1)	48,180	1
Finance costs (Note 24)	(944)	-	(1,900)	-
Share of loss of associates accounted for using the equity method	<u>(1,041)</u>	<u>-</u>	<u>(3,156)</u>	<u>-</u>
Total non-operating income and expenses	<u>55,286</u>	<u>1</u>	<u>137,701</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	1,108,942	17	1,245,218	17
INCOME TAX EXPENSE (Notes 4 and 25)	<u>235,613</u>	<u>4</u>	<u>247,951</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>873,329</u>	<u>13</u>	<u>997,267</u>	<u>14</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 21)	(4,940)	-	(2,366)	-
Unrealized income (loss) on investments in equity instruments at fair value through other comprehensive income (Note 22)	102,225	1	(41,884)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 25)	<u>996</u>	<u>-</u>	<u>473</u>	<u>-</u>
	<u>98,281</u>	<u>1</u>	<u>(43,777)</u>	<u>(1)</u>

(Continued)

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED 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 22)	\$ (26,593)	-	\$ (25,394)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 25)	<u>4,167</u>	<u>-</u>	<u>4,386</u>	<u>-</u>
	<u>(22,426)</u>	<u>-</u>	<u>(21,008)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>75,855</u>	<u>1</u>	<u>(64,785)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 949,184</u>	<u>14</u>	<u>\$ 932,482</u>	<u>13</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 829,934	12	\$ 943,767	13
Non-controlling interests	<u>43,395</u>	<u>1</u>	<u>53,500</u>	<u>1</u>
	<u>\$ 873,329</u>	<u>13</u>	<u>\$ 997,267</u>	<u>14</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 910,874	14	\$ 886,307	12
Non-controlling interests	<u>38,310</u>	<u>-</u>	<u>46,175</u>	<u>1</u>
	<u>\$ 949,184</u>	<u>14</u>	<u>\$ 932,482</u>	<u>13</u>
EARNINGS PER SHARE (Note 26)				
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 consolidated financial statements.

(Concluded)

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation											
	Retained Earnings					Exchange Differences on Translating Foreign Operations	Other Equity		Treasury shares	Total	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Subtotal				
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	\$ 1,130,631	\$ 7,104,394
Appropriation of 2019 earnings (Note 22)												
Legal reserve	-	-	61,058	-	(61,058)	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(509,897)	-	-	-	-	(509,897)	-	(509,897)
Reversal of special reserve	-	-	-	(89,540)	89,540	-	-	-	-	-	-	-
	-	-	61,058	(89,540)	(481,415)	-	-	-	-	(509,897)	-	(509,897)
Cash dividends distributed by the subsidiaries (Note 22)	-	-	-	-	-	-	-	-	-	-	(10,642)	(10,642)
Net profit in 2020	-	-	-	-	943,767	-	-	-	-	943,767	53,500	997,267
Other comprehensive loss in 2020, net of income tax	-	-	-	-	(1,337)	(18,929)	(37,194)	(56,123)	-	(57,460)	(7,325)	(64,785)
Total comprehensive income (loss) in 2020	-	-	-	-	942,430	(18,929)	(37,194)	(56,123)	-	886,307	46,175	932,482
Purchase of treasury shares (Note 22)	-	-	-	-	-	-	-	-	(43,492)	(43,492)	-	(43,492)
Purchase of the Corporation's shares by subsidiaries (Note 22)	-	-	-	-	-	-	-	-	(17,598)	(17,598)	(11,496)	(29,094)
Adjustments of capital surplus for the Corporation's cash dividends received by subsidiaries	-	21,960	-	-	-	-	-	-	-	21,960	-	21,960
Difference between consideration and carrying amount of subsidiaries acquired or disposed of (Note 12)	-	(171)	-	-	-	-	-	-	-	(171)	-	(171)
Changes in percentage of ownership interests in subsidiaries	-	5,363	-	-	-	-	-	-	-	5,363	(5,363)	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(6,145)	(6,145)
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	1,143,160	7,459,395
Appropriation of 2020 earnings (Note 22)												
Legal reserve	-	-	94,243	-	(94,243)	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(761,480)	-	-	-	-	(761,480)	-	(761,480)
Reversal of special reserve	-	-	-	(5,867)	5,867	-	-	-	-	-	-	-
	-	-	94,243	(5,867)	(849,856)	-	-	-	-	(761,480)	-	(761,480)
Cash dividends distributed by subsidiaries (Note 22)	-	-	-	-	-	-	-	-	-	-	(11,334)	(11,334)
Net profit in 2021	-	-	-	-	829,934	-	-	-	-	829,934	43,395	873,329
Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	(3,840)	(19,460)	104,240	84,780	-	80,940	(5,085)	75,855
Total comprehensive income (loss) in 2021	-	-	-	-	826,094	(19,460)	104,240	84,780	-	910,874	38,310	949,184
Changes in other capital surplus	-	90	-	-	-	-	-	-	-	90	-	90
Adjustments of capital surplus for the Corporation's cash dividends received by subsidiaries	-	33,436	-	-	-	-	-	-	-	33,436	-	33,436
Changes in percentage of ownership interests in subsidiaries	-	2,435	-	-	-	-	-	-	231	2,666	(2,666)	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	6,656	6,656
Disposal of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	1,634	-	(1,634)	(1,634)	-	-	-	-
BALANCE AT DECEMBER 31, 2021	\$ 1,274,743	\$ 1,816,989	\$ 1,132,078	\$ 25,117	\$ 2,608,227	\$ (67,490)	\$ 222,319	\$ 154,829	\$ (510,162)	\$ 6,501,821	\$ 1,174,126	\$ 7,675,947

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

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,108,942	\$ 1,245,218
Adjustments for:		
Income and expenses		
Depreciation expenses	63,223	69,892
Amortization expenses	35,967	48,061
Expected credit loss recognized on accounts receivable	36,822	860
Loss (gain) on financial assets at fair value through profit or loss	32,402	(44,190)
Finance costs	944	1,900
Interest income	(38,794)	(39,284)
Dividend income	(4,405)	(2,977)
Share of loss of associates accounted for using the equity method	1,041	3,156
Gain on disposal of investments	-	(15,781)
Others	2,367	2,643
Changes in operating assets and liabilities		
Contract assets	(2,831)	-
Notes receivable	3,580	46
Accounts receivable	160,097	(195,246)
Other receivables	(271,855)	136,108
Inventories	5,777	(11,995)
Other current assets	47,174	103,741
Contract liabilities	26,808	(146,025)
Notes payable	968	(6,993)
Accounts payable	(173,658)	223,590
Other payables	1,294,755	(37,165)
Other financial liabilities	239,078	461,883
Other current liabilities	12,601	(4,089)
Net defined benefit liabilities	(485)	(1,737)
Cash generated from operations	2,580,518	1,791,616
Interest received	37,615	36,018
Dividends received	4,405	2,977
Interest paid	(944)	(1,900)
Income tax paid	(133,139)	(150,778)
Net cash generated from operating activities	<u>2,488,455</u>	<u>1,677,933</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	-	(58,860)
Proceeds from disposal of financial assets at fair value through profit or loss	51,588	-
Net cash inflow on acquisition of subsidiaries	-	3,183
Proceeds from disposal of subsidiaries	18,466	2,513
Payments for property, plant and equipment	(16,427)	(19,838)
Proceeds from disposal of property, plant and equipment	30	7,745
Increase in refundable deposits	(3,026)	(3,451)

(Continued)

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

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

	2021	2020
Payments for intangible assets	\$ (21,826)	\$ (43,842)
Proceeds from disposal of intangible assets	-	2,476
Increase in other financial assets	(1,096,807)	(859,215)
Increase in other noncurrent assets	<u>-</u>	<u>(85)</u>
Net cash used in investing activities	<u>(1,068,002)</u>	<u>(969,374)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits received	4,105	9,460
Repayment of the principal portion of lease liabilities	(39,042)	(38,439)
Cash dividends distributed	(728,044)	(487,937)
Payments to acquire treasury shares	-	(43,492)
Acquisition of the parent company's shares held by subsidiaries	-	(17,598)
Disposal of ownership interests in subsidiaries without losing control	-	3,891
Changes in non-controlling interests	(4,678)	(42,488)
Unclaimed dividend	<u>90</u>	<u>-</u>
Net cash used in financing activities	<u>(767,569)</u>	<u>(616,603)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(25,808)</u>	<u>(19,385)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	627,076	72,571
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>5,074,336</u>	<u>5,001,765</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 5,701,412</u>	<u>\$ 5,074,336</u>

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

(Concluded)

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 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 consolidated financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on March 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 Group’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 consolidated financial statements were authorized for issue, the Group assessed that the application of the above standards and interpretations would not have a material impact on the Group's financial position and financial performance.

c. 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 consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of the above standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

c. Classification of current and noncurrent assets and liabilities

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e. its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of

subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

For details on the percentages of ownership and main operating activities of the subsidiaries, refer to Note 12, Table 4 and Table 5.

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

f. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

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

For the purpose of presenting the consolidated financial statements, the functional currencies of the entities in the Group (including subsidiaries and associates operating in other countries that use currencies which are different from the currency of the Corporation) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive

income (attributed to the owners of the Corporation and non-controlling interests as appropriate).

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

g. 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.

h. Investments accounted for using the equity method

The Group uses the equity method to account for its investments in associates. An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

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

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

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

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, which forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When an entity in the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent that interests in the associate are not related to the Group.

i. Property, plant, and equipment

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

Land is not depreciated.

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

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

j. Investment properties

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

Freehold investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

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

k. Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

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

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

l. Other intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in

the estimates accounted for on a prospective basis.

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

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

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

1. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

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

i Financial assets at FVTPL

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

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

ii Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

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

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

iii Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

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

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable, other receivables and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the internal or external information show that the debtor is unlikely to pay its creditors indicate that a financial asset is in default (without taking into account any collateral held by the Group).

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

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

3) Financial liabilities

a) Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

o. Revenue recognition

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

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

1) Sale of goods

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

2) Operation of games

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

3) Rendering of services

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

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

c) Other revenue from the rendering of services

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

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

4) Licensing revenue

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

p. Leases

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

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost and are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

q. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

s. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and loss carryforwards can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

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

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

Key Sources of Estimation Uncertainty

a. Assessment of goodwill from business combinations

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

b. Income taxes

As of December 31, 2021 and 2020, the carrying amounts of deferred tax assets in relation to unused tax losses and temporary differences were \$413,134 thousand and \$447,904 thousand, respectively. The realizability of deferred tax assets mainly depends on whether sufficient future profit or taxable temporary differences will be available. In cases where the actual future profit generated is more than expected, material deferred tax assets may be realized in profit or loss for the period.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	\$ 2,498	\$ 1,716
Bank deposits	3,004,309	2,807,676
Cash equivalents		
Time deposits with original maturities of less than 3 months	<u>2,694,605</u>	<u>2,264,944</u>
	<u>\$ 5,701,412</u>	<u>\$ 5,074,336</u>

7. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2021	2020
Notes receivable		
Operating	<u>\$ 445</u>	<u>\$ 4,025</u>
Accounts receivable		
At amortized cost		
Gross carrying amount	\$ 416,748	\$ 578,019
Less: Allowance for impairment loss	<u>(3,676)</u>	<u>(3,521)</u>
	<u>\$ 413,072</u>	<u>\$ 574,498</u>
Other receivables		
Gross carrying amount	\$ 2,062,537	\$ 1,847,645
Less: Allowance for impairment loss	<u>(97,387)</u>	<u>(101,662)</u>
	<u>\$ 1,965,150</u>	<u>\$ 1,745,983</u>

a. Notes receivable

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

b. Accounts receivable

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

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. The loss allowance is further distinguished according to the Group's different customer segments based on the aging of accounts receivable or past due status.

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

The following table details the loss allowance of accounts receivable:

December 31, 2021

	Up to 90 Days	91 to 180 Days	181 to 365 Days	More than 1 year	Total
<u>Customer segment A</u>					
Expected credit loss rate (%)	-	0-3	15-30	100	
Gross carrying amount	\$ 370,874	\$ 12,654	\$ 113	\$ 1,971	\$ 385,612
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(81)</u>	<u>(33)</u>	<u>(1,971)</u>	<u>(2,085)</u>
Amortized cost	<u>\$ 370,874</u>	<u>\$ 12,573</u>	<u>\$ 80</u>	<u>\$ -</u>	<u>\$ 383,527</u>

	Not past due	Past due 1-90 Days	Past due 91-180 Days	Past due 181-270 Days	Past due Over 270 Days	Total
<u>Customer segment B</u>						
Expected credit loss rate (%)	-	0-7	0-10	0-50	0-100	
Gross carrying amount	\$ 27,244	\$ 1,132	\$ 1,359	\$ 3	\$ 1,398	\$ 31,136
Loss allowance (lifetime ECLs)	<u>(195)</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(1,395)</u>	<u>(1,591)</u>
Amortized cost	<u>\$ 27,049</u>	<u>\$ 1,132</u>	<u>\$ 1,359</u>	<u>\$ 2</u>	<u>\$ 3</u>	<u>\$ 29,545</u>

December 31, 2020

	Up to 90 Days	91 to 180 Days	181 to 365 Days	More than 1 year	Total
<u>Customer segment A</u>					
Expected credit loss rate (%)	-	0-3	15-30	100	
Gross carrying amount	\$ 511,596	\$ 806	\$ 722	\$ 324	\$ 513,448
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(6)</u>	<u>(108)</u>	<u>(324)</u>	<u>(438)</u>
Amortized cost	<u>\$ 511,596</u>	<u>\$ 800</u>	<u>\$ 614</u>	<u>\$ -</u>	<u>\$ 513,010</u>

	Not past due	Past due 1-90 Days	Past due 91-180 Days	Past due 181-270 Days	Past due Over 270 Days	Total
<u>Customer segment B</u>						
Expected credit loss rate (%)	-	0-7	0-10	0-50	0-100	
Gross carrying amount	\$ 53,131	\$ 3,186	\$ 1,675	\$ 1,786	\$ 4,793	\$ 64,571
Loss allowance (lifetime ECLs)	<u>(182)</u>	<u>-</u>	<u>(3)</u>	<u>(76)</u>	<u>(2,822)</u>	<u>(3,083)</u>
Amortized cost	<u>\$ 52,949</u>	<u>\$ 3,186</u>	<u>\$ 1,672</u>	<u>\$ 1,710</u>	<u>\$ 1,971</u>	<u>\$ 61,488</u>

Accounts receivable that were past due as of December 31, 2020 amounted to \$7,441 thousand; the accounts were covered by agreements signed by the Group and its counterparties that allow the right to offset receivable with the liabilities payable to the counterparties as a way to reduce the Group's risk from the lenders' breach of if contracts credit events occur.

c. Other receivables

The Group's other receivables are mainly receipts under custody of cooperative channels from the sale of the Corporation's exclusive card (MyCard). The Corporation sold MyCard to customers via cooperative channels (see Note 23), 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 1 year	Total
<u>Customer segment A</u>					
Expected credit loss rate (%)	-	0-3	15-30	100	
Gross carrying amount	\$ 1,868,263	\$ 44,398	\$ 28,767	\$ 38,227	\$ 1,979,655
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(1,358)</u>	<u>(9,902)</u>	<u>(38,227)</u>	<u>(49,487)</u>
Amortized cost	<u>\$ 1,868,263</u>	<u>\$ 43,040</u>	<u>\$ 18,865</u>	<u>\$ -</u>	<u>\$ 1,930,168</u>

	Not past due	Past due 1-90 Days	Past due 91-180 Days	Past due 181-270 Days	Past due Over 270 Days	Customers With Signs of Default	Total
<u>Customer segment B</u>							
Expected credit loss rate (%)	-	-	-	-	0,100	100	
Gross carrying amount	\$ 9,141	\$ 50	\$ 1,660	\$ 139	\$ 25,153	\$ 46,739	\$ 82,882
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,161)</u>	<u>(46,739)</u>	<u>(47,900)</u>
Amortized cost	<u>\$ 9,141</u>	<u>\$ 50</u>	<u>\$ 1,660</u>	<u>\$ 139</u>	<u>\$ 23,992</u>	<u>\$ -</u>	<u>\$ 34,982</u>

December 31, 2020

	Up to 90 Days	91 to 180 Days	181 to 365 Days	More than 1 year	Total
<u>Customer segment A</u>					
Expected credit loss rate (%)	-	0-3	0-30	100	
Gross carrying amount	\$ 1,649,398	\$ 45,253	\$ 24,705	\$ 55,232	\$ 1,774,588
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(1,384)</u>	<u>(10,202)</u>	<u>(55,232)</u>	<u>(66,818)</u>
Amortized cost	<u>\$ 1,649,398</u>	<u>\$ 43,869</u>	<u>\$ 14,503</u>	<u>\$ -</u>	<u>\$ 1,707,770</u>

	Not past due	Past due 1-90 Days	Past due 91-180 Days	Past due 181-270 Days	Past due Over 270 Days	Customers With Signs of Default	Total
<u>Customer segment B</u>							
Expected credit loss rate (%)	-	-	-	-	0-81	100	
Gross carrying amount	\$ 9,075	\$ 4,672	\$ 20,816	\$ 2,274	\$ 7,352	\$ 28,868	\$ 73,057
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,976)</u>	<u>(28,868)</u>	<u>(34,844)</u>
Amortized cost	<u>\$ 9,075</u>	<u>\$ 4,672</u>	<u>\$ 20,816</u>	<u>\$ 2,274</u>	<u>\$ 1,376</u>	<u>\$ -</u>	<u>\$ 38,213</u>

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

	<u>For the Year Ended December 31, 2021</u>		
	Accounts Receivable	Other Receivables	Total
Balance at January 1	\$ 3,521	\$ 101,662	\$ 105,183
Recognition	1,331	35,491	36,822
Amounts written off	(1,174)	(39,676)	(40,850)
Foreign exchange gains and losses	<u>(2)</u>	<u>(90)</u>	<u>(92)</u>
Balance at December 31	<u>\$ 3,676</u>	<u>\$ 97,387</u>	<u>\$ 101,063</u>

	<u>For the Year Ended December 31, 2020</u>		
	Accounts Receivable	Other Receivables	Total
Balance at January 1	\$ 29,607	\$ 89,491	\$ 119,098
Recognition (reversal)	(25,167)	26,027	860
Amounts written off	(922)	(14,101)	(15,023)
Foreign exchange gains and losses	<u>3</u>	<u>245</u>	<u>248</u>
Balance at December 31	<u>\$ 3,521</u>	<u>\$ 101,662</u>	<u>\$ 105,183</u>

8. INVENTORIES

	December 31	
	2021	2020
Finished goods	\$ 141	\$ 154
Merchandise	<u>33,688</u>	<u>41,172</u>
	<u>\$ 33,829</u>	<u>\$ 41,326</u>

9. OTHER FINANCIAL ASSETS

	December 31	
	2021	2020
Pledged demand deposits (Note 32)	\$ 122	\$ -
Pledged time deposits (Note 32)	51,000	37,000
Restricted trust deposits	1,684,682	667,546
Restricted bank deposits	30,445	25,389
Time deposits with original maturities of more than 3 months	<u>3,797,953</u>	<u>3,737,460</u>
	<u>\$ 5,564,202</u>	<u>\$ 4,467,395</u>
Current	\$ 5,533,757	\$ 4,442,006
Noncurrent	<u>30,445</u>	<u>25,389</u>
	<u>\$ 5,564,202</u>	<u>\$ 4,467,395</u>

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

10. FINANCIAL ASSETS AT FVTPL - NONCURRENT

	December 31	
	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

	December 31	
	2021	2020
Listed shares	\$ 176,364	\$ 127,962
Emerging market shares	18,306	28,156
Private - placement shares of listed companies	294,600	230,540
Domestic unlisted shares	<u>15,729</u>	<u>16,116</u>
	<u>\$ 504,999</u>	<u>\$ 402,774</u>

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

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

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

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2021	2020	
The Corporation	Chinese Gamer International Corporation (Chinese Gamer)	Online game service	49	49	Note 1
	Soft-World Technology Pte. Ltd.	Trading of game software	100	100	
	Game Flier International Corporation (Game Flier)	Online game service	98	98	
	Global Concept Corporation (Global Concept)	Investment related business	100	100	
	Game First International Corporation (Game First)	Online game service	70	70	
	Zealot Digital International Corporation	Development and sales of game software	99	99	
	Zealot Digital Pte. Ltd. (Zealot)	Development and sales of game software	-	-	Note 2
	Soft-World International (Hong Kong) Corporation (Soft-World (Hong Kong))	Trading of game software	100	100	
	Dynasty International Information Co., Ltd.	Design, development and trading of computer software	86	86	
	Jhih Long Venture Capital Corporation	Investment related business	13	13	
	Sofaman Corporation (Sofaman)	Development and sales of game software	-	60	Note 3
	Interactive Entertainment Technology Co., Ltd (Interactive Entertainment)	Investment related business	80	80	
	Fast Distributed Cloud Computing Co., Ltd (Fast Distributed Cloud)	Retail, wholesale and service of information software	90	90	Note 5
	Neweb Technologies Corporation Ltd. (Neweb Technologies)	Information software wholesale and retail and electronic data supply services	50	50	
	Efun International Corporation (Efun)	Information software and data processing services	80	80	
	Long Xiang Investment Co., Ltd. (Long Xiang Investment)	Investment related business	44	44	
	CELAD Game Corporation	Online game service	32	32	
	We Can Financial Technology Co., Ltd. (We Can)	Development of financial system and equipment, etc.	51	51	Note 4
Chinese Gamer	Taichigamer (B.V.I.) Co., Ltd. (Taichigamer)	Investment related business	100	100	
	Walkfun International Corporation	Network authentication, data processing services and electronic information providing services	100	100	
	CELAD Game Corporation	Online game service	68	68	
	Super Game Corporation	Online game service	88	88	
	Jhih Long Venture Capital Corporation	Investment related business	13	13	
	Star Diamond Universal Corporation (Star Diamond)	Investment related business	100	100	
	Fun Bear Corporation	Online game service	100	100	
	Game Topia Co., Ltd. (Game Topia)	Online game service	65	65	
	Oriental Dragon Digital Co., Ltd.	Online game service	100	100	
	Long Xiang Investment Co., Ltd. (Long Xiang Investment)	Investment related business	30	30	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remarks
			December 31		
			2021	2020	
Taichigamer	Transasiagamer (B.V.I.) Co., Ltd. (Transasiagamer)	Investment related business	100	100	
Transasiagamer	You Long Online (Beijing) Technology Corporation (You Long Beijing Online)	Online game service	100	100	
Star Diamond	Dragon Gamer (Hong Kong) Co., Ltd.	Online game service	100	100	
Game Topia	Game Topia (Hong Kong) Technology Corporation	Information service industry	100	100	
Game Flier	Soft-Orient Corporation	Investment related business	100	100	
	Game Flier (Malaysia) Sdn. Bhd.	Game software development, manufacturing and selling	-	-	Note 2
	Mobile Flier International Corporation	Development of smart mobile games	-	-	Note 2
Global Concept	Value Central Corporation (Value Central)	Investment related business	100	100	
	Gamers Grande Corporation (Gamers Grande)	Investment related business	100	100	
Value Central	Picked United Development Ltd.	Acquisition and authorization of game software	100	100	
Gamers Grande	Game Flier (Beijing) Sdn. Bhd. (Beijing Game Flier)	Information processing and supply services	100	100	
Game First	Compete ! Games Interactive Entertainment Corporation	Agent and operation of sports type of games	100	100	
Soft - World (Hong Kong)	Soft-World International (Guangzhou) Corporation (Soft-World (Guangzhou))	Design, development, production and sales of computer hardware and software	-	-	Note 6
Interactive Entertainment	Interactive Entertainment Technologies Corporation	Wholesale and service of information software	100	100	
Neweb Technologies	ezPay Taiwan Co., Ltd.	Third party payment service	100	100	
	Newebpay Corporation. (Newebpay)	Electronic data supply service	-	100	Note 7
	CService Technology Co., Ltd.	Information software	100	100	
Efun International Corporation	Re: Ad Media Corporation.	General advertising service	100	100	
Long Xiang Investment	Jhih Long Venture Capital Corporation	Investment related business	74	74	

(Concluded)

- 1) A subsidiary with material non-controlling interests, listed on the mainboard of the Taipei Exchange. Since the Corporation can direct the company's relevant activities due to its holding of an absolute majority of the company's voting rights, the company is recognized as a subsidiary.
- 2) Completed liquidation procedures in 2020.
- 3) Completed liquidation procedures in 2021.
- 4) 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 the related information, refer to Note 27: Business Combinations. 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%.
- 5) The Corporation sold some shares of Fast Distributed Cloud for \$3,771 thousand, leading to a decrease in shareholding ratio from 100% to 90%.
- 6) Soft-World (Hong Kong) disposed of Soft-World (Guangzhou) in 2020. Please refer to Note 28: Disposal of subsidiaries for the details.
- 7) To integrate enterprise resources and enhance operating efficiency, Newweb Technologies merged its subsidiary Newebpay on September 1, 2021, and Newweb Technologies is the surviving company while Newebpay is the dissolving company.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests (%)	
	December 31	
	2021	2020
Chinese Gamer International Corporation (%)	51	51

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

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Non-controlling Interests	
	For the Year Ended December 31		December 31	
	2021	2020	2021	2020
Chinese Gamer International Corporation	\$ (20,269)	\$ 6,499	\$ 574,168	\$ 593,795

The summarized financial information below represents amounts before intragroup eliminations.

Chinese Gamer International Corporation and Chinese Gamer International Corporation's subsidiaries

	December 31	
	2021	2020
Current assets	\$ 903,794	\$ 927,287
Noncurrent assets	451,971	461,172
Current liabilities	(114,883)	(100,674)
Noncurrent liabilities	(9,477)	(14,278)
Equity	\$ 1,231,405	\$ 1,273,507
Equity attributable to:		
The Corporation	\$ 628,956	\$ 649,274
Non-controlling interests of Chinese Gamer International Corporation	574,168	593,795
Non-controlling interests of Chinese Gamer International Corporation's subsidiaries	28,281	30,438
	\$ 1,231,405	\$ 1,273,507
	For the Year Ended December 31	
	2021	2020
Revenue	\$ 341,914	\$ 458,040
Profit (loss) for the year	\$ (38,530)	\$ 13,529
Other comprehensive loss for the year	(7,889)	(8,209)
Total comprehensive income (loss) for the year	\$ (46,419)	\$ 5,320

(Continued)

	For the Year Ended December 31	
	2021	2020
Profit (loss) attributable to:		
The Corporation	\$ (19,157)	\$ (5,447)
Non-controlling interests of Chinese Gamer International Corporation	(20,269)	6,499
Non-controlling interests of Chinese Gamer International Corporation's subsidiaries	<u>896</u>	<u>12,476</u>
	<u>\$ (38,530)</u>	<u>\$ 13,528</u>
Comprehensive loss attributable to:		
The Corporation	\$ (22,754)	\$ (9,179)
Non-controlling interests of Chinese Gamer International Corporation	(24,132)	2,436
Non-controlling interests of Chinese Gamer International Corporation's subsidiaries	<u>467</u>	<u>12,063</u>
	<u>\$ (46,419)</u>	<u>\$ 5,320</u>
Cash flow		
Operating activities	\$ 25,599	\$ (16,392)
Investing activities	(35,663)	(66,665)
Financing activities	<u>(12,829)</u>	<u>(10,408)</u>
Net cash outflow	<u>\$ (22,893)</u>	<u>\$ (93,465)</u>
		(Concluded)

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2021	2020
Investments in associates - not individually material	<u>\$ 37,600</u>	<u>\$ 38,641</u>

Aggregate information of associates that are not individually material:

	For the Year Ended December 31	
	2021	2020
The Group's share of:		
Total loss and other comprehensive loss for the year	<u>\$ (1,041)</u>	<u>\$ (3,156)</u>

14. 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	\$ 200,433	\$ 251,322	\$ 27,243	\$ 23,091	\$ 717,410
Additions	-	-	7,826	7,350	1,251	16,427
Disposals	-	-	(42,797)	(4,688)	(1,520)	(49,005)
Effect of foreign currency exchange differences	-	(165)	(945)	(12)	(121)	(1,243)
Balance at December 31, 2021	<u>\$ 215,321</u>	<u>\$ 200,268</u>	<u>\$ 215,406</u>	<u>\$ 29,893</u>	<u>\$ 22,701</u>	<u>\$ 683,589</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2021	\$ -	\$ 69,187	\$ 231,842	\$ 13,101	\$ 16,445	\$ 330,575
Disposals	-	-	(42,768)	(4,688)	(1,520)	(48,976)
Depreciation expense	-	4,965	7,488	6,524	2,106	21,083
Effect of foreign currency exchange differences	-	(101)	(879)	(149)	(99)	(1,228)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 74,051</u>	<u>\$ 195,683</u>	<u>\$ 14,788</u>	<u>\$ 16,932</u>	<u>\$ 301,454</u>
Carrying amounts at December 31, 2021	<u>\$ 215,321</u>	<u>\$ 126,217</u>	<u>\$ 19,723</u>	<u>\$ 15,105</u>	<u>\$ 5,769</u>	<u>\$ 382,135</u>

For the year ended December 31, 2020

	Land	Buildings	Equipment	Miscellaneous Equipment	Others	Total
<u>Cost</u>						
Balance at January 1, 2020	\$ 215,321	\$ 220,605	\$ 254,562	\$ 32,198	\$ 19,688	\$ 742,374
Acquisitions through business combinations	-	-	2,470	14,239	1,232	17,941
Additions	-	-	9,176	8,230	3,699	21,105
Disposals	-	-	(16,373)	(27,451)	(1,398)	(45,222)
Disposal of subsidiaries	-	(20,363)	-	-	-	(20,363)
Effect of foreign currency exchange differences	-	191	1,487	27	(130)	1,575
Balance at December 31, 2020	<u>\$ 215,321</u>	<u>\$ 200,433</u>	<u>\$ 251,322</u>	<u>\$ 27,243</u>	<u>\$ 23,091</u>	<u>\$ 717,410</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2020	\$ -	\$ 82,390	\$ 230,126	\$ 13,765	\$ 15,393	\$ 341,674
Acquisitions through business combinations	-	-	1,313	14,239	698	16,250
Disposals	-	-	(15,727)	(20,935)	(1,398)	(38,060)
Depreciation expense	-	4,960	14,780	6,185	1,844	27,769
Disposal of subsidiaries	-	(18,327)	-	-	-	(18,327)
Effect of foreign currency exchange differences	-	164	1,350	(153)	(92)	1,269
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 69,187</u>	<u>\$ 231,842</u>	<u>\$ 13,101</u>	<u>\$ 16,445</u>	<u>\$ 330,575</u>
Carrying amounts at December 31, 2020	<u>\$ 215,321</u>	<u>\$ 131,246</u>	<u>\$ 19,480</u>	<u>\$ 14,142</u>	<u>\$ 6,646</u>	<u>\$ 386,835</u>

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

	For the Year Ended December 31	
	2021	2020
Additions to property, plant and equipment	\$ 16,427	\$ 21,105
Decrease in prepayments for equipment	-	(1,777)
Decrease in payables for equipment	<u>-</u>	<u>510</u>
Cash payments	<u>\$ 16,427</u>	<u>\$ 19,838</u>

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

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amount		
Buildings	<u>\$ 27,464</u>	<u>\$ 54,283</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 14,048</u>	<u>\$ 44,652</u>
Depreciation of right-of-use assets		
Buildings	<u>\$ 38,771</u>	<u>\$ 38,737</u>

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount		
Current	<u>\$ 22,053</u>	<u>\$ 35,951</u>
Noncurrent	<u>\$ 5,406</u>	<u>\$ 18,534</u>

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

	December 31	
	2021	2020
Buildings	1.95-2.63	1.95-2.63

c. Material leasing activities and terms

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

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	<u>\$ 7,518</u>	<u>\$ 7,418</u>
Expenses relating to low-value asset leases	<u>\$ 1,986</u>	<u>\$ 3,168</u>
Total cash outflow for leases	<u>\$ 49,485</u>	<u>\$ 50,382</u>

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

16. INVESTMENT PROPERTIES

For the year ended December 31, 2021

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

For the year ended December 31, 2020

	Buildings
<hr/>	
Cost	
Balance at January 1, 2020	\$ 99,850
Effect of foreign currency exchange differences	<u>(367)</u>
Balance at December 31, 2020	<u>\$ 99,483</u>

(Continued)

	Buildings
<u>Accumulated depreciation</u>	
Balance at January 1, 2020	\$ 54,110
Depreciation expenses	3,386
Effect of foreign currency exchange differences	<u>(232)</u>
Balance at December 31, 2020	<u>\$ 57,264</u>
Carrying amount at December 31, 2020	<u>\$ 42,219</u> (Concluded)

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

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

	<u>December 31</u>	
	2021	2020
Year 1	\$ 18,787	\$ 21,302
Year 2	8,807	15,370
Year 3	<u>1,451</u>	<u>6,545</u>
	<u>\$ 29,045</u>	<u>\$ 43,217</u>

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

The fair values of investment properties as of December 31, 2021 and 2020 were \$670,000 thousand and \$600,000 thousand, respectively, which were measured by the Group's management based on the market prices of similar properties in the vicinity.

17. OTHER INTANGIBLE ASSETS

For the year ended December 31, 2021

	Computer Software	Copyright and Royalty for Game Software	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 51,196	\$ 20,908	\$ 72,104
Additions	10,620	11,206	21,826
Write-off	(46,741)	(15,001)	(61,742)
Effect of foreign currency exchange differences	<u>(9)</u>	<u>-</u>	<u>(9)</u>
Balance at December 31, 2021	<u>\$ 15,066</u>	<u>\$ 17,113</u>	<u>\$ 32,179</u> (Continued)

	Computer Software	Copyright and Royalty for Game Software	Total
<u>Accumulated amortization</u>			
Balance at January 1, 2021	\$ 37,108	\$ 8,418	\$ 45,526
Amortization expenses	18,519	17,448	35,967
Write-off	(46,741)	(15,001)	(61,742)
Effect of foreign currency exchange differences	<u>(9)</u>	<u>-</u>	<u>(9)</u>
Balance at December 31, 2021	<u>\$ 8,877</u>	<u>\$ 10,865</u>	<u>\$ 19,742</u>
Carrying amount at December 31, 2021	<u>\$ 6,189</u>	<u>\$ 6,248</u>	<u>\$ 12,437</u> (Concluded)

For the year ended December 31, 2020

	Computer Software	Copyright and Royalty for Game Software	Total
<u>Cost</u>			
Balance at January 1, 2020	\$ 101,779	\$ 5,776	\$ 107,555
Additions	12,290	31,552	43,842
Disposals	(3,734)	-	(3,734)
Write-off	(59,158)	(16,420)	(75,578)
Effect of foreign currency exchange differences	<u>19</u>	<u>-</u>	<u>19</u>
Balance at December 31, 2020	<u>\$ 51,196</u>	<u>\$ 20,908</u>	<u>\$ 72,104</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2020	\$ 72,456	\$ 1,826	\$ 74,282
Amortization expenses	25,049	23,012	48,061
Disposals	(1,258)	-	(1,258)
Write-off	(59,158)	(16,420)	(75,578)
Effect of foreign currency exchange differences	<u>19</u>	<u>-</u>	<u>19</u>
Balance at December 31, 2020	<u>\$ 37,108</u>	<u>\$ 8,418</u>	<u>\$ 45,526</u>
Carrying amount at December 31, 2020	<u>\$ 14,088</u>	<u>\$ 12,490</u>	<u>\$ 26,578</u>

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

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

18. NOTES PAYABLE AND ACCOUNTS PAYABLE

The Group's notes payable and accounts payable are generated from operating activities. The average credit period on purchases of goods and services is around 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms, and therefore no interest was charged on the outstanding balance.

19. OTHER PAYABLES

	December 31	
	2021	2020
Payables for receipts under custody	\$ 2,896,363	\$ 2,105,890
Payables for circulation	127,326	144,179
Payables for salaries or bonuses	187,691	179,298
Payables for agency transactions	382,943	161,850
Payables for compensation of employees, board of directors and supervisors	68,912	77,994
Payables for annual leave	24,532	23,012
Payables for royalty	15,549	9,333
Others	<u>482,698</u>	<u>189,694</u>
	<u>\$ 4,186,014</u>	<u>\$ 2,891,250</u>

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

20. OTHER FINANCIAL LIABILITIES - CURRENT

	December 31	
	2021	2020
Temporary receipts from the sale of MyCard	\$ 780,160	\$ 797,522
Temporary receipts from third-party payments and electronic payments	<u>1,666,628</u>	<u>1,410,188</u>
	<u>\$ 2,446,788</u>	<u>\$ 2,207,710</u>

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

b. Defined benefit plan

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

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 167,830	\$ 161,325
Fair value of plan assets	<u>(101,240)</u>	<u>(99,190)</u>
Deficit	66,590	62,135
Net defined benefit assets	22,565	21,611
Other payables	<u>(117)</u>	<u>(108)</u>
Net defined benefit liabilities	<u>\$ 89,038</u>	<u>\$ 83,638</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2020	<u>\$ 161,673</u>	<u>\$ (100,159)</u>	<u>\$ 61,514</u>
Service cost			
Current service cost	1,045	-	1,045
Interest expense (income)	<u>1,409</u>	<u>(910)</u>	<u>499</u>
Recognized in profit or loss	<u>2,454</u>	<u>(910)</u>	<u>1,544</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,010)	(3,010)
Actuarial loss - changes in demographic assumptions	799	-	799
Actuarial loss - changes in financial assumptions	7,481	-	7,481
Actuarial gain - experience adjustments	<u>(2,904)</u>	<u>-</u>	<u>(2,904)</u>
Recognized in other comprehensive income (loss)	<u>5,376</u>	<u>(3,010)</u>	<u>2,366</u>
Contributions from the employer	<u>-</u>	<u>(1,555)</u>	<u>(1,555)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Benefits paid			
Paid from plan assets	\$ (6,444)	\$ 6,444	\$ -
Paid from the Group's assets	<u>(1,734)</u>	<u>-</u>	<u>(1,734)</u>
	<u>(8,178)</u>	<u>6,444</u>	<u>(1,734)</u>
Balance at December 31, 2020	<u>161,325</u>	<u>(99,190)</u>	<u>62,135</u>
Service cost			
Current service cost	848	-	848
Interest expense (income)	<u>804</u>	<u>(498)</u>	<u>306</u>
Recognized in profit or loss	<u>1,652</u>	<u>(498)</u>	<u>1,154</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,288)	(1,288)
Actuarial loss - changes in demographic assumptions	4,516	-	4,516
Actuarial gain - changes in financial assumptions	(139)	-	(139)
Actuarial loss - experience adjustments	<u>1,851</u>	<u>-</u>	<u>1,851</u>
Recognized in other comprehensive income (loss)	<u>6,228</u>	<u>(1,288)</u>	<u>4,940</u>
Contributions from the employer	<u>-</u>	<u>(1,639)</u>	<u>(1,639)</u>
Benefits paid	<u>(1,375)</u>	<u>1,375</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 167,830</u>	<u>\$ (101,240)</u>	<u>\$ 66,590</u> (Concluded)

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

1) Investment risk

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

2) Interest risk

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

3) Salary risk

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

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

	December 31	
	2021	2020
Discount rate(s)	0.500-0.625	0.500
Expected rate(s) of salary increase	2.250-3.000	2.250-3.000

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2021	2020
Discount rate(s)		
Increase 0.25%	<u>\$ (4,807)</u>	<u>\$ (4,424)</u>
Decrease 0.25%	<u>\$ 4,634</u>	<u>\$ 5,270</u>
Expected rate(s) of salary increase		
Increase 0.25%	<u>\$ 4,464</u>	<u>\$ 5,095</u>
Decrease 0.25%	<u>\$ (4,669)</u>	<u>\$ (4,283)</u>

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

	December 31	
	2021	2020
Expected contributions to the plans for the next year	<u>\$ 1,638</u>	<u>\$ 1,785</u>
Average duration of the defined benefit obligation (in years)	8.67-18.20	9.61-19.10

22. EQUITY

a. Ordinary share capital

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

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and the right to dividends.

b. Capital surplus

	December 31	
	2021	2020
<hr/>		
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
<hr/>		
May be used to offset deficits only		
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>

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

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

The dividends policy of the Corporation considers expanding the scale of operations and developing research plans, based on the overall environment and the features of the industry in order to pursue sustainable operations and long-term benefits for shareholders. The dividends to shareholders shall be not

less than 15% of the distributable earnings each year, but if the accumulated distributable earnings is less than 25% of the Corporation's paid-in capital, the Corporation should not make an appropriation for dividends. The dividends to shareholders can be paid in cash or issued as shares, but cash dividends shall be not less than 10% of the total dividends.

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

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

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2020	2019	2020	2019
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:

	Appropriation of Earnings	Dividends Per Share (NT\$)
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 Group had set aside an equal amount of special reserve.

e. Other equity items

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

	For the Year Ended December 31	
	2021	2020
Balance, beginning of year	\$ (48,030)	\$ (29,101)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(23,627)	(23,315)
Related income tax arising from exchange differences	<u>4,167</u>	<u>4,386</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	104,240	(37,194)
Cumulative unrealized gain of equity instruments transferred earnings due to disposal	<u>(1,634)</u>	<u>-</u>
Balance, end of year	<u>\$ 222,319</u>	<u>\$ 119,713</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Balance, beginning of year	\$ 1,143,160	\$ 1,130,631
Share in profit for the period	43,395	53,500
Other comprehensive income (loss) for the year		
Exchange differences on translating the financial statements of foreign operations	(2,966)	(2,079)
Unrealized gain on financial assets at FVTOCI	(2,015)	(4,690)
Actuarial loss on defined benefit plans	(104)	(556)
Cash dividends distributed by subsidiaries	(11,334)	(10,642)
Shares held by the subsidiaries considered as treasury shares	-	(11,496)
Employees of subsidiaries exercise share options	4,275	11,456
Return capital on subsidiaries liquidation	(285)	-
Acquisition of non-controlling interests in Chinese Gamer's subsidiaries	-	(30,485)
Increase in non-controlling interests	<u>-</u>	<u>7,521</u>
Balance, end of year	<u>\$ 1,174,126</u>	<u>\$ 1,143,160</u>

g. Treasury shares

Purpose of Treasury Shares	Thousand Shares			December 31	
	Beginning of the Year	Addition	Reduction	Thousand Shares	Book Value
For the year ended December 31, 2021					
Shares of the Corporation held by subsidiaries	<u>5,575</u>	<u>-</u>	<u>2</u>	<u>5,573</u>	<u>466,670</u>
Transfer shares to employees	<u>561</u>	<u>-</u>	<u>-</u>	<u>561</u>	<u>43,492</u>
For the year ended December 31, 2020					
Shares of the Corporation held by 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 the 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 based on the

consolidated shareholding percentage were \$548,900 thousand and \$590,987 thousand, respectively.

23. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
	2021	2020
Rendering of services	\$ 4,955,871	\$ 4,789,479
Sale of goods	834,129	1,206,256
Operation of games	605,602	1,001,017
Licensing revenue	<u>205,776</u>	<u>271,340</u>
	<u>\$ 6,601,378</u>	<u>\$ 7,268,092</u>

b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable, accounts receivable, and other receivables	<u>\$ 2,378,667</u>	<u>\$ 2,121,833</u>	<u>\$ 2,141,066</u>
Contract assets	<u>\$ 2,831</u>	<u>\$ -</u>	<u>\$ -</u>
Contract liabilities			
Advance receipts of services	\$ 29,422	\$ 20,358	\$ 97,692
Royalty fee for games	74,254	114,847	119,304
Others	<u>125,425</u>	<u>67,088</u>	<u>131,264</u>
	<u>\$ 229,101</u>	<u>\$ 202,293</u>	<u>\$ 348,260</u>

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

c. Disaggregation of revenue

Refer to Note 35 for information about the disaggregation of revenue.

24. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	\$ 38,771	\$ 39,256
Others	<u>23</u>	<u>28</u>
	<u>\$ 38,794</u>	<u>\$ 39,284</u>

b. Other income

	For the Year Ended December 31	
	2021	2020
Rental income	\$ 25,033	\$ 24,034
Others	<u>31,978</u>	<u>31,259</u>
	<u>\$ 57,011</u>	<u>\$ 55,293</u>

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange loss	\$ (941)	\$ (1,523)
Gain on disposal of property, plant and equipment	1	583
Gain on disposal of investments	-	15,781
Gain (loss) on financial assets at FVTPL	(32,402)	44,190
Others	<u>(5,192)</u>	<u>(10,851)</u>
	<u>\$ (38,534)</u>	<u>\$ 48,180</u>

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loan	\$ 5	\$ 543
Interest on lease liabilities	<u>939</u>	<u>1,357</u>
	<u>\$ 944</u>	<u>\$ 1,900</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	\$ 21,083	\$ 27,769
Right-of-use assets	38,771	38,737
Investment properties	3,369	3,386
Other intangible assets	<u>35,967</u>	<u>48,061</u>
	<u>\$ 99,190</u>	<u>\$ 117,953</u>
An analysis of depreciation by function		
Operating costs	\$ 411	\$ 385
Operating expenses	59,443	66,121
Non-operating expenses	<u>3,369</u>	<u>3,386</u>
	<u>\$ 63,223</u>	<u>\$ 69,892</u>

(Continued)

	For the Year Ended December 31	
	2021	2020
An analysis of amortization by function		
Operating costs	\$ 18,680	\$ 23,026
Operating expenses	<u>17,287</u>	<u>25,035</u>
	<u>\$ 35,967</u>	<u>\$ 48,061</u>
		(Concluded)

f. Employee benefits

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	<u>\$ 1,044,781</u>	<u>\$ 1,054,080</u>
Post-employment benefits		
Defined contribution plans	41,260	40,022
Defined benefit plans (Note 21)	<u>1,154</u>	<u>1,544</u>
	<u>42,414</u>	<u>41,566</u>
Employee benefits expense	<u>\$ 1,087,195</u>	<u>\$ 1,095,646</u>
An analysis by function		
Operating costs	\$ 59,862	\$ 10,280
Operating expenses	<u>1,027,333</u>	<u>1,085,366</u>
	<u>\$ 1,087,195</u>	<u>\$ 1,095,646</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
Accrual rate		
Compensation of employees (%)	5	5
Remuneration of directors and supervisors (%)	1	1
Amount		
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 consolidated 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 consolidated 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.

25. 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	\$ 233,356	\$ 131,936
Income tax on unappropriated earnings	10,411	7,055
Adjustments for prior years	<u>(1,622)</u>	<u>15,808</u>
	<u>242,145</u>	<u>154,799</u>
Deferred tax		
In respect of the current year	<u>(6,532)</u>	<u>93,152</u>
Income tax expense recognized in profit or loss	<u>\$ 235,613</u>	<u>\$ 247,951</u>

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

	For the Year Ended December 31	
	2021	2020
Profit before income tax	<u>\$ 1,108,942</u>	<u>\$ 1,245,218</u>
Income tax expense calculated at the statutory rate	\$ 289,675	\$ 303,699
Deductible income and expenses in determining taxable income	(36,408)	(46,829)
Tax-exempt income	(12,563)	(13,520)
Realized investment losses	(6,632)	(14,836)
Income tax on unappropriated earnings	10,411	7,055
Unrecognized loss carryforwards	(14,798)	6,136
Unrecognized temporary differences	2,424	(12,283)
Adjustments for prior years' tax	(1,622)	15,808
Nondeductible withholding tax	5,317	4,377
Others	<u>(191)</u>	<u>(1,656)</u>
Income tax expense recognized in profit or loss	<u>\$ 235,613</u>	<u>\$ 247,951</u>

The applicable tax rate used by the entities in the Group in the ROC is 20%; the applicable tax rate used by subsidiaries in China is 25%; and the tax rates used by other entities in the Group operating in other jurisdictions are based on the tax laws in those jurisdictions.

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

	For the Year Ended December 31	
	2021	2020
In respect of the current period		
Remeasurement of defined benefit plans	\$ 996	\$ 473
Translation of foreign operations	<u>4,167</u>	<u>4,386</u>
	<u>\$ 5,163</u>	<u>\$ 4,859</u>

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable	<u>\$ 699</u>	<u>\$ 6,747</u>
Current tax liabilities		
Income tax payable	<u>\$ 171,056</u>	<u>\$ 68,098</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	\$ 17,902	\$ (31)	\$ 1,109	\$ 18,980
Loss on inventories	9,252	(1,569)	-	7,683
Exchange differences on translation of foreign operations	231	-	4,167	4,398
Others	<u>8,655</u>	<u>2,077</u>	<u>-</u>	<u>10,732</u>
	<u>\$ 36,040</u>	<u>\$ 477</u>	<u>\$ 5,276</u>	<u>\$ 41,793</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized gain from foreign investments	\$ 94,047	\$ 8,459	\$ -	\$ 102,506
Defined benefit obligation	5,533	79	113	5,725
Financial assets at FVTPL	8,838	(8,838)	-	-
Others	<u>15,402</u>	<u>(5,755)</u>	<u>-</u>	<u>9,647</u>
	<u>\$ 123,820</u>	<u>\$ (6,055)</u>	<u>\$ 113</u>	<u>\$ 117,878</u>

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
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligations	\$ 17,581	\$ (260)	\$ 581	\$ 17,902
Loss on inventories	11,454	(2,202)	-	9,252
Bad debts over limits	18,732	(18,712)	-	20
Exchange differences on translation of foreign operations	-	-	231	231
Others	<u>8,767</u>	<u>(132)</u>	<u>-</u>	<u>8,635</u>
	<u>\$ 56,534</u>	<u>\$ (21,306)</u>	<u>\$ 812</u>	<u>\$ 36,040</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized gain from foreign investments	\$ 35,351	\$ 58,696	\$ -	\$ 94,047
Exchange differences on translation of foreign operations	4,155	-	(4,155)	-
Defined benefit obligation	5,337	88	108	5,533
Financial assets at FVTPL	-	8,838	-	8,838
Others	<u>11,178</u>	<u>4,224</u>	<u>-</u>	<u>15,402</u>
	<u>\$ 56,021</u>	<u>\$ 71,846</u>	<u>\$ (4,047)</u>	<u>\$ 123,820</u>

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Loss carryforwards		
Expiry in 2021	\$ -	\$ 98,882
Expiry in 2022	103,224	103,224
Expiry in 2023	234,530	234,530
Expiry in 2024	171,771	171,771
Expiry in 2025	285,748	293,145
Expiry in 2026	221,517	232,344
Expiry in 2027	244,408	249,937
Expiry in 2028	122,472	236,063
Expiry in 2029	110,308	117,314
Expiry in 2030	144,500	150,842
Expiry in 2031	81,916	-
Without deduction time limit	<u>7,306</u>	<u>10,042</u>
	<u>\$ 1,727,700</u>	<u>\$ 1,898,094</u>
Deductible temporary differences	<u>\$ 339,071</u>	<u>\$ 342,932</u>

f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2021 comprised:

Unused Amount	Expiry Year
\$ 103,224	2022
234,530	2023
171,771	2024
285,748	2025
221,517	2026
244,408	2027
122,472	2028
110,308	2029
144,500	2030
81,916	2031
7,306	Without deduction time limit
<u>\$ 1,727,700</u>	

g. Income tax assessments

The income tax returns of the Corporation through 2019 and of its domestic subsidiaries from 2018-2020 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

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

a. Net profit for the year

	For the Year Ended December 31	
	2021	2020
Net profit attributable to owners of the Corporation	<u>\$ 829,934</u>	<u>\$ 943,767</u>

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

	For the Year Ended December 31	
	2021	2020
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>

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

27. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)
We Can Financial Technology Co., Ltd.	Development of financial system and equipment, etc.	March 26, 2020	52

In order to integrate resources and expand business scale, the Corporation acquired We Can Financial Technology Co., Ltd. of \$1,710 thousand and 14% ownership and obtained the control of its operation.

b. Assets acquired and liabilities assumed at the date of acquisition

	Amount
Current assets	
Cash	\$ 4,893
Accounts receivable	1,474
Others	1,967
Noncurrent assets	
Property, plant and equipment	1,691
Current liabilities	
Accounts payable and other payables	(1,873)
Others	(142)
Noncurrent liabilities	
Guarantee deposits received	<u>(699)</u>
	<u>\$ 7,311</u>

c. Goodwill recognized on acquisition

	Amount
Consideration transferred	\$ 1,710
Add: Shareholding acquired	5,680
Non-controlling interests	3,505
Less: Fair value of identifiable net assets acquired	<u>(7,311)</u>
Goodwill recognized on acquisition	<u>\$ 3,584</u>

d. Net cash inflow on acquisition of subsidiaries

	Amount
Balance of cash acquired	\$ 4,893
Less: Consideration paid in cash	<u>(1,710)</u>
	<u>\$ 3,183</u>

e. Impact of acquisition on the results of the Group

Had these business combinations been in effect at the beginning of the annual reporting period, the Group's revenue from continuing operations would have been \$7,270,206 thousand, and the profit from continuing operations would have been \$997,934 thousand for the year ended December 31, 2020. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2020, nor is it intended to be a projection of future results.

28. DISPOSAL OF SUBSIDIARIES

In December 2020, the Group disposed of 100% of its shareholding in its subsidiary, Soft-World (Guangzhou), and lost control over it.

a. Consideration received from disposal

	Amount
Consideration received in cash and cash equivalents	\$ 11,080
Sales proceeds receivable (classified under other receivables)	<u>25,853</u>
Total consideration received	<u>\$ 36,933</u>

b. Analysis of assets and liabilities on the date control was lost

	Amount
Current assets	
Cash and cash equivalents	\$ 8,567
Non-current assets	
Property, plant and equipment	2,036
Current liabilities	
Other payables	<u>(346)</u>
Net assets disposed of	<u>\$ 10,257</u>

c. Gain on disposal of subsidiary

	Amount
Consideration received	\$ 36,933
Costs of disposal	(10,036)
Net assets disposed of	(10,257)
Exchange differences on translation of foreign currency	<u>89</u>
Gain on disposal	<u>\$ 16,729</u>

d. Net cash inflow on disposal of subsidiary

	Amount
Consideration received	\$ 36,933
Less: Sales proceeds receivable as of December 31, 2020	(7,387)
Less: Cash and cash equivalent balances disposed of	<u>(8,567)</u>
	<u>\$ 20,979</u>

29. CAPITAL MANAGEMENT

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

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

30. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2021

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

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

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Foreign listed shares	\$ 103,050	\$ -	\$ -	\$ 103,050

(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Domestic and foreign listed marketable securities - investments in equity instruments	\$ 127,962	\$ -	\$ -	\$ 127,962
Domestic emerging security investments in equity instruments	-	28,156	-	28,156
Private - placement shares of domestic listed companies	-	230,540	-	230,540
Domestic unlisted shares	-	-	16,116	16,116
	<u>\$ 127,962</u>	<u>\$ 258,696</u>	<u>\$ 16,116</u>	<u>\$ 402,774</u> (Concluded)

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

	<u>For the Year Ended December 31</u>	
	2021	2020
Balance at January 1	\$ 16,116	\$ 17,920
Recognized in other comprehensive loss	(387)	(386)
Transfers out of Level 3	-	(1,418)
Balance at December 31	<u>\$ 15,729</u>	<u>\$ 16,116</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	Refers to the transaction price supported by observable market prices or the price-earnings ratio of the comparable companies.
Private-placement shares of domestic listed companies	Refers to the transaction price supported by observable market prices and the liquidity discounts.

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

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

c. Categories of financial instruments

	<u>December 31</u>	
	2021	2020
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 13,675,526	\$ 11,894,456
Financial assets at FVTPL	19,060	103,050
		(Continued)

	December 31	
	2021	2020
Financial assets at FVTOCI	\$ 504,999	\$ 402,774

<u>Financial liabilities</u>		
Amortized cost (2)	7,056,870	5,691,613 (Concluded)

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

d. Financial risk management objectives and policies

The Group's corporate treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

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

1) Market risk

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

a) Foreign currency risk

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

b) Interest rate risk

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

	December 31	
	2021	2020
Cash flow interest rate risk		
Financial assets	\$ 6,831,289	\$ 5,302,433

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

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets, the analysis was prepared assuming the amount of each asset outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$68,313 thousand and \$53,024 thousand, respectively, which was mainly attributable to the Group's variable-rate bank deposits.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher/lower, the pre-tax profit for the years ended December 31, 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 \$5,050 thousand and \$4,028 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation provided by the Group, could be equal to the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

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

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

	December 31	
	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 Group's concentration of credit risk accounted for 34% and 38% of total accounts receivable and other receivables from the above-mentioned groups as of December 31, 2021 and 2020, respectively.

3) Liquidity risk

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

Liquidity risk table for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

	Within 4 Months	At least 5 Months	More than 1 year	Total
<u>December 31, 2021</u>				
Non-interest bearing liabilities	\$ 6,860,544	\$ 108,078	\$ 88,248	\$ 7,056,870
Lease liabilities	<u>11,995</u>	<u>10,337</u>	<u>5,568</u>	<u>27,900</u>
	<u>\$ 6,872,539</u>	<u>\$ 118,415</u>	<u>\$ 93,816</u>	<u>\$ 7,084,770</u>
<u>December 31, 2020</u>				
Non-interest bearing liabilities	\$ 5,487,939	\$ 119,531	\$ 84,143	\$ 5,691,613
Lease liabilities	<u>12,990</u>	<u>23,809</u>	<u>18,679</u>	<u>55,478</u>
	<u>\$ 5,500,929</u>	<u>\$ 143,340</u>	<u>\$ 102,822</u>	<u>\$ 5,747,091</u>

31. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Taiwan Taomee Co., Ltd.	Associates
We Can	Associates (Before March 31, 2020)
Fun Yours Technology Co., Ltd.	Other related parties (The Corporation as legal directors of investee companies)
Asure Corporation	Other related parties (The person in charge is the second-degree relative of the Corporation's chairman)
Ko, Hsiu-Yen	Other related parties (Spouse of the Corporation's chairman)
Wang, Li-Chuan	Other related parties (Second-degree relative of the Corporation's chairman)
Wang, Chun-Hsiung	Other related parties (Second-degree relative of the Corporation's chairman)
Soft-world Arts and Culture Foundation	Other related parties (The person in charge is the Corporation's chairman)

b. Operating Revenue

Line Item	Related Party Category	For the Year Ended December 31	
		2021	2020
Sale of goods	Other related parties	<u>\$ 41,977</u>	<u>\$ 61,292</u>
Rendering of services	Associates	\$ 6,134	\$ 8,822
	Other related parties	<u>4,313</u>	<u>926</u>
		<u>\$ 10,447</u>	<u>\$ 9,748</u>

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

c. Purchase of goods

Related party type	For the Year Ended December 31	
	2021	2020
Associates	\$ -	\$ 69
Other related parties	<u>6,704</u>	<u>6,436</u>
	<u>\$ 6,704</u>	<u>\$ 6,505</u>

The Group 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 Group 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	Associates	\$ 1,247	\$ 1,314
	Other related parties	<u>584</u>	<u>57</u>
		<u>\$ 1,831</u>	<u>\$ 1,371</u>
Other receivables	Other related parties	<u>\$ 52,517</u>	<u>\$ 32,238</u>

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

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

e. Payables to related parties

Line Item	Related Party Category	December 31	
		2021	2020
Notes payable	Other related parties	\$ <u>780</u>	\$ <u>600</u>
Accounts payable	Other related parties	\$ <u>-</u>	\$ <u>3</u>
Other payables	Associates	\$ 7,642	\$ 6,263
	Other related parties	<u>135</u>	<u>44</u>
		\$ <u>7,777</u>	\$ <u>6,307</u>

The outstanding payables to related parties were unsecured.

f. Others

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

Related Party Category	For the Year Ended December 31	
	2021	2020
Other related parties	\$ <u>164,926</u>	\$ <u>162,742</u>

g. Remuneration of key management personnel

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

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 72,753	\$ 54,432
Post-employment benefits	<u>150</u>	<u>177</u>
	\$ <u>72,903</u>	\$ <u>54,609</u>

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2021	2020
Other financial assets - current		
Pledged demand deposits	\$ 122	\$ -
Pledged time deposits	<u>51,000</u>	<u>37,000</u>
	\$ <u>51,122</u>	\$ <u>37,000</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>\$ 240,481</u>	<u>\$ 228,721</u>
		(Concluded)

33. 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.

34. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

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

b. Information on investees: Table 4

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in

the mainland China area: Table 5

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 6

35. SEGMENT INFORMATION

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

- Soft-World International Corporation (the Corporation), Soft-World (Hong Kong) International Corporation and its subsidiaries (Soft Word (Hong Kong)) - Production and agents of computer game software and publishing of computer game magazines.
- Chinese Gamer International Corporation and its subsidiaries (Chinese Gamer) - Development of computer software and providing online game services.
- Game Flier International Corporation (Game Flier), Game First and its subsidiaries (Game First) - Agent of computer game and providing online game services.
- Neweb Technologies and its subsidiary (Neweb Technologies) - Data Processing, data software and third-party payment services.
- Efun Corporation and its subsidiary (Efun) - General advertising and advertisement data processing services.
- Others - operating segments are the subsidiaries in the Group, for related information, refer to Note 12 since the subsidiaries do not meet the threshold and thus are not recognized as reportable segments.

Segment revenues and operating results

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

For the year ended December 31, 2021

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

For the year ended December 31, 2020

	Soft-World and Soft- World (Hong Kong)	Chinese Gamer	Game Flier and Game First	Neweb Technologies	Efun	Others	Adjustment and Elimination	Total
Revenue from external customers	\$ 2,487,462	\$ 458,038	\$ 1,598,704	\$ 937,187	\$ 1,371,577	\$ 415,124	\$ -	\$ 7,268,092
Inter-segment revenue	<u>301,620</u>	<u>2</u>	<u>6,127</u>	<u>8,294</u>	<u>100,954</u>	<u>61,678</u>	<u>(478,675)</u>	-
Total revenue	<u>\$ 2,789,082</u>	<u>\$ 458,040</u>	<u>\$ 1,604,831</u>	<u>\$ 945,481</u>	<u>\$ 1,472,531</u>	<u>\$ 476,802</u>	<u>\$ (478,675)</u>	<u>\$ 7,268,092</u>
Segment profit (loss)	<u>\$ 741,708</u>	<u>\$ (9,977)</u>	<u>\$ 168,690</u>	<u>\$ 22,817</u>	<u>\$ 126,453</u>	<u>\$ 68,089</u>	<u>\$ (10,263)</u>	\$ 1,107,517
Interest income								39,284
Other income								55,293
Other gain and loss								48,180
Finance costs								(1,900)
Share of loss of associates accounted for using the equity method								(3,156)
Segment profit before tax								<u>\$ 1,245,218</u>
Segment assets	<u>\$ 7,384,589</u>	<u>\$ 1,019,101</u>	<u>\$ 1,498,473</u>	<u>\$ 2,608,810</u>	<u>\$ 813,148</u>	<u>\$ 592,793</u>	<u>\$ (203,148)</u>	<u>\$ 13,713,766</u>
Segment liabilities	<u>\$ 3,875,825</u>	<u>\$ 114,954</u>	<u>\$ 275,391</u>	<u>\$ 1,712,996</u>	<u>\$ 482,833</u>	<u>\$ 82,671</u>	<u>\$ (290,299)</u>	<u>\$ 6,254,371</u>

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

- b. Revenue from major products and services: Note 23
- c. Geographical information

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

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

	Revenue from External Customers		Noncurrent Assets	
	For the Year Ended December 31		December 31	
	2021	2020	2021	2020
Taiwan (ROC)	\$ 5,471,717	\$ 6,145,150	\$ 405,939	\$ 447,688
China	691,091	717,930	44,704	52,396
Others	<u>438,570</u>	<u>405,012</u>	<u>10,359</u>	<u>11,393</u>
	<u>\$ 6,601,378</u>	<u>\$ 7,268,092</u>	<u>\$ 461,002</u>	<u>\$ 511,477</u>

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

d. Information about major customers

There was no single customer contributing 10% or more to the Group's revenue in 2021 and 2020.

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		Limit on Amount Provided to Each Guaranteed Party	Maximum Amount During the Year	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement /Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship Limit on (Note 1)											
0	The Corporation	Neweb Technologies Co., Ltd.	Subsidiary	\$ 1,300,364	\$ 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.

TABLE 2

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 22.

TABLE 3

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Operating Revenues (Assets)
0	The Corporation	Chinese Gamer International Corporation	Parent to subsidiary	Operating revenue	\$ 21,645	There were no significant difference between related parties and other clients	-
0	The Corporation	Chinese Gamer International Corporation	Parent to subsidiary	Accounts receivable	5,221	There were no significant difference between related parties and other clients	-
0	The Corporation	Game Flier International Corporation	Parent to subsidiary	Operating revenue	35,939	There were no significant difference between related parties and other clients	1.00
0	The Corporation	Game Flier International Corporation	Parent to subsidiary	Accounts receivable	12,961	There were no significant difference between related parties and other clients	-
0	The Corporation	Game Flier International Corporation	Parent to subsidiary	Other receivables	1,610	There were no significant difference between related parties and other clients	-
0	The Corporation	Game First International Corporation	Parent to subsidiary	Operating revenue	57,254	There were no significant difference between related parties and other clients	1.00
0	The Corporation	Efun International Corporation	Parent to subsidiary	Operating revenue	15,833	There were no significant difference between related parties and other clients	-
0	The Corporation	Soft-World International (Hong Kong) Corporation	Parent to subsidiary	Other receivables	29,405	There were no significant difference between related parties and other clients	-
1	Chinese Gamer International Corporation	The Corporation	Subsidiary to parent	Accounts receivable	28,774	There were no significant difference between related parties and other clients	-
2	Game Flier International Corporation	The Corporation	Subsidiary to parent	Accounts receivable	39,645	There were no significant difference between related parties and other clients	-
3	Game First International Corporation	The Corporation	Subsidiary to parent	Accounts receivable	52,066	There were no significant difference between related parties and other clients	-
4	Zealot Digital International Corporation	The Corporation	Subsidiary to parent	Operating revenue	27,144	There were no significant difference between related parties and other clients	-
4	Zealot Digital International Corporation	The Corporation	Subsidiary to parent	Accounts receivable	9,913	There were no significant difference between related parties and other clients	-

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Operating Revenues (Assets)
4	Zealot Digital International Corporation	The Corporation	Subsidiary to parent	Contract assets	\$ 13,895	There were no significant difference between related parties and other clients	-
4	Zealot Digital International Corporation	Chinese Gamer International Corporation	Subsidiary to subsidiary	Operating revenue	10,248	There were no significant difference between related parties and other clients	-
5	Fast Distributed Cloud Computing Co., Ltd.	The Corporation	Subsidiary to parent	Operating revenue	2,826	There were no significant difference between related parties and other clients	-
5	Fast Distributed Cloud Computing Co., Ltd.	The Corporation	Subsidiary to parent	Accounts receivable	1,396	There were no significant difference between related parties and other clients	-
5	Fast Distributed Cloud Computing Co., Ltd.	Chinese Gamer International Corporation	Subsidiary to subsidiary	Operating revenue	2,445	There were no significant difference between related parties and other clients	-
5	Fast Distributed Cloud Computing Co., Ltd.	Game Flier International Corporation	Subsidiary to subsidiary	Operating revenue	4,346	There were no significant difference between related parties and other clients	-
6	Efun International Corporation	Game Flier International Corporation	Subsidiary to subsidiary	Operating revenue	11,930	There were no significant difference between related parties and other clients	-
7	Re:Ad Media (Taiwan) Corporation	Game Flier International Corporation	Subsidiary to subsidiary	Operating revenue	17,831	There were no significant difference between related parties and other clients	-
7	Re:Ad Media (Taiwan) Corporation	Game Flier International Corporation	Subsidiary to subsidiary	Accounts receivable	1,069	There were no significant difference between related parties and other clients	-
7	Re:Ad Media (Taiwan) Corporation	Game First International Corporation	Subsidiary to subsidiary	Accounts receivable	2,014	There were no significant difference between related parties and other clients	-
8	Neweb Technologies Co., Ltd.	The Corporation	Subsidiary to parent	Operating revenue	3,903	There were no significant difference between related parties and other clients	-
8	Neweb Technologies Co., Ltd.	We Can Financial Technology Co., Ltd.	Subsidiary to subsidiary	Operating revenue	6,453	There were no significant difference between related parties and other clients	-
8	Neweb Technologies Co., Ltd.	We Can Financial Technology Co., Ltd.	Subsidiary to subsidiary	Accounts receivable	1,096	There were no significant difference between related parties and other clients	-
9	Dynasty International Information Corporation	The Corporation	Subsidiary to parent	Operating revenue	27,846	There were no significant difference between related parties and other clients	-
9	Dynasty International Information Corporation	The Corporation	Subsidiary to parent	Accounts receivable	3,672	There were no significant difference between related parties and other clients	-
10	You Long Online (Beijing) Technology Corporation	Game Flier (Beijing) Sdn. Bhd.	Subsidiary to subsidiary	Operating revenue	8,184	There were no significant difference between related parties and other clients	-

(Continued)

TABLE 4

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 (Note 3)
The Corporation	Soft-World Technology Pte. Ltd.	Singapore	Manufacturing, processing, trading, , design and selling and also an agent of various computer software and accessories, etc.	8,959	8,959	390,000	100	12,576	4,942	4,942	Subsidiary (Note 3)
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 (Note 3)
The Corporation	Global Concept Corporation	Samoa	Investment company	295,068	295,068	9,631,253	100	287,735	13,414	13,414	Subsidiary (Note 3)
The Corporation	Game First International Corporation	Taiwan	Online game service	27,813	27,813	16,684,063	70	238,201	847	593	Subsidiary (Note 3)
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 (Note 3)
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 (Note 3)
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 (Note 3)
The Corporation	Jhih Long Venture Capital Corporation	Taiwan	Investment company	100,000	100,000	10,528,453	13	13,374	52,629	(111)	Subsidiary (Note 3)
The Corporation	Sofaman Corporation	Taiwan	Development and sale of game software	-	9,366	-	60	-	(63)	(38)	Subsidiary (Note 4)
The Corporation	Interactive Entertainment Technology Co., Ltd.	Samoa	Investment company	15,485	15,485	480,000	80	17,563	273	219	Subsidiary (Note 3)
The Corporation	Fast Distributed Cloud Computing Co., Ltd.	Taiwan	Retail sale, wholesale and service for information software, etc.	13,812	13,812	2,495,628	90	72,931	40,087	36,078	Subsidiary (Note 3)
The Corporation	Neweb Technologies Co., Ltd.	Taiwan	Wholesale and retail sale of information software and electronic information providing service	510,567	510,567	38,104,043	50	479,750	54,998	27,741	Subsidiary (Note 3)
The Corporation	Efun International Corporation	Taiwan	Information software, data processing service and general advertising service, etc.	91,364	91,364	16,016,347	80	305,199	81,041	64,857	Subsidiary (Note 3)
The Corporation	Long Xiang Investment Corporation	Taiwan	Investment company	250,000	250,000	25,000,000	44	34,873	37,565	(861)	Subsidiary (Note 3)
The Corporation	CELAD Incorporated	Taiwan	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	17,500	17,500	477,273	32	333	(37)	(12)	Subsidiary (Note 3)

(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 (Note 3)
The Corporation	Joy Children Technology Co., Ltd.	Taiwan	Wholesale and retail sale of stationery articles, musical instruments and educational entertainment article, etc.	20,512	20,512	2,051,153	32	11,383	(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 (Note 3)
Chinese Gamer International Corporation	Walkfun International Corporation	Taiwan	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	15,000	15,000	1,500,000	100	16,654	(41)	(41)	Subsidiary (Note 3)
Chinese Gamer International Corporation	CELAD Incorporated	Taiwan	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	27,620	27,620	1,022,727	68	714	(37)	(25)	Subsidiary (Note 3)
Chinese Gamer International Corporation	Super Game Corporation	Taiwan	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	5,771	5,771	880,000	88	1,721	(35)	(31)	Subsidiary (Note 3)
Chinese Gamer International Corporation	Jhih Long Venture Capital Corporation	Taiwan	Investment company	100,000	100,000	10,528,453	13	127,944	52,629	6,869	Subsidiary (Note 3)
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 (Note 3)
Chinese Gamer International Corporation	Fun Bear Corporation	Taiwan	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	16,552	16,552	1,600,000	100	16,543	16	16	Subsidiary (Note 3)
Chinese Gamer International Corporation	Game Topia Co.	Taiwan	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	30,994	30,994	3,784,063	65	39,188	2,621	1,709	Subsidiary (Note 3)
Chinese Gamer International Corporation	Oriental Dragon Digital Co., Ltd.	Taiwan	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	19,369	19,369	1,520,000	100	16,829	169	169	Subsidiary (Note 3)
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 (Note 3)
Taichigamer (B.V.I.) Co., Ltd.	Transasiagamer (B.V.I.) Co., Ltd.	British Virgin Islands	Investment company	94,264	94,264	2,976,934	100	218,601	4,341	4,341	Subsidiary (Note 3)
Transasiagamer Co., Ltd.	You Long Online (Beijing) Technology Corporation	China - Beijing	Development, production of computer software and accessories; homemade products, installation of computer hardware, repair, technique consulting, technique training, and sale of homemade products	69,569	69,569	-	100	195,853	5,061	5,061	Subsidiary (Note 3)

(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	\$ 82,772	\$ 82,772	260,000	100	\$ 48,047	\$ (23,540)	\$ (23,540)	Subsidiary (Note 3)
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 (Note 3)
Game Flier International Corporation	Soft-Orient Corporation	Samoa	Business related investee	254,872	254,872	7,784,134	100	15,333	(15)	(15)	Subsidiary (Note 3)
Global Concept Corporation	Value Central Corporation	Samoa	Investment company	45,452	45,452	1,450,000	100	17,730	(332)	(332)	Subsidiary (Note 3)
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 (Note 3)
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 (Note 3)
Game First International Corporation	Compete ! Games Interactive Entertainment Corporation	Taiwan	Agent and operation of sports games	21,342	21,342	2,941,520	100	8,381	(12)	(12)	Subsidiary (Note 3)
Jhih Long Venture Capital Corporation	SkyTouch Co., Ltd.	Taiwan	Manufacture of computers and accessories	20,002	20,002	673,915	31	1,626	(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 (Note 3)
Neweb Technologies Co., Ltd.	Newebpay Corporation	Taiwan	Electronic data providing services	-	28,369	-	100	-	(2,036)	(2,036)	Subsidiary (Notes 3 and 5)
Neweb 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 (Note 3)
Neweb Technologies Co., Ltd.	CSservice Technology Co., Ltd.	Taiwan	Information software	5,000	5,000	500,000	100	5,186	362	362	Subsidiary (Note 3)
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 (Note 3)
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 (Note 3)

(Concluded)

Note 1: Investment accounted for using the equity method.

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

Note 3: Eliminated when preparing the consolidated financial statements.

Note 4: The company had completed liquidation in 2021.

Note 5: The company was dissolved after it was merged by Neweb Technologies Co., Ltd. in September 1, 2021.

TABLE 5

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, 2020	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 3)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
The Corporation	\$ 186,300	\$ 332,198 (USD10,936 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 6

SOFT-WORLD INTERNATIONAL CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS

DECEMBER 31, 2021[illegible]

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

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

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)	<u>492,660</u>	<u>18</u>	<u>432,083</u>	<u>16</u>
GROSS PROFIT	<u>2,178,322</u>	<u>82</u>	<u>2,287,179</u>	<u>84</u>
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)	<u>19,443</u>	<u>1</u>	<u>17,544</u>	<u>1</u>
Total operating expenses	<u>1,487,656</u>	<u>56</u>	<u>1,575,248</u>	<u>58</u>
OPERATING INCOME	<u>690,666</u>	<u>26</u>	<u>711,931</u>	<u>26</u>
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	<u>280,187</u>	<u>10</u>	<u>325,425</u>	<u>12</u>
Total non-operating income and expenses	<u>290,452</u>	<u>11</u>	<u>402,867</u>	<u>15</u>
PROFIT BEFORE INCOME TAX	981,118	37	1,114,798	41
INCOME TAX EXPENSE (Notes 4 and 23)	<u>151,184</u>	<u>6</u>	<u>171,031</u>	<u>6</u>
NET PROFIT FOR THE YEAR	<u>829,934</u>	<u>31</u>	<u>943,767</u>	<u>35</u>
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)	<u>1,045</u>	<u>-</u>	<u>309</u>	<u>-</u>
	<u>100,400</u>	<u>4</u>	<u>(38,531)</u>	<u>(1)</u>

(Continued)

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)

			Retained Earnings			Exchange Differences on Translating Foreign Operations	Other Equity Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Subtotal	Treasury Shares	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 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

(Continued)

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

	December 31	
	2021	2020
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

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

11. FINANCIAL ASSETS AT FVTOCI - NONCURRENT

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

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

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

a. Investments in subsidiaries

	December 31			
	2021		2020	
	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
Jhih Long Venture Capital Corporation (Jhih 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
Neweb 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

	December 31	
	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 :

	For the Year Ended December 31	
	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>\$ -</u>	<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>	
	2021	2020
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>	
	2021	2020
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>	
	2021	2020
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
Cost	
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>
Accumulated amortization	
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
Cost	
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>
Accumulated amortization	
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

	December 31	
	2021	2020
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	30,771	32,460
	<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

	December 31	
	2021	2020
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:

	December 31	
	2021	2020
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	<u>\$ (3,005)</u>	<u>\$ (3,018)</u>
0.25% decrease	<u>\$ 3,124</u>	<u>\$ 3,143</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 3,013</u>	<u>\$ 3,032</u>
0.25% decrease	<u>\$ (2,915)</u>	<u>\$ (2,928)</u>

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

	December 31	
	2021	2020
Expected contributions to the plan for the next year	<u>\$ 1,360</u>	<u>\$ 1,490</u>
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)	<u>180,000</u>	<u>180,000</u>
Shares authorized	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>
Number of shares issued and fully paid (in thousands)	<u>127,474</u>	<u>127,474</u>
Shares issued	<u>\$ 1,274,743</u>	<u>\$ 1,274,743</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and the right to dividends.

b. Capital surplus

	December 31	
	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
May be used to offset deficits only		
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:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2020	2019	2020	2019
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:

	Appropriation of Earnings	Dividends Per Share (NT\$)
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

	For the Year Ended December 31	
	2021	2020
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

	<u>For the Year Ended December 31</u>	
	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

	<u>For the Year Ended December 31</u>	
	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

	<u>For the Year Ended December 31</u>	
	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
<hr/>		
Accrual rate		
Compensation of employees (%)	5	5
Remuneration of directors and supervisors (%)	1	1
<hr/>		
Amount		
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	212	(316)
	<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	212	(316)
Income tax expense recognized in profit or loss	\$ 151,184	\$ 171,031

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	1,045	309
	\$ 5,212	\$ 4,695

c. Current tax liabilities

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

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
Deferred tax assets				
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>
<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)
<u>For the year ended December 31, 2020</u>				

	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	\$ 14,676	\$ (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>
<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

	For the Year Ended December 31	
	2021	2020
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)

	For the Year Ended December 31	
	2021	2020
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	\$ 19,060	\$ -	\$ -	\$ 19,060
<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	-	186,921	-	186,921
	\$ 173,389	\$ 186,921	\$ -	\$ 360,310

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Foreign listed shares	\$ 103,050	\$ -	\$ -	\$ 103,050
<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	-	146,192	-	146,192
	\$ 125,649	\$ 149,401	\$ -	\$ 275,050

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>\$ -</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>	
	<u>2021</u>	<u>2020</u>
<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:

	December 31	
	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)

	Within 4 Months	At least 5 Months	More than 1 year	Total
December 31, 2020				
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

Related Party Name	Related Party Category
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

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

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>Related party type</u>	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries	\$ 636	\$ 3,834
Other related parties	6,596	6,422
	\$ 7,232	\$ 10,256

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				
Neweb 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.

TABLE 2

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
						Number of shares	(%)	Carrying Amount			
				December 31, 2021	December 31, 2020						
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	Jhih 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
Neweb Technologies Co., Ltd.	Newebpay Corporation	Taiwan	Electronic data providing services	-	28,369	-	100	-	(2,036)	(2,036)	Note 4
Neweb 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
Neweb 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 Neweb Technologies Co., Ltd. in September, 2021.

TABLE 4

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.

VI. If the company or any of its affiliated companies had, in the recent years up until the publishing of this annual report, experienced financial distress, the impacts to the company's financial status must be disclosed: None.

VII. Review of financial status, business performance, and risk management issues

I. Financial status

Unit: NTD thousands

Item \ Year	2021	2020	Variation		Analysis of variance in increase/decrease
			Increase (decrease) in amount	Variation Ratio %	
Current assets	13,804,044	12,088,944	1,715,100	14	
Property, plant, and equipment	382,135	386,835	(4,700)	(1)	
Intangible assets	470,058	484,199	(14,141)	(3)	
Other assets	754,137	753,788	349	-	
Total assets	15,410,374	13,713,766	1,696,608	12	
Current liabilities	7,433,857	5,944,236	1,489,621	25	Note 1
Non-current liabilities	300,570	310,135	(9,565)	(3)	
Total liabilities	7,734,427	6,254,371	1,480,056	24	Note 1
Capital stock	1,274,743	1,274,743	-	-	
Capital surplus	1,816,989	1,781,028	35,961	2	
Retained earnings	3,765,422	3,699,174	66,248	2	
Other equity	154,829	71,683	83,146	116	Note 2
Treasury stock	(510,162)	(510,393)	231	-	
Equity of the parent company	6,501,821	6,316,235	185,586	3	
Non-controlling interest	1,174,126	1,143,160	30,966	3	
Total shareholders' equity	7,675,947	7,459,395	216,552	3	
Analyze and describe ratio changes over 20% and with an amount exceeding NT\$10 million.					
Note 1: The increase in current liabilities is mainly due to an increase in other accounts payable.					
Note 2: The decrease in other equity is mainly due to an increase in Unrealized gain or loss on financial assets measured at fair value through other comprehensive gains and losses.					

II. Financial Performance

Unit: NTD thousands

Item \ Year	2021	2020	Variation	
			Increase (decrease)	Variation (%)
Operating revenue	6,601,378	7,268,092	(666,714)	(9)
Operating cost	3,285,751	3,529,205	(243,454)	(7)
Gross profit	3,315,627	3,738,887	(423,260)	(11)
Operating expenses	2,261,971	2,631,370	(369,399)	(14)
Net income	1,053,656	1,107,517	(53,861)	(5)
Non-operating revenues and expenses	55,286	137,701	(82,415)	(60)
Net profit before taxation	1,108,942	1,245,218	(136,276)	(11)
Income tax	235,613	247,951	(12,338)	(5)
Net income	873,329	997,267	(123,938)	(12)
Other comprehensive income for the period (post-tax profit or loss)	75,855	(64,785)	140,640	(217)
Current period other comprehensive income (Gross)	949,184	932,482	16,702	2
<p>(I) Description of ratio changes over 20% and with an amount exceeding NT\$10 million.</p> <ol style="list-style-type: none"> 1. Non-operating income and expenses: mainly due to gain on valuation of financial asset measured at fair value through the profit and loss statement. 2. Other comprehensive gains and losses of the current period (net after tax): mainly due to the increase in unrealized gains and losses on equity instrument measured at fair value through other comprehensive gains and losses. <p>(II) Expected sales and the basis of estimation, the likely impacts on The Company's future financial position, and responsive plans:</p> <ol style="list-style-type: none"> 1. Expected sales in the next year and basis for this projection: Revenue of this company mainly comes from game software (including online games), software magazines, royalties and licensing fees, and advertising. As we do not make a financial forecast, no sales volume has been estimated. 2. Potential impacts on finance in the future and countermeasures: We will continue to expand sales channels and product ranges to increase the scale of operations. 				

III. Cash flow

(I) Changes of cash flow in current year analysis:

Unit: NTD thousands

Beginning of year cash balance	Expected net operating cash flow for the whole year	Annual net cash flow from investing and financing activities	Foreign exchange impact amount	Cash Balance	Plans to improve liquidity	
					Investment plans	Financing Plan
5,074,336	2,488,455	(1,835,571)	(25,808)	5,701,412	None	None

Unit: NTD thousands

Item	Year	2021	2020	Variation (%)
		Cash inflow (outflow)	Cash inflow (outflow)	
Operating activities		2,488,455	1,677,933	48
Investing activities		(1,068,002)	(969,374)	10
finance activities		(767,569)	(616,603)	24
Foreign exchange impact amount		(25,808)	(19,385)	33
Net cash increase (reduction)		627,076	72,571	764
Analysis and description of ratio changes (changes below 20% and with an amount below NT\$10 million were eliminated.)				
1. The increase in cash inflow from operating activities is mainly due to an increase in accounts payable.				
2. The increase in net cash outflows from financing is mainly due to the increase in cash dividends.				
3. Net cash increase increased as the operating net cash inflow increased.				

(II) Plans to improve cash flow liquidity:

As the sum of cash and cash equivalents at the end of 2021 was NT\$5,701,412,000, there was no liquidity shortfall.

Liquidity analysis:

Item	Year	2021	2020	Variation (%)
Cash flow ratio %		33.47	28.23	18.58
Cash flow adequacy ratio %		294.16	280.03	5.05
Cash flow reinvestment ratio %		24.81	17.24	43.91

Description of variable ratio analysis: the increase in cash reinvestment ratio is mainly due to an increase in net cash inflow from operating activities.

(III) Liquidity analysis for the next year:

Unit: NTD thousands

Cash balance – beginning (1)	Projected cash inflows from operation of the year (2)	Expected cash outflow for the year (3)	Cash surplus (deficit) (1)+(2)-(3)	Financing of cash deficits	
				Investment plans	Finance plans
5,701,412	2,490,000	1,420,000	6,771,412	-	-

Cash flow analysis for the next year

Operating: It is expected online game heat will continue in the next year. We will

enhance market operations to increase profit contribution of the period.
Investing: To coordinate with the collaboration with game developers, introduction of new games, and incessant innovation and R&D of new games, we will increase investments in subsidiaries and related R&D areas.
Financing: Except for cash dividend, no significant change is expected in the next year.

As the estimated sum of cash and cash equivalent at the end of 2022 will be NT\$6,771,412,000, there will be no liquidity shortfall.

IV. Material capital expenditures in the latest year and impacts on business performance: None.

V. The major causes for profits or losses incurred by investments during the most recent year; rectifications and investment plans for the next year

Reinvestment Analysis

Item \ Remark	Original investment Amount (NTD thousand)	Policies	Main causes of profit or loss	Remedy	Other future investment plans
CHINESE GAMER INTERNATIONAL CORPORATION	371,319	Diversify operations to synergize vertical integration	The company's after-tax net loss is NT\$39,426, with NT\$0.46 loss per share in 2021. Released updated versions of "Chinese Heroes Online, Heroes and Invincible," "Devouring Heaven and Earth M," "HEM," and "Love Box Mobile" in 2021 boosting player loyalty. Among which, the self-developed mobile game, "Devouring Heaven and Earth M," was authorized and launched in the Chinese market and started to bring in revenue. In the coming year, Chinese Gamer has scheduled several gaming events to fuel popularity and adhesiveness among gamers; The mobile games "Legend of Emperors S" and "Back to the Past" currently undergoing development provide players with a better game experience, with an effort made to strengthen game mechanisms.	The R&D resources are integrated in the workflow management to improve gaming quality and development efficiency, for higher market competitiveness of quality games.	Subject to the status of operations.
Gameflier International Corporation	218,017	Diversify operations to synergize vertical integration	The 2021 net profit of that company was NT\$100,601,000. In 2021, joined with Fun Yours Technology Co., LTD. to launch the classic IP-based mobile game "Wind Fantasy Special Purpose Mobile" to diversify its product portfolio. Updates and events for many of its classic games were also released and introduced to the Southeast Asia market last year. In June 2021, Game Flier introduced and distributed the multiplatform game, "Eternal scarlet 2: Light" on mobile and web to accumulate local market knowledge and experience. Game Flier maintains the steady operation of existing products	The operating experiences over the years are consolidated and coupled with diversified marketing events to operate the running games in a steady manner; meanwhile, a variety of featured products are introduced, along with the	Subject to the status of operations.

Item \ Remark	Original investment Amount (NTD thousand)	Policies	Main causes of profit or loss	Remedy	Other future investment plans
			and meanwhile collaborates with game developers with flexibility to create new attractive games achieving a win-win situation.	startup of the HTML5 game operations in the Southeast Asia market.	
Game First International Corporation	27,813	Diversify operations to synergize vertical integration	The 2021 net profit of that company was NT\$847,000. In recent years actively developed the all-dimensional game integration service. With teams of multilingual game customer service staff, integrated marketing, community management and e-Sports services, it assisted game companies to establish and execute a global launch strategy and provides services in overall marketing planning, tailored to players in different markets. In 2021, it was appointed by many globally renowned games as the designated customer service provider in Taiwan, Hong Kong, Macao and the Southeast Asia region.	Development of gaming customer service, integrated marketing, social media operations, and e-sports services.	Subject to the status of operations.
Soft-World (Hong Kong) International Corporation	88,858	Diversify operations to synergize vertical integration	The 2021 net profit of that company was NT23,719,000. GTC sales in Hong Kong and Macau are the main source of income.	Continue with market expansion.	Subject to the status of operations.
Zealot Digital International Corporation	50,874	Diversify operations to synergize vertical integration	The 2021 net profit of that company was NT20,550,000. The Art Center provides more comprehensive, professional and efficient filming and animation services for major game developers around the world.	Also persistently continued are the efforts to expand the market and provide game developers with game art production.	Subject to the status of operations.
Neweb Technologies Co., Ltd.	510,567	Diversify operations to synergize vertical integration	The 2021 net profit of that company was NT54,998,000. The company continued to strengthen digital financial solutions and was committed to the development of three services: online pay [NewebPay], Offline Multipay [ezAIO] and electronic wallet [ezPay].	Continue with market expansion.	Subject to the status of operations.
Soft-World	8,959	Global	The 2021 net profit of that	Continue with	Subject to

Item \ Remark	Original investment Amount (NTD thousand)	Policies	Main causes of profit or loss	Remedy	Other future investment plans
Technology Pte.Ltd.		deployment	company was NT4,942,000. Enhance MyCard competitiveness in Southeast Asia and attract more upstream suppliers to achieve the vision of “No. 1 GTC in Asia.” Therefore, that company will actively cultivate the Southeast Asia market and collaborate with worldwide platforms and channels to make MyCard more popular.	market expansion.	the status of operations.
Joy Children Technology Co., Ltd.	20,512	Diversify operations to synergize vertical integration	The 2021 net profit of that company was NT\$601,000. That company focuses on entertainment products for children and youth, including the R&D of edutaining software, design of edutaining products, and wholesale and trading of imported educational toys and products.	Continue with market expansion.	Implement through progressive planning.
Fast Distributed Cloud Computing (Taiwan) Co., Ltd.	13,812	Diversify operations to synergize vertical integration	The 2021 net profit of that company was NT40,087,000. For the IDC Total Solution built to provide innovative ideas for industrial users, a full-range IDC brand “MyServer” was launched in 2014 to create customized IDC Solution for game developers interested in overseas engagement.	Continue with market expansion.	Subject to the status of operations.
EFUN International Co., Ltd.	91,364	Diversify operations to synergize vertical integration	The 2021 net profit of that company was NT81,041,000. This company mainly focuses on the development of online advertising marketing. It is good at the all kinds of digital ad serving and overall planning of media marketing strategy. This company successfully optimized the benefit of advertising marketing for over hundreds of cooperative enterprises.	Continue with market expansion.	Subject to the status of operations.
We Can Financial Technology Co., Ltd.	27,824	Diversify operations to synergize vertical integration	The 2021 net profit of that company was NT\$847,000. The main business cope is to develop and maintain a diversified payment system for the PX Mart stores to keep a stable operation.	Continue with market expansion.	Subject to the status of operations.

VI. Risks and assessment in the previous year and by the date of publication of this report

- (I) The impact of changes in interest rate, exchange rate, and inflation on the Company's profit or loss in recent years to the date this report was printed, and future response measures
1. Impacts of interest rate variations to The Company's profit and loss, and responsive measures in the future:
While the volatility both the exchange rate and the interest rate (including deposits and loans) is mild, and the share of income from interest is low in both operating profit and net profit before tax, the influence on income of changes in the interest rate and exchange rate is low.
 2. Impacts of exchange rate variations to The Company's profit and loss, and responsive measures in the future
Hong Kong is our major exporting market, with a foreign exchange loss of NT\$941,000 in 2021, accounting for 0.013% of net revenue. Apart from keeping close contacts with trading banks, our financial unit keeps track of the trend of exchange rate changes by capturing information from financial news reports and economic research reports, in order to reduce the influence on revenue and profit of the risk of exchange rate volatility.
 3. Impacts of inflation to The Company's profit and loss, and responsive measures in the future:
Currently, although commodity prices rise due to inflation, entertainment remains part of daily life. As free-to-play games have become a recent trend, changing the focus from the game time to game props is more profitable. Therefore, the influence of inflation on income is limited.
- (II) Policies on high risk and highly leveraged investments, loans to others, endorsements / guarantees, and the trading of derivative instruments; describe the main causes of profit or loss and responsive measures in the future:
1. We do not engage in high-risk and high-leverage investments, and derivatives investments.
 2. Capital lending, endorsements, and guarantees are carefully assessed and must conform with the "Capital Lending Regulations" and "Endorsements and Guarantees Regulations" and be approved by BOD prior to implementation.
By the end of December 31, 2021, the BOD has passed the endorsement for Neweb Technologies Co., Ltd. amounting to NT\$280,000,000.
- (III) Future research and development plans, and the projected expenses:
1. Future R&D:
Process 2.0+ engine tool as the framework for post-generation and next-generation all 3D mobile phones has been developed. AR/VR/MR/XR somatosensory technology, AI, big data analysis, VTuber approaches, and cloud computing technology have been created and integrated. At the same time, the GameFi technology game development processes of decentralized blockchain, encrypted currency, other digital assets, NFT (non-fungible tokens), blockchain games and other GameFi technology have been planned and integrated on a larger scale. With the concepts of efficiency and cost-effectiveness in operations, tools and processes related to art, planning, marketing and operating integration and execution have been designed. Under cost control, different types of cross-platform game products with the same base structure have been mass produced to echo metaverse issues, thereby giving rise to more business opportunities and adding value to game products.
Advantages of independent development of engine tools:
(1) The specifications of the core engine can match processes with standard capacity and teams with standard habits to succeed existing practical experience to quickly develop game projects.

- (2) Tools built through engine extension can fully match the internal communication specifications of planning and art. Terms used in the forms are found in familiar process structure to ensure effortless practice, operation, and subsequent verification.
- (3) Independently developed engines are more innovative and have higher debug efficiency. They enable new module customization and quick response to adjustment and optimization based on the creative ideas of game products or the requirements of cross-platform processes.
- (4) Resource management in independently developed engines emphasis advantages including sustainability and module experience accumulation. These advantages can ease the worries about core technology discontinuity after a R&D personnel change. Apart from enabling process control and product risk monitoring among project managers, tool standardization secures core technology continuity.
- (5) Data transfer and conversion between game products with the same underlying structure are smooth. These game products are suitable for PC and mobile app. They blend with development, integration and maintenance of cross-platform game products, including the AR/VR/MR/XR, cloud gaming products. These products become more ready for the next intense platform competition.
- (6) Digital assets in circulation that are in high quantities and valuable are processed through GameFi technology. Therefore, there are high requirements for computing, encryption, anti-counterfeiting, verification and other information and communication security protection level. Therefore, the integration of self-developed tools will better guarantee information security and protection work.

The company has geographically deep plowed in-depth cooperation with universities in Central, Southern and Eastern Taiwan. Exchanges on game development technology, operation and marketing information are also conducted and local digital talents are cultivated. In addition, in cooperation with the Asia New Bay Area “5G AIoT Innovative Park” Development Plan, the largest cultural and creativity R&D base of game development, art design, multimedia production, game music creation, video recording production in Southern Taiwan has been set up. Considering the lower costs in Southern Taiwan, the cultural and creativity products will gain a competitive edge with a higher profit value.

2. Estimated amount of R&D investment

In 2022, all R&D projects of the group will continue, and the estimated amount of investments is NT\$350 million.

(IV) The effect of major changes in policies and legal practices, whether domestic or foreign, to the company’s financial and business performance, and the responsive actions:

Our management team keeps close track on any policies and laws and regulations at home and abroad that may potentially influence our finance and business. The team has also established related risk management procedures.

By the date of publication of this report, there was no significant negative influence caused by changes in policies and laws and regulations.

We operate finance and business by law. Therefore, it is expected that no significant changes in policies and laws at home or abroad will affect our finance and business in the coming year.

(V) The impact of technological changes (including information and communication security risks) and industrial changes on the company’s financial businesses and the coping measures:

1. With the launch of 5G, the use of wired and wireless broadband networks continues to expand, and the pervasion of the high-profile yet affordable desktop computers and notebooks, mobile devices (such as smart phones, tablets), wearable devices, and somatosensory devices will continue to be the major force to drive consumers to join

- online games, mobile games, AR/VR/MR/XR, and cloud games.
2. The constant pursuit of the quality and content richness of online games and mobile games, entertaining features and game props and the security of other electromagnetic records are basic requirements. Additionally, the stability of system services, the ecological balance of games, the service attitude and speed of operators toward players and the protection of consumer information, items, treasures and other electromagnetic records are the keys that determine success in the online game and mobile game market.
 3. Consumers have raised their demand for game effects from 2D to 3D, and even towards AR/VR/MR/XR and cloud gaming. We have a number of 2D and 3D engine tools and constantly improve engine functions to cope with the demand for game diversity and future trends.
 4. To cope with constant technological changes, we keep upgrading our technical capacity and adjusting operational strategies to adapt to changes in the game industry.
A shift from charge by game time to free-to-play games with item sales has become a trending consumption pattern. By making quick and appropriate responses to the changing consumption pattern, we have maintained continuous growth in recent years.
 5. Thanks to the popularization of the application services of broadband and mobile communication, online games and mobile games have become the first entertainment choice for young people. Homebody entertainment driving the homebody economy makes more space for the growth of game industry. In 2020 and 2021, the COVID-19 pandemic triggered the business opportunities of the so-called zero-contact economy or entertainment, which brought about substantial growth of home entertainment such as online games, mobile games, and online audio and video, and boosted the attached stay-at-home economy. Although many countries have received the second dose of COVID-19 vaccine and even the third dose of vaccine in response to the Omicron variants as of 2022, there is still a long way to go for the world to reach herd immunity. The influence of this wave of zero-contact entertainment is expected to continue until the middle of the year or later. The benefits that arise are anticipated. Given the global game market's rapid changes, Taiwan market's limited appetite, and the business' white-hot competition, overseas market cultivation will be the prime target of game developers. Therefore, to increase global visibility will be our future target.
 6. With the advent of 5G, both the quantity and quality of bandwidth will be greatly improved. On the quantity side, the demand for ever more mobile game contents will explode. On the quality side, with the mobile lite games moving towards the red ocean market, heavyweight or large-scale high-quality mobile games will become the mainstream. Therefore, developing the next-generation high-speed battle, high-interaction and high-resolution mobile games to attract the players will be a serious challenge to be faced with for us, and for all the industrial peers.
 7. In third-party payments, the annual growth rate of the global mobile payment market will be over 30%. In particular, Asia Pacific will be the world's largest market for mobile payment. The stay-at-home economy in Taiwan is rising. Third-party payment companies gradually launched their systems in 2017. Therefore, third-party payment businesses will definitely fight in the e-commerce market. COVID-19 outbreak is ongoing. To avoid infection risk incurred from physical contact, e-shopping, home delivery and corresponding virtual payment, become one of the main consumption habits or trends of the consumer. As the mobile payment service in Taiwan has entered the "warring period," following the principle that "the big ones get bigger" in business competition, and mergers and acquisitions will be the only options for survival and growing stronger in the competition.
 8. With the issue of metaverse gaining popularity and highly driven by decentralized block chain, encrypted currency, digital assets, NFT (non-fungible tokens), blockchain games and dual qualitative and quantitative GameFi needs, the gaming industry, more than

ever, is in the face of more challenging information and community security risks. In addition to game design, self-developed tools have been integrated in order to strengthen information security protection. In response to the specific GameFi needs in the future, professional information security operators will be chosen to cooperate through projects. The protection capabilities of the game system can be further strengthened, thereby fully safeguarding the digital asset security of players and users.

- (VI) Impacts of changes in corporate image to the company's crisis management, and the responsive measures:

In addition to professional quality and ethical management principles, we spare no effort to carry out CSR in business operations in order to develop a sound market presence. Our listing on Taipei Exchange (TPEX, formerly Gre Tai Securities Market) in 2001 also helps raise our market presence. In the future, we will continue to carry out CSR as a listed company and seek the biggest interest for shareholders and employees. Therefore, the foreseeable risks have not been seen so far.

- (VII) The expected benefits from mergers and acquisitions, the potential risks associated, and the responsive measures:

By the date of publication of this report, no merger or acquisition activity has been implemented.

- (VIII) The expected effect and possible risk of the plant expansion, and the response measures:

By the date of publication of this report, no factory expansion has been implemented.

- (IX) The risk of concentrated purchase or sales and the response measures:

In response to the characteristics of the gaming industry, Soft-World has been dedicated to the expansion of marketing channels, connecting more than a thousand digital content products from home and abroad, including online games and digital content service products developed by various game manufacturers, and therefore the diversified sources of purchase and sales are free of the concentration risk.

- (X) The risks and impacts of significant shareholding transfers by directors, supervisors, or major shareholders with more than 10% ownership interest, and the responsive measures to such risks:

By the date of publication of the annual report, neither of our directors, supervisors or large shareholders with more than 10% of the shares transferred equities

- (XI) The effects, risks and responsive measures associated with changes in management:

Corporate management is the focus of our management team. With the assistance and support of directors and supervisors, there is no potential risk of any kind.

- (XII) List out the legal proceedings or non-contentious matters, or administrative actions, involving the Company, the Directors, Supervisor, President, the deputy agent, or dominant shareholders holding more than 10% of the shares issued by the Company and its subsidiaries, concluded with rulings or still pending, the result of which may cause significant influence on the shareholders equity or stock price of the Company. Disclose the factual account of the contention, the starting date of the proceedings, the parties concerned, and the action taken by the Company to the date this report was printed:

1. Disclose the facts in dispute, the amount of the subject matter, the start and end dates of litigious events, the principal parties involved, and the current status of major litigious events, non-litigious events, or administrative remedies with confirmed verdicts in the past two years and by the date of publication of this report or in progress by the date of publication of this report of directors, supervisors, presidents, actual responsible persons, the top ten shareholders with over 10% of the stakes, and affiliates, with results that may cause significant impact to the rights and interests of shareholders or the stock price.
2. Major parties involved, and the current status of major litigious events, non-litigious events, or administrative remedies with confirmed verdicts in the past two years and by the date of publication of this report or in progress by the date of publication of this

report of directors, supervisors, presidents, actual responsible persons, the top ten shareholders with over 10% of stakes and affiliates with results that may cause significant impact to the rights and interests of shareholders or the stock price: NA.

3. Directors, supervisors, presidents, actual person-in-charge, and shareholders with over 10% of the stakes involved in the events specified in Article 157 of the Securities and Exchange Act in the previous year and by the date of publication of this report and the current status of handling: NA.

(XIII) Other significant risks and responsive measures:

Major risk assessment, including assessment and analysis of information security risks and countermeasures:

1. To enforce information security management, we have established the “Information Security Management Regulations” and their enforcement rules for implementing information security management, strictly managing data utilization and maintaining security. We have also established the firewall policy and application procedures to control the risk of information security.
2. We have established a database backup mechanism and store backup media offsite to reduce the risk of data loss. We simulate situations and test regularly to ensure the normal operation and data security of information systems to reduce unexpected system disruption caused by natural disasters and human negligence, in order to comply with the planned target system recovery time.

VII. Other important disclosures: None.

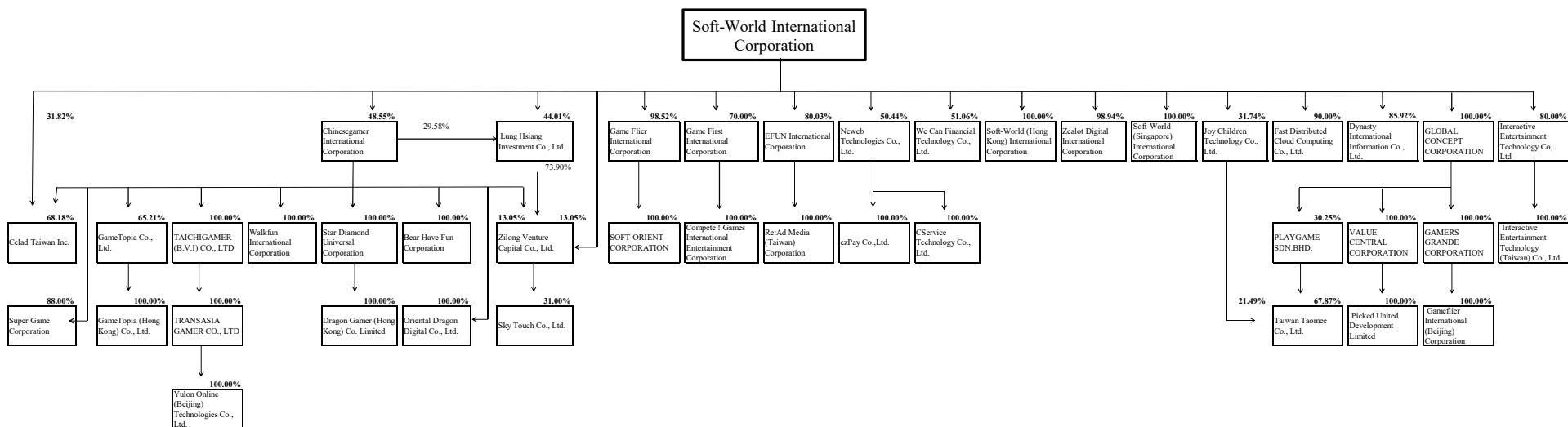
VIII. Special Notes

I. Affiliated companies

(I) Affiliates consolidated business report

1. Organization chart for affiliates

Organization chart for affiliates of Soft-World Group
2021



2. Stakes of affiliates

Serial No.	Name of affiliated enterprises	Intersect Holdings	Ratio of Shareholding	Invested Shares	Sum of initial investment (NT\$ thousands)
1	CHINESE GAMER INTERNATIONAL CORPORATION	Shares of ChineseGamer International (subsidiary) held by Soft-World International	49%	41,880,205	371,319
		Shares of Soft-World International held by ChineseGamer International (subsidiary)	None	None	None
2	Gameflyer International Corporation	Shares of Gameflyer International (subsidiary) held by Soft-World International	98%	28,332,800	218,017
		Shares of Soft-World International held by Gameflyer International (subsidiary)	None	None	None
3	Game First International Corporation	Shares of Game First International (subsidiary) held by Soft-World International	70%	16,684,063	27,813
		Shares of Soft-World International held by Game First International (subsidiary)	None	None	None
4	Global Concept Corporation	Shares of Global Concept Corporation (subsidiary) held by Soft-World International	100%	9,631,253	295,068
		Shares of Soft-World International held by Global Concept Corporation (subsidiary)	None	None	None
5	Soft-World (Hong Kong) International Corporation	Shares of Soft World (Hong Kong) International (subsidiary) held by Soft-World International	100%	3,883,558	88,858
		Shares of Soft-World International held by Soft World (Hong Kong) International (subsidiary)	None	None	None
6	Zealot Digital International Corporation	Shares of Zealot Digital International (subsidiary) held by Soft-World International	99%	8,904,162	50,874
		Shares of Soft-World International held by Zealot Digital International (subsidiary)	None	None	None
7	Soft-World Technology Pte. Ltd.	Shares of Soft-World (subsidiary) held by Soft-World International	100%	390,000	8,959
		Shares of Soft-World International held by Soft-World (subsidiary)	None	None	None
8	Dynasty International Information Co., Ltd.	Shares of Dynasty International (subsidiary) held by Soft-World International	86%	1,460,610	14,667
		Shares of Soft-World International held by Dynasty International (subsidiary)	None	None	None
9	Zilong Venture Capital Co., Ltd.	Shares of Zilong Venture Capital Co., Ltd. (subsidiary) held by Soft-World International	13%	10,528,453	100,000
		Shares of Soft-World International held by Zilong Venture Capital Co., Ltd. (subsidiary)	7%	8,913,000	746,408
10	Sofaman Technologies Co., Ltd.	Shares of Sofaman Technologies (subsidiary) held by Soft-World International	Note 1	Note 1	Note 1
		Shares of Soft-World International held by Sofaman Technologies (subsidiary)	None	None	None
11	Fast Distributed Cloud Computing (Taiwan) Co., Ltd.	Shares of Fast Distributed Cloud Computing (subsidiary) held by Soft-World International	90%	2,495,628	13,812

Serial No.	Name of affiliated enterprises	Intersect Holdings	Ratio of Shareholding	Invested Shares	Sum of initial investment (NT\$ thousands)
		Shares of Soft-World International held by Fast Distributed Cloud Computing (subsidiary)	None	None	None
12	Interactive Entertainment Technology Co., Ltd.	Shares of Interactive (subsidiary) held by Soft-World International	80%	480,000	15,485
		Shares of Soft-World International held by Interactive (subsidiary)	None	None	None
13	Neweb Technologies Co., Ltd.	Shares of Neweb Technologies (subsidiary) held by Soft-World International	50%	38,104,043	510,567
		Shares of Soft-World International held by Neweb Technologies (subsidiary)	None	None	None
14	Lung Hsiang Investment Co., Ltd.	Shares of Longxiang Investment (subsidiary) held by Soft-World International	44%	25,000,000	250,000
		Shares of Soft-World International held by Longxiang Investment (subsidiary)	None	None	None
15	EFUN International Co., Ltd.	Shares of EFUN International (subsidiary) held by Soft-World International	80%	16,016,347	91,364
		Shares of Soft-World International held by EFUN International (subsidiary)	None	None	None
16	Celad Taiwan Inc.	Shares of Celad Taiwan (subsidiary) held by Soft-World International	32%	477,273	17,500
		Shares of Soft-World International held by Celad Taiwan (subsidiary)	None	None	None
		Shares of Celad Taiwan (subsidiary) held by Chinesegamer International	68%	1,022,727	27,620
		Shares of Chinesegamer International held by Celad Taiwan (subsidiary)	None	None	None
17	We Can Financial Technology Co., Ltd.	We Can Financial Technology Co., Ltd. (subsidiary) held by Soft-World International	51%	5,106,000	27,824
		Soft-World International held by We Can Financial Technology Co., Ltd. (subsidiary)	None	None	None
18	Taichigamer (B.V.I) Co., Ltd.	Shares of Taichigamer (subsidiary) held by Chinesegamer International	100%	3,041,698	96,942
		Shares of Chinesegamer International held by Taichigamer (subsidiary)	None	None	None
19	Walkfun International Corporation	Shares of Walkfun International (subsidiary) held by Chinesegamer International	100%	1,500,000	15,000
		Shares of Chinesegamer International held by Walkfun International (subsidiary)	None	None	None
20	Super Game Corporation	Shares of Super Game (subsidiary) held by Chinesegamer International	88%	880,000	5,771
		Shares of Chinesegamer International held by Super Game (subsidiary)	None	None	None
21	Star Diamond (B.V.I)Co.,Ltd.	Shares of Star Diamond (subsidiary) held by Chinesegamer International	100%	52,000	82,772
		Shares of Chinesegamer International held by Star Diamond (subsidiary)	None	None	None
22	Bear Have Fun Corporation	Shares of Bear Have Fun (subsidiary) held by Chinesegamer International	100%	1,600,000	16,552
		Shares of Chinesegamer International held by Bear Have Fun (subsidiary)	None	None	None

Serial No.	Name of affiliated enterprises	Intersect Holdings	Ratio of Shareholding	Invested Shares	Sum of initial investment (NT\$ thousands)
23	GameTopia Co., Ltd.	Shares of GameTopia (subsidiary) held by Chinesegamer International	65%	3,784,063	30,994
		Shares of Chinesegamer International held by GameTopia (subsidiary)	None	None	None
24	Oriental Dragon Digital Co., Ltd.	Shares of Oriental Dragon Digital (subsidiary) held by Chinesegamer International	100%	1,520,000	19,369
		Shares of Chinesegamer International held by Oriental Dragon Digital (subsidiary)	None	None	None
25	TRANSASIAGAMER(B.V.I) CO., LTD.	Shares of Transasiagamer (subsidiary) held by Taichigamer (B.V.I)	100%	2,976,934	94,264
		Shares of Taichigamer (B.V.I) held by Transasiagamer (subsidiary)	None	None	None
26	Yulon Online (Beijing) Technologies Co., Ltd.	Shares of Yulon Online (Beijing) (subsidiary) held by Transasiagamer	100%	-	69,569
		Shares of Transasiagamer held by Yulon Online (Beijing) (subsidiary)	None	None	None
27	DRAGON GAMER (HONG KONG) CO., LTD	Shares of Dragon Gamer (Hong Kong) Co., Ltd. (subsidiary) held by Star Diamond (B.V.I) Co., Ltd.	100%	260,000	82,772
		Shares of Star Diamond (B.V.I) Co., Ltd. held by Dragon Gamer (Hong Kong) Co., Ltd. (subsidiary)	None	None	None
28	GameTopia (Hong Kong) Co., Ltd.	Shares of GameTopia (Hong Kong) Co., Ltd. (subsidiary) held by GameTopia	100%	3,300	987
		Shares of GameTopia held by GameTopia (Hong Kong) (subsidiary)	None	None	None
29	Value Central Corporation	Shares of Value Central (subsidiary) held by Global Concept Corporation	100%	1,450,000	45,452
		Shares of Global Concept Corporation held by Value Central (subsidiary)	None	None	None
30	Gamers grande Corporation	Shares of Gamers Grande Corporation (subsidiary) held by Gamers grande Corporation	100%	6,453,621	179,788
		Gamers grande Corporation held by Gamers Grande Corporation (subsidiary)	None	None	None
31	Gameflier International (Beijing) Corporation	Shares of Gameflier International (Beijing) Corporation (subsidiary) held by Gamers	100%	None	214,678
		Shares of Gamers held by Gameflier International (Beijing) Corporation (subsidiary)	None	None	None
32	Picked United Development Limited	Value Central holding of Picked United Development Limited (Subsidiary)	100%	4,700,000	20,255
		Picked United Development Limited (Subsidiary) holding of Value Central	None	None	None
33	Soft-orient Corporation	Shares of Soft-orient (subsidiary) held by Gameflier International	100%	7,784,134	254,872
		Shares of Gameflier International held by Soft-orient (subsidiary)	None	None	None
34	Compete ! Games International Entertainment Corporation	Shares of Compete ! Games International (subsidiary) held by Gameflier International	100%	2,941,520	21,342

Serial No.	Name of affiliated enterprises	Intersect Holdings	Ratio of Shareholding	Invested Shares	Sum of initial investment (NT\$ thousands)
		Shares of Soft-World International Corporation held by Compete ! Games International (subsidiary)	None	None	None
35	Interactive Entertainment Technology (Taiwan) Co., Ltd.	Interactive Entertainment Technology (subsidiary)	100%	1,800,000	18,000
		Shares of Interactive (subsidiary) held by Interactive Entertainment Technology	None	None	None
36	ezPay Co.,Ltd.	Shares of ezPay Co., Ltd. (subsidiary) held by Neweb Technologies Co., Ltd.	100%	61,400,000	966,748
		Shares of Neweb Technologies Co., Ltd. held by ezPay Co., Ltd. (subsidiary)	None	None	None
37	Neweb Technologies Co., Ltd.	Shares of Neweb Technologies held by Neweb Pay (subsidiary)	Note 2	Note 2	Note 2
		Shares of Neweb Pay (subsidiary) held by Neweb Technologies Technology	None	None	None
38	CService Technology Co., Ltd.	Shares of CService Technology Co., Ltd. (subsidiary) held by Neweb Pay	100%	500,000	5,000
		Shares of Neweb Pay held by CService Technology Co., Ltd. (subsidiary)	None	None	None
39	Re:Ad Media Corporation	Shares of Re:Ad Media (subsidiary) held by EFUN International Co., Ltd.	100%	5,400,000	26,000
		Shares of EFUN International Co., Ltd. held by Re:Ad Media (subsidiary)	None	None	None

Note 1: The liquidation process was completed in 2021.

Note 2: The company was merged and eliminated by Neweb Technologies Co., Ltd. on September 1, 2021.

3. Profiles of the bank's subsidiaries

Unit : NT\$ thousand; Foreign currency amount in thousands

Serial No.	Name of enterprise	Date of establishment	Address	Paid-in shares Capital	Major operations
1	CHINESE GAMER INTERNATIONAL CORPORATION	2000.03.28	4F, No. 2, Lane 47, Section 3, Nangang Road, Nangang District, Taipei City	862,697	Online gaming service
2	Gameflier International Corporation	2002.07.02	2F, No. 99-10, Section 2, Nangang Road, Nangang Road, Nangang District, Taipei City	287,579	Internet authentication service, data processing services, digital information supply services, general advertising services, data storage media and processing unit manufacturing.
3	Game First International Corporation	2005.07.25	2F, No. 99-10, Section 2, Nangang Road, Nangang Road, Nangang District, Taipei City	238,344	Provision of online game services.
4	Global Concept Corporation	2002.10.28	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia Samoa	USD9,631,253	General investment business
5	Soft-World (Hong Kong) International Corporation	2007.10.19	19 Cheung Shun Street, Unit B, 7/F, Yeung Yiu Chung (No.6) Industrial Building, Cheung Shan Wan, Kowloon, Hong Kong.	HKD 3,883,558	Wholesale of computer software and computer magazine sales
6	Zealot Digital International Corporation	2008.02.14	8F, No. 18, Zhongzheng 2 nd Road, Lingya District, Kaohsiung	90,000	Art agency project entrusted by the customer
7	Soft-World Technology Pte.Ltd.	1998.03.25	133 NEW BRIDGE ROAD #08-03 CHINATOWN POINT SINGAPORE(059413)	SGD 390,000	Manufacturing, processing, trading, agency, and design of various computer equipment, computer software, and peripherals.
8	Dynasty International Information Co., Ltd.	1992.03.27	8F, No. 18, Zhongzheng 2 nd Road, Lingya District, Kaohsiung	17,000	Design, development, and trading of computer software.
9	Zilong Venture Capital Co., Ltd.	2014.12.08	6F., No. 3, Minquan Rd., Banqiao Dist., New Taipei City	806,480	Investing Company
10	Sofaman Technologies Co., Ltd. (Note 1)	2015.04.10	No. 99-10, Section 2, Nangang Road, Nangang Road, Nangang District, Taipei City	Note 1	Software design services and data processing services
11	Fast Distributed Cloud Computing (Taiwan) Co., Ltd.	2011.11.29	2F, No. 99-10, Section 2, Nangang Road, Nangang Road, Nangang District, Taipei City	27,729	Data processing, web hosting and related services
12	Interactive Entertainment Technology Co.,Ltd.	2015.09.07	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa	USD 600,000	General investment business
13	Neweb Technologies Co., Ltd.	2000.05.26	No. 99-10, Section 2, Nangang Road, Nangang Road, Nangang District, Taipei City	755,427	Retail sale of computer software, computers and digital information supply services
14	Lung Hsiang Investment Co., Ltd.	2018.05.18	1F, No. 37-2, Lainan Street, Yanceng District, Kaohsiung City	568,000	General investment business
15	Efun International Corporation	2007.10.04	No. 99-10, Sec. 2, Nangang Rd., Nangang Dist., Taipei City	200,135	Digital media advertising agency

Serial No.	Name of enterprise	Date of establishment	Address	Paid-in shares Capital	Major operations
16	Celad Taiwan Inc.	2014.12.17	4F, No. 2, Lane 47, Section 3, Nangang Road, Nangang District, Taipei City	15,000	Online gaming service
17	We Can Financial Technology Co., Ltd.	2016.05.31	No. 99-10, Section 2, Nangang Road, Nangang Road, Nangang District, Taipei City	100,000	Electronic data supply services
18	Taichigamer (B.V.I)Co., Ltd.	2002.01.10	30 DeCastro Street,P.O.Box 4519,Road Town,Tortola,British Virgin Islands	USD 3,041,698	General investment business
19	Walkfun International Corporation	2013.01.24	4F, No. 2, Lane 47, Section 3, Nangang Road, Nangang District, Taipei City	15,000	Online gaming service
20	Super Game Corporation	2015.09.01	4F, No. 2, Lane 47, Section 3, Nangang Road, Nangang District, Taipei City	10,000	Online gaming service
21	STAR DIAMOND (B.V.I) Co.,LTD	2015.09.23	4th Floor, Water's Edge Building, Meridian Plaza, Road Town, Tortola, VG1110 VIRGIN ISLANDS, BRITISH	USD 2,600,000	General investment business
22	Bear Have Fun Corporation	2016.09.08	4F, No. 2, Lane 47, Section 3, Nangang Road, Nangang District, Taipei City	16,000	Online gaming service
23	GameTopia Co., Ltd.	2016.10.07	4F, No. 2, Lane 47, Section 3, Nangang Road, Nangang District, Taipei City	58,030	Online gaming service
24	Oriental Dragon Digital Co., Ltd.	2016.12.16	4F, No. 2, Lane 47, Section 3, Nangang Road, Nangang District, Taipei City	15,200	Online gaming service
25	Transasiagamer (BVI)Co., Ltd.	2002.01.10	30 DeCastro Street,P.O.Box 4519, Road Town,Tortola,British Virgin Islands	USD 2,976,934	Re-investments Operations
26	Yulon Online (Beijing) Technologies Co., Ltd.	2002.03.18	Rm. 116, 1F., No. 36, Chuangyezhong Rd., Haidian Dist., Beijing	USD 2,200,000	Online gaming service
27	DRAGON GAMER (HK) CO.,LTD	2015.10.16	19 Cheung Shun Street, Unit B, 7/F, Yeung Yiu Chung (No.6) Industrial Building, Cheung Shan Wan, Lai Chi Kok, Kowloon, Hong Kong.	USD 2,600,000	Online gaming service
28	GameTopia (Hong Kong) Co., Ltd.	2017.05.19	19 Cheung Shun Street, Unit B, 7/F, Yeung Yiu Chung (No.6) Industrial Building, Cheung Shan Wan, Lai Chi Kok, Kowloon, Hong Kong.	USD 33,000	Information software service
29	Value Central Corporation	2002.10.28	Vistra Corporate Services Centre, Ground Floor NPF Building,Beach Road,Apia Samoa	USD1,450,000	General investment business
30	Gamers grande Corporation	2002.10.16	2nd. Floor, lat 19, Lazenda Commercial Centre, Phasw 3, 8700 Federalterritory Of Labuan Malaysia	USD6,212,066	General investment business
31	Gamefler International (Beijing) Corporation	2003.01.23	1F, No. 36 Chuangye Road, Shangdi, Haidian District, Beijing	USD6,400,000	Production of computer software and hardware; development, service, consulting and training of software technology; and sales of our own brand's

Serial No.	Name of enterprise	Date of establishment	Address	Paid-in shares Capital	Major operations
					products.
32	Picked United Development Limited	2015.10.09	RMS 604-7 DOMINION CTR 43-59 QUEEN' S RD EAST HK	HKD4,700,000	Acquisition and licensing of game software
33	SOFT ORIENT CORPORATION	2002.10.02	Registered Office Locates at Pillar 9 House,Suite 5,Saleufi Street,Apia Samoa.	USD 7,784,134	General investment business
34	Compete ! Games International Entertainment Corporation	2013.10.25	2F, No, 99-10, Section 2, Nangang Road, Nangang Road, Nangang District, Taipei City	29,415	Agency and operation of online games
35	Interactive Entertainment Technology (Taiwan) Co., Ltd.	2016.06.03	No, 99-10, Section 2, Nangang Road, Nangang Road, Nangang District, Taipei City	18,000	Wholesale and service of information software
36	ezPay Co.,Ltd.	2013.08.22	8F, No. 97, Section 2, Nangang Road, Nangang District, Taipei City	614,000	e-Payment
37	Neweb Technologies Co., Ltd. (Note 2)	2010.03.24	No, 99-10, Section 2, Nangang Road, Nangang Road, Nangang District, Taipei City	Note 2	Retail sale of computer software, computers and digital information supply services
38	CService Technology Co., Ltd.	2019.07.17	No, 99-10, Section 2, Nangang Road, Nangang Road, Nangang District, Taipei City	5,000	Retail of computer and peripheral equipment
39	Re:Ad Media (Taiwan) Corporation	2015.11.13	No. 99-10, Sec. 2, Nangang Rd., Nangang Dist., Taipei City	54,000	Digital media advertising agency

Note 1: The liquidation process was completed in 2021.

Note 2: The company was merged and eliminated by Neweb Technologies Co., Ltd. on September 1, 2021.

4. Shareholders presumed to have control and affiliation: None.
5. The industries housed in the same business location of the whole Affiliated Enterprises :
 - (1) Trades covered by the scope of business
R&D, distribution, and sales of information software and investments.
 - (2) Division of labor, if any, based on the scope of business
Soft-World has been dedicated to the diversification of the online industry, focusing on the three core businesses: digital games, online advertising and marketing, and financial technology, and has established a complete network of conglomerate online services to exert the operational synergies with diversified business policies.

6. Profiles of directors, supervisors, and presidents

Unit: NT\$ thousand; Shares; %

Serial No.	Name of enterprise	Title	Company name or representative	Status of shareholding	
				Quantity	Ratio of Shareholding
1	CHINESE GAMER INTERNATIONAL CORPORATION	Chairman	Soft-World International Corporation Representative: WANG, CHIN-PO	41,880,205	48.55%
		Director	LEU, SHYUE-SEN	1,474,478	1.71%
		Director	Yu-Min Liu	1,454,478	1.69%
		Director	Chih-Min Chen	87,232	0.10%
		Director	Jie Sheng Investment Co., Ltd. Representative: PAI, FON-TSAO	830,438	0.96%
		Director	Ming-Lung Wang	0	0.00%
		Independent director	Shen-Yi Fang	0	0.00%
		Independent director	Hsin-Hung Chen	5,000	0.01%
2	Gameflier International Corporation	Chairman	Soft-World International Corporation Representative: WANG, CHIN-PO	28,332,800	98.51%
		Director / President	Soft-World International Corporation Representative: Yi-Min Chang	28,332,800	98.51%
		Director	Soft-World International Corporation Representative: WANG, HSUAN-TSE	28,332,800	98.51%
		Director	Soft-World International Corporation Representative: Chun-Yao Hung	28,332,800	98.51%
		Director	Soft-World International Corporation Representative: Ming-Chuan Hsieh	28,332,800	98.51%
		Supervisor	Ssu-Chun Wang	19,418	0.07%
		Supervisor	Vacancy		
3	Game First International Corporation	Chairman	Soft-World International Corporation Representative: WANG, CHIN-PO	16,684,063	70.00%
		Director	Soft-World International Corporation Representative: Ssu-Chun Wang	16,684,063	70.00%
		Director	Soft-World International Corporation Representative: Hsuan Yuan Wang	16,684,063	70.00%
		Director	Star Diamond (B.V.I) Co., Ltd. Representative: Tun-Ho Weng	7,150,312	30.00%
		Director	Star Diamond (B.V.I) Co., Ltd. Representative: Chia -Yu Chiang	7,150,312	30.00%
		Supervisor	LEE, YIN-CHIANG	0	0.00%
4	Global Concept Corporation	Director	Ssu-Chun Wang	0	0.00%
5	Soft-World (Hong Kong) International Corporation	Chairman	Soft-World International Corporation Representative: WANG, CHIN-PO	3,883,558	100.00%
		Director	Soft-World International Corporation	3,883,558	100.00%

Serial No.	Name of enterprise	Title	Company name or representative	Status of shareholding	
				Quantity	Ratio of Shareholding
			Representative: Tung Yu Wu		
		Director	Soft-World International Corporation Representative: Ssu-Chun Wang	3,883,558	100.00%
		Chairman / President	Soft-World International Corporation Representative: WANG, CHIN-PO	8,904,162	98.94%
6	Zealot Digital International Corporation	Director	Ming-Fen Huang	0	0.00%
		Director	Vacancy		
		Director	WANG, HSUAN-TSE	1,287	0.01%
		Director	Yi Min Chang	0	0.00%
		Supervisor	Chien Hsiang Lin	0	0.00%
		Supervisor	Hengshang Construction Co., Ltd	45,264	0.5%
		Supervisor			
7	Soft-World Technology Pte.Ltd.	Director	Soft-World International Corporation Representative: WANG, CHIN-PO	390,000	100.00%
		Director	Soft-World International Corporation Representative: CUI TIEBING	390,000	100.00%
8	Dynasty International Information Co., Ltd.	Chairman	Hengshang Construction Co., Ltd Representative: CHEN, CHING-JUNG	191,640	11.27%
		Director	Hengshang Construction Co., Ltd Representative: Wen Chung Chen	191,640	11.27%
		Director	Soft-World International Corporation Representative: WANG, CHIN-PO	1,460,610	85.92%
		Director	Soft-World International Corporation Representative: Chien Hsiang Lin	1,460,610	85.92%
		Director	Soft-World International Corporation Representative: WANG, HSUAN-TSE	1,460,610	85.92%
		Supervisor	Ming-Fen Huang	43	0.00%
		Supervisor	Pei Ju Chen	0	0.00%
9	Zilong Venture Capital Co., Ltd.	Chairman	WANG, LEE-JUNG	0	0.00%
		Director	Ching Hung Wang	0	0.00%
		Director	Cheng Nan Hsieh	0	0.00%
		Supervisor	CHINESE GAMER INTERNATIONAL CORPORATION Representative: Tsai-Lin Chiang	10,528,453	13.00%
10	Sofaman Technologies Co., Ltd. (Note 1)	Chairman	Hsi Shun Yu	624,400	40.00%
		Director	Soft-World International Corporation Representative: WANG, HSUAN-TSE	936,600	60.00%

Serial No.	Name of enterprise	Title	Company name or representative	Status of shareholding	
				Quantity	Ratio of Shareholding
		Director	Soft-World International Corporation Representative: Wei Liu	936,600	60.00%
		Supervisor	Ssu-Chun Wang	0	0.00%
11	Fast Distributed Cloud Computing (Taiwan) Co., Ltd.	Chairman	Soft-World International Corporation Representative: WANG, CHIN-PO	2,495,628	90.00%
		Director	Soft-World International Corporation Representative: LEE, YIN-CHIANG	2,495,628	90.00%
		Director	Soft-World International Corporation Representative: Seo Heo Jeong	2,495,628	90.00%
		Supervisor	Ssu-Chun Wang	0	0.00%
12	Interactive Entertainment Technology Co., Ltd.	Director	WANG, CHIN-PO	0	0.00%
		Director	LEE, YIN-CHIANG	0	0.00%
		Director	WANG, HSUAN-TSE	0	0.00%
		Director	Ssu-Chun Wang	0	0.00%
		Director	Wei Liu	0	0.00%
		Director	CHEN, SHUYI	0	0.00%
13	Neweb Technologies Co., Ltd.	Chairman	Soft-World International Corporation Representative: WANG, CHIN-PO	38,104,043	50.44%
		Director	Soft-World International Corporation Representative: CHUNG, HSING- PO	38,104,043	50.44%
		Director	Soft-World International Corporation Representative: LEE, YIN-CHIANG	38,104,043	50.44%
		Director	Soft-World International Corporation Representative: Hsueh-Sen Lu	38,104,043	50.44%
		Director	Chander Electronics Corp. Representative: Yu-Ta Chang	24,649,139	32.63%
		Director	Chander Electronics Corp. Representative: Yao-Tien Chen	24,649,139	32.60%
		Director	Chander Electronics Corp. Representative: Chun Jung Tu	24,649,139	32.63%
		Supervisor	Ssu-Chun Wang	453,453	0.60%
		Supervisor	United Weimar Co., Ltd. Representative: Fang Shu Hsieh	6,776	0.00%
14	Lung Hsiang Investment Co., Ltd.	Chairman	Ching Hung Wang	0	0.00%
		Director	WANG, LEE-JUNG	0	0.00%

Serial No.	Name of enterprise	Title	Company name or representative	Status of shareholding	
				Quantity	Ratio of Shareholding
		Director	Chin Hsu Hung	5,000,000	9.00%
		Supervisor	Soft-World International Corporation Representative: WANG, HSUAN-TSE	25,000,000	44.00%
15	EFUN International Co., Ltd.	Chairman	Soft-World International Corporation Representative: WANG, CHIN-PO	16,016,347	80.03%
		Director	Soft-World International Corporation Representative: LEE, YIN-CHIANG	16,016,347	80.03%
		Director	Soft-World International Corporation Representative: Chun Yao Hung	16,016,347	80.03%
		Supervisor	Ssu-Chun Wang	0	0.00%
16	Celad Taiwan Inc.	Chairman	CHINESE GAMER INTERNATIONAL CORPORATION Representative: Hsueh-Sen Lu	1,022,727	68.18%
		Director	CHINESE GAMER INTERNATIONAL CORPORATION Representative: Yu-Min Liu	1,022,727	68.18%
		Director	CHINESE GAMER INTERNATIONAL CORPORATION Representative: Cheng Chuan Liu	1,022,727	68.18%
		Supervisor	Tsai-Lin Chiang	0	0.00%
17	We Can Financial Technology Co., Ltd.	Chairman	Soft-World International Corporation Representative: CHUNG, HSING- PO	5,106,000	51.00%
		Director	Soft-World International Corporation Representative: Su Mei Huang	5,106,000	51.00%
		Director	Soft-World International Corporation Representative: Shuo Tu Tsai	5,106,000	51.00%
		Director	Soft-World International Corporation Representative: LEE, YIN-CHIANG	5,106,000	51.00%
		Director	Soft-World International Corporation Representative: CHUNG, HSING- PO	5,106,000	51.00%
		Director	Mu Kun Chiang	3,300,000	33.00%
		Director	Mei Hui Chiang	37,500	0.38%
		Director	Shun Te Li	0	0.00%
		Supervisor	Ssu-Chun Wang	0	0.00%
		Supervisor	Vacancy	0	0.00%

Serial No.	Name of enterprise	Title	Company name or representative	Status of shareholding	
				Quantity	Ratio of Shareholding
18	TAICHIGAMER (B.V.I)CO.,LTD.	Director	CHINESE GAMER INTERNATIONAL CORPORATION	3,041,698 share	100.00%
19	Walkfun International Corporation	Chairman	Representative of Chinese Gamer Co., Ltd.: Hsueh-Sen Lu	1,500,000 share	100.00%
		Director	Representative of Chinese Gamer Co., Ltd.: Yu-Min Liu	1,500,000 share	100.00%
		Director	Representative of Chinese Gamer Co., Ltd.: Tao-Jen Chang	1,500,000 share	100.00%
		Supervisor	Representative of Chinese Gamer Co., Ltd.: Tsai-Lin Chiang	1,500,000 share	100.00%
20	Super Game Corporation	Chairman	Representative of Chinese Gamer Co., Ltd.: Hsueh-Sen Lu	880,000 share	88.00%
		Director	Representative of Chinese Gamer Co., Ltd.: Yu-Min Liu	880,000 share	88.00%
		Director	Representative of Chinese Gamer Co., Ltd.: Cheng Chuan Liu	880,000 share	88.00%
		Supervisor	Tsai-Lin Chiang	0 share	0.00%
21	STAR DIAMOND (B.V.I) Co.,LTD	Director	CHINESE GAMER INTERNATIONAL CORPORATION	52,000 share	100.00%
22	Bear Have Fun Corporation	Chairman	Representative of Chinese Gamer Co., Ltd.: Hsueh-Sen Lu	1,600,000 share	100.00%
		Director	Representative of Chinese Gamer Co., Ltd.: Yu-Min Liu	1,600,000 share	100.00%
		Director	Representative of Chinese Gamer Co., Ltd.: Kai-Hsiung Chuang	1,600,000 share	100.00%
		Supervisor	Representative of Chinese Gamer Co., Ltd.: Tsai-Lin Chiang	1,600,000 share	100.00%
23	GameTopia Co., Ltd.	Chairman	Representative of Chinese Gamer Co., Ltd.: Chih-Min Chen	3,784,063 share	65.21%
		Director	LEU, SHYUE-SEN	0 share	0.00%
		Director	Yu-Min Liu	0 share	0.00%
		Supervisor	Tsai-Lin Chiang	0 share	0.00%
24	Oriental Dragon Digital Co., Ltd.	Chairman	Representative of Chinese Gamer Co., Ltd.: Hsueh-Sen Lu	1,520,000 share	100.00%
		Director	Representative of Chinese Gamer Co., Ltd.: Yu-Min Liu	1,520,000 share	100.00%
		Director	Representative of Chinese Gamer Co., Ltd.: Hung-Pin Tseng	1,520,000 share	100.00%
		Supervisor	Representative of Chinese Gamer Co., Ltd.: Tsai-Lin Chiang	1,520,000 share	100.00%
25	TRANSASIAGAMER (B.V.I)CO.,LTD.	Director	TAICHIGAMER (B.V.I) CO., LTD.	2,976,934 share	100.00%
26	Yulon Online (Beijing) Technologies Co., Ltd.	Director	TRANSASIAGAMER (B.V.I) CO., LTD.	USD2,200,000	100.00%
27	DRAGON GAMER (HK) CO.,LTD	Director	STAR DIAMOND (B.V.I) CO.,LTD	260,000 share	100.00%
28	GameTopia (Hong Kong) Co., Ltd.	Director	GameTopia Co., Ltd.	3,300 share	100.00%
29	Value Central Corporation	Director	Ssu-Chun Wang	0	0.00%
30	Gamers grande	Director	Ssu-Chun Wang	0	0.00%

Serial No.	Name of enterprise	Title	Company name or representative	Status of shareholding	
				Quantity	Ratio of Shareholding
	Corporation				
31	Gameflier International (Beijing) Corporation	Director	Gamers grande Corporation	0	100.00%
32	Picked United Development Limited	Director	Value Central Corporation Representative: Chun Yao Hung	0	0.00%
		Director	Value Central Corporation Representative: Wei Liu	0	0.00%
33	SOFT ORIENT Corporation	Director	WANG, SZU-CHUN	0	0.00%
34	Compete ! Games International Entertainment Corporation	Chairman	Game First International Corporation Representative: WANG, CHIN-PO	2,941,520	100.00%
		Director	Game First International Corporation Representative: Hsuan Yuan Wang	2,941,520	100.00%
		Director	Game First International Corporation Representative: LEE, YIN-CHIANG	2,941,520	100.00%
		Director	Game First International Corporation Representative: Tun Ho Weng	2,941,520	100.00%
		Director	Game First International Corporation Representative: Chiang Chia Yu	2,941,520	100.00%
		Supervisor	Game First International Corporation Representative: Ssu-Chun Wang	2,941,520	100.00%
35	Interactive Entertainment Technology (Taiwan) Co., Ltd.	Chairman	Interactive Entertainment Technology Co., Ltd. Representative: WANG, CHIN-PO	1,800,000	100.00%
		Director	Interactive Entertainment Technology Co., Ltd. Representative: LEE, YIN-CHIANG	1,800,000	100.00%
		Director	Interactive Entertainment Technology Co., Ltd. Representative: WANG, HSUAN-TSE	1,800,000	100.00%
		Supervisor	Interactive Entertainment Technology Co., Ltd. Representative: Ssu-Chun Wang	1,800,000	100.00%
36	ezPay Co.,Ltd.	Chairman	Neweb Technologies Co., Ltd. Representative: WANG, CHIN-PO	61,400,000	100.00%
		Director	Neweb Technologies Co., Ltd. Representative: LEE, YIN-CHIANG	61,400,000	100.00%
		Director	Neweb Technologies Co., Ltd. Representative: CHUNG, HSING- PO	61,400,000	100.00%
		Director	Neweb Technologies Co., Ltd. Representative: Yun-Hui Liu	61,400,000	100.00%
		Director	Neweb Technologies Co., Ltd. Representative: Su-Mei Huang	61,400,000	100.00%
		Supervisor	Neweb Technologies Co., Ltd. Representative: LEU, SHYUE-SEN	61,400,000	100.00%

Serial No.	Name of enterprise	Title	Company name or representative	Status of shareholding	
				Quantity	Ratio of Shareholding
		Supervisor	Neweb Technologies Co., Ltd. Representative: Ya-Chuan Huang	61,400,000	100.00%
37	Neweb Technologies Co., Ltd. (Note 2)	Chairman	Neweb Technologies Co., Ltd. Representative: WANG, CHIN-PO	2,238,777	100.00%
		Director	Neweb Technologies Co., Ltd. Representative: LEE, YIN-CHIANG	2,238,777	100.00%
		Director	Neweb Technologies Co., Ltd. Representative: WANG, HSUAN-TSE	2,238,777	100.00%
		Supervisor	Neweb Technologies Co., Ltd. Representative: Ssu-Chun Wang	2,238,777	100.00%
38	CService Technology Co., Ltd.	Chairman	Neweb Technologies Co., Ltd. Representative: WANG, CHIN-PO	500,000	100.00%
39	Re:Ad Media (Taiwan) Corporation	Chairman	EFUN International Co., Ltd. Representative: WANG, CHIN-PO	5,400,000	100.00%

Note 1: The liquidation process was completed in 2021.

Note 2: The company was merged and eliminated by Neweb Technologies Co., Ltd. on September 1, 2021.

7. Business Performance of Affiliated Enterprises

Expressed in NT\$ thousands (NT\$ for foreign currencies); E(L)PS

Serial No.	Name of enterprise	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating gains and losses	Current period profit (after tax)	Earnings (losses) per share (After tax)
1	CHINESE GAMER INTERNATIONAL CORPORATION	862,697	1,258,647	96,726	1,161,921	259,622	(36,487)	(39,426)	(0.46)
2	Gameflier International Corporation	287,579	1,007,609	150,026	857,583	352,192	108,936	100,601	3.50
3	Game First International Corporation	238,344	366,850	26,564	340,286	429,189	(4,219)	847	0.04
4	Global Concept Corporation	USD 9,631,253	287,735	-	287,735	-	(143)	13,414	1.39
5	Soft-World (Hong Kong) International Corporation	HKD 3,883,558	737,475	200,425	537,050	93,900	32,694	23,719	6.11
6	Zealot Digital International Corporation	90,000	105,671	14,371	91,300	73,519	13,107	20,550	2.28
7	Soft-World Technology PTE. LTD.	SGD 390,000	13,199	623	12,576	31,656	4,932	4,942	12.67
8	Dynasty International Information Co., Ltd.	17,000	45,779	6,659	39,120	27,846	26,406	21,179	12.46
9	Zilong Venture Capital Co., Ltd.	806,480	980,638	226	980,412	53,596	52,712	52,629	0.65
10	Sofaman Technologies Co., Ltd.	Note 1	-	-	-	-	(63)	(63)	Note 1
11	Fast Distributed Cloud Computing (Taiwan) Co., Ltd.	27,729	150,736	69,702	81,034	332,599	50,238	40,087	14.46
12	Interactive Entertainment Technology Co.,Ltd.	USD 600,000	21,957	3	21,954	-	(37)	273	0.46
13	Neweb Technologies Co., Ltd.	755,427	3,113,997	2,162,868	951,129	1,066,129	121,401	54,998	0.73
14	Lung Hsiang Investment Co., Ltd.	568,000	729,271	1,241	728,030	-	(188)	37,565	0.66
15	EFUN International Co., Ltd.	200,135	923,972	542,617	381,355	996,032	98,112	81,041	4.05
16	Celad Taiwan Inc.	15,000	1,536	488	1,048	979	(39)	(37)	(0.02)
17	We Can Financial Technology Co., Ltd.	100,000	9,632	1,812	7,820	9,580	693	847	0.08
18	TAICHIGAMER(B.V.I)CO.,LTD.	USD 3,041,698	224,514	28	224,486	-	(149)	4,194	1.38
19	Walkfun International Corporation	15,000	19,300	2,646	16,654	1	(12)	(41)	(0.03)
20	Super Game Corporation	10,000	1,955	-	1,955	-	(40)	(35)	(0.04)
21	Star Diamond (BVI) Co.,Ltd	USD 2,600,000	48,048	-	48,048	-	0	(23,529)	(452.48)
22	Bear Have Fun Corporation	16,000	16,607	64	16,543	-	(30)	16	0.01
23	GameTopia Co., Ltd.	58,030	79,196	12,294	66,902	37,964	(8,789)	2,621	0.45

Serial No.	Name of enterprise	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating gains and losses	Current period profit (after tax)	Earnings (losses) per share (After tax)
24	Oriental Dragon Digital Co., Ltd.	15,200	19,406	2,577	16,829	14,546	496	169	0.11
25	Transasiagamer Co., Ltd.	USD 2,976,934	218,601	-	218,601	-	(1)	4,341	1.46
26	Yulon Online (Beijing) Technologies Co., Ltd.	USD 2,200,000	213,219	17,366	195,853	19,001	(4,167)	5,061	-
27	Dragon Gamer (Hong Kong) Co., Ltd	USD 2,600,000	54,864	6,817	48,047	20,386	(23,532)	(23,540)	(90.50)
28	GameTopia (Hong Kong) Co., Ltd.	USD 33,000	46,797	6,379	40,418	14,933	9,528	9,501	2,878.99
29	Value Central Corporation	USD 1,450,000	17,730	-	17,730	-	(33)	(332)	-
30	Gamers grande Corporation	USD 6,212,066	204,946	-	204,946	-	(154)	15,722	2.53
31	Gameflir International (Beijing) Corporation	USD 6,400,000	211,134	6,430	204,704	50,487	4,633	15,882	-
32	Picked United Development Limited	HKD 4,700,000	14,736	367	14,369	-	(294)	(203)	-
33	SOFT-ORIENT CORPORATION	USD 7,784,134	15,333	-	15,333	-	(36)	(15)	-
34	Compete ! Games International Entertainment Corporation	29,415	8,381	-	8,381	-	(39)	(12)	-
35	Interactive Entertainment Technology (Taiwan) Co., Ltd.	18,000	20,965	85	20,880	446	298	342	0.19
36	ezPay Co.,Ltd.	614,000	431,312	21,553	409,759	9,612	(70,436)	(66,856)	(1.09)
37	Neweb Technologies Co., Ltd.	Note 2	-	-	-	-	-	(2,036)	Note 2
38	CService Technology Co., Ltd.	5,000	7,092	1,907	5,185	10,635	443	362	0.72
39	Re:Ad Media (Taiwan) Corporation	54,000	121,575	57,431	64,144	352,777	6,133	5,727	1.06

Note 1: The liquidation process was completed in 2021.

Note 2: The company was merged and eliminated by Neweb Technologies Co., Ltd. on September 1, 2021.

II. Private placement of securities during the latest year up till the publication date of this annual report: none.

III. Holding or disposal of the company's shares by its subsidiaries during the latest financial year, up to the publication date of this annual report: None.

IV. Other supplementary information: None.

IX. Occurrences of events defined under Article 36-3-2 of the Securities Exchange Act in the latest year up till the publishing date of this annual report that significantly impacted shareholders' equity or security prices: None.

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