

**GAMANIA DIGITAL ENTERTAINMENT CO.,  
LTD. AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL  
STATEMENTS AND INDEPENDENT  
AUDITORS' REPORT  
DECEMBER 31, 2022 AND 2021**

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For the convenience of readers and for information purpose only, the auditors' review report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' review report and financial statements shall prevail.



## INDEPENDENT AUDITORS' REPORT

PWCR 22000549

To the Board of Directors and Shareholders of Gamania Digital Entertainment Co., Ltd.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Gamania Digital Entertainment Co., Ltd. and its subsidiaries (the “Group”) as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of other auditors (refer to the other matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. These matters were addressed in the context of our audit

of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

#### **Estimation of revenue recognition of online and mobile games revenue**

##### Description

Refer to Note 4(27) for accounting policies on revenue recognition, Note 5(2) for the critical accounting estimates and assumptions and Note 6(23) for the details of accounting applied on revenue recognition.

Gamania Digital Entertainment Co., Ltd. (the “Company”) and the subsidiary, Gamania Digital Entertainment (H.K.) Co., Ltd., are primarily engaged in providing online and mobile game services. The game players purchase game stored-value cards or value-added to play the game or exchange for virtual items. The Company and the subsidiary, Gamania Digital Entertainment (H.K.) Co., Ltd., recognise receipt of payments for game stored-value card purchases or value-added by players as “contract liability”, and recognises revenue over the period of the service or the estimated delivery period of the virtual items when the game stored-value cards or value-added is used for the purchase of service or virtual items, respectively.

The estimation of the virtual items delivery period, which is the same as the expected users’ relationship period, is based on historical data on item consumption and item transfer by management. The Company has implemented processes and controls to develop and periodically review these estimates. The information of stored-value and value-added was collected by computer system. Given that the Company has many transactions of game revenue and the deferral of virtual items and the estimation of users’ relationship period involve management’s subjective judgment, we consider the estimation of recognition of online and mobile games revenue and contract liability as a key audit matter.

##### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Assessed and tested the relevant internal controls over revenue recognition for online and mobile games revenue.
- B. Tested on a sample basis the consumption information generated from the Company’s data collection systems and verified against the consumption report provided by the Company’s accountant.
- C. Tested on a sample basis the virtual items information generated from the Company’s data collection systems and verified against the advance receipts as shown in the trial balance sheet

provided by the Company's accountant.

- D. Tested on a sample basis the expected users' relationship periods as reflected in the data collection systems, and compared with expected consumption based on the Company's accounting policy.

### **Impairment assessment of goodwill**

#### Description

Refer to Notes 4(18) and (19) for accounting policies on goodwill impairment, Notes 6(12) and (14) for details of goodwill, and Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to goodwill.

Goodwill arising from the merger of the Company with NOWnews Network Co., Ltd. and Digicentre Company Limited is material to the financial statements and the projected future cash flows of the expected recoverable amount under the valuation model adopted in the impairment assessment of goodwill was estimated based on management's subjective judgement and expectation on the future operations. Thus, we consider the assessment of goodwill impairment a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures relative to the above key audit matter:

- A. Assessed whether the valuation models adopted by the Group are reasonable for the industry, environment and the valued assets of the Group;
- B. Confirmed whether the expected future cash flows adopted in the valuation model are in agreement with the budget provided by the cash-generating units;
- C. Assessed the appointed external appraisers in conformity with the rules of qualification and independence, and evaluated the reasonableness of material assumptions, such as expected growth rates, operating profit margin and discount rates, by:
- (a) Reviewing the appraisal method and calculation formulas used by the independent appraisal expert.
  - (b) Comparing the expected growth rate and operating profit margin with historical data;
  - (c) Reviewing the discount rate and comparing similar return on similar assets ratio in the market.
- D. Compared the recoverable value and book value of each cash-generating unit in order to assess the reasonableness of the book value.

***Other matter – Reference to the audits of other auditors***

As described in Notes 4(3) and 6(8), we did not audit the financial statements of certain subsidiaries and investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements and the information disclosed in Note 13 relative to these investments, is based solely on the audit reports of other auditors. Total assets of the subsidiaries amounted to NT\$2,157,183 thousand and NT\$1,700,468 thousand, constituting 21% and 18% of consolidated total assets as of December 31, 2022 and 2021, respectively, and operating revenue was NT\$2,825,788 thousand and NT\$2,469,898 thousand, constituting 25% and 22% of consolidated total operating revenue for the years then ended, respectively. The balance of investment accounted for under equity method amounted to NT\$56,856 thousand, constituting 1% of consolidated total assets as at December 31, 2021, and other comprehensive loss accounted for under equity method was (NT\$83,433) thousand, constituting (8%) of consolidated total comprehensive income for the year then ended.

***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of Gamania Digital Entertainment Co., Ltd. as at and for the years ended December 31, 2022 and 2021.

***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 International Financial Reporting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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 are responsible for overseeing the Group's financial reporting process.

### ***Auditors' responsibilities for the audit of the consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the 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 of the current period 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.



Lin, Yi-Fan



Yen, Yu-Fang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 10, 2023

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the review of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' review report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

**GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 3,737,319	36	\$ 3,418,896	36
1136	Financial assets at amortised cost - current	6(7) and 8	120,204	1	88,463	1
1150	Notes receivable, net	6(2)	11	-	752	-
1170	Accounts receivable, net	6(2)	785,366	8	876,123	9
1180	Accounts receivable - related parties, net	7	20,651	-	11,341	-
1200	Other receivables	6(3)	532,957	5	260,489	3
1210	Other receivables - related parties	7	2,571	-	2,214	-
1220	Current income tax assets		24,341	-	21,049	-
130X	Inventories	6(4)	128,927	2	122,582	1
1410	Prepayments	6(5)	321,577	3	352,026	4
1470	Other current assets	8	202,078	2	278,466	3
11XX	<b>Total current assets</b>		<u>5,876,002</u>	<u>57</u>	<u>5,432,401</u>	<u>57</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current		15,000	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(6)	117,581	1	198,626	2
1550	Investments accounted for under equity method	6(8)	135,404	1	121,309	1
1600	Property, plant and equipment	6(9) and 8	2,812,438	27	2,797,267	30
1755	Right-of-use assets	6(10)	73,933	1	95,538	1
1780	Intangible assets	6(12)	1,178,390	11	630,744	7
1840	Deferred income tax assets	6(29)	96,886	1	139,523	1
1900	Other non-current assets	6(13)	81,231	1	57,107	1
15XX	<b>Total non-current assets</b>		<u>4,510,863</u>	<u>43</u>	<u>4,040,114</u>	<u>43</u>
1XXX	<b>Total assets</b>		<u>\$ 10,386,865</u>	<u>100</u>	<u>\$ 9,472,515</u>	<u>100</u>

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**GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021	
		AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>					
2100 Short-term borrowings	6(15)	\$ 91,760	1	\$ 100,164	1
2130 Current contract liabilities	6(23)	379,934	4	385,016	4
2170 Accounts payable		615,362	6	564,127	6
2180 Accounts payable - related parties	7	1,572	-	7,187	-
2200 Other payables	6(16)	2,217,043	21	1,814,602	19
2220 Other payables - related parties	7	351,676	3	158,584	2
2230 Current income tax liabilities		158,773	2	225,187	2
2280 Current lease liabilities		26,385	-	29,663	-
2320 Long-term liabilities, current portion	6(17)	-	-	80,000	1
2399 Other current liabilities		95,663	1	94,764	1
<b>21XX Total current liabilities</b>		<b>3,938,168</b>	<b>38</b>	<b>3,459,294</b>	<b>36</b>
<b>Non-current liabilities</b>					
2570 Deferred income tax liabilities	6(29)	89,912	1	66,398	1
2580 Lease liabilities - non-current		47,718	-	66,004	1
2600 Other non-current liabilities		22,105	-	28,766	-
<b>25XX Total non-current liabilities</b>		<b>159,735</b>	<b>1</b>	<b>161,168</b>	<b>2</b>
<b>2XXX Total liabilities</b>		<b>4,097,903</b>	<b>39</b>	<b>3,620,462</b>	<b>38</b>
<b>Equity attributable to owners of parent</b>					
Share capital	6(19)				
3110 Common stock		1,754,936	17	1,754,936	18
Capital surplus	6(20)				
3200 Capital surplus		1,354,763	13	1,335,163	14
Retained earnings	6(21)				
3310 Legal reserve		488,103	5	378,451	4
3320 Special reserve		505,352	5	551,904	6
3350 Unappropriated retained earnings		2,188,227	21	1,893,337	20
Other equity interest	6(22)				
3400 Other equity interest		( 439,349 )	( 4 )	( 505,352 )	( 5 )
<b>31XX Total Equity attributable to owners of the parent</b>		<b>5,852,032</b>	<b>57</b>	<b>5,408,439</b>	<b>57</b>
36XX Non-controlling interest		436,930	4	443,614	5
<b>3XXX Total Equity</b>		<b>6,288,962</b>	<b>61</b>	<b>5,852,053</b>	<b>62</b>
Significant contingent liabilities and unrecorded contract commitments	9				
Significant events after the balance sheet date	11				
<b>3X2X Total liabilities and equity</b>		<b>\$ 10,386,865</b>	<b>100</b>	<b>\$ 9,472,515</b>	<b>100</b>

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

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except for earnings per share data)

Items	Notes	Years ended December 31,				
		2022		2021		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(22)(23) and 7	\$ 11,388,021	100	\$ 11,372,477	100
5000	Operating costs	6(4)(28) and 7	( 6,705,911)	( 59)	( 6,615,392)	( 58)
5950	Gross profit		4,682,110	41	4,757,085	42
	Operating expenses	6(28) and 7				
6100	Selling expenses		( 1,042,057)	( 9)	( 1,208,886)	( 11)
6200	General and administrative expenses		( 1,394,446)	( 12)	( 1,352,756)	( 12)
6300	Research and development expenses		( 484,778)	( 5)	( 390,814)	( 3)
6450	Expected credit impairment loss	12(2)	( 2,267)	-	( 70,534)	( 1)
6000	Total operating expenses		( 2,923,548)	( 26)	( 3,022,990)	( 27)
6900	Operating income		1,758,562	15	1,734,095	15
	Non-operating income and expenses					
7100	Interest income	6(24)	20,899	-	3,306	-
7010	Other income	6(25)	19,627	-	12,210	-
7020	Other gains and losses	6(26)	( 54,713)	-	( 180,021)	( 1)
7050	Finance costs	6(27)	( 5,493)	-	( 6,875)	-
7060	Share of loss of associates and joint ventures accounted for under equity method	6(8)	( 30,434)	-	( 117,619)	( 1)
7000	Total non-operating income and expenses		( 50,114)	-	( 288,999)	( 2)
7900	<b>Profit before income tax</b>		1,708,448	15	1,445,096	13
7950	Income tax expense	6(29)	( 430,341)	( 4)	( 435,981)	( 4)
8200	<b>Profit for the year</b>		\$ 1,278,107	11	\$ 1,009,115	9

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**GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

(Expressed in thousands of New Taiwan dollars, except for earnings per share data)

Items	Notes	Years ended December 31,				
		2022		2021		
		AMOUNT	%	AMOUNT	%	
<b>Other comprehensive income, net</b>						
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>						
8311	Actuarial gain on defined benefit plan	6(18)	\$ 10,765	\$ 5,108	-	
8316	Unrealised (loss) gain on investments in equity instruments at fair value through other comprehensive income	6(6)	(53,330)	58,654	-	
8320	Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method that will not be reclassified to profit or loss	6(22)	(313)	157	-	
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(29)	(2,153)	(1,022)	-	
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss		(45,031)	62,897	-	
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>						
8361	Financial statements translation differences of foreign operations		116,791	32,607	-	
8370	Share of other comprehensive income of associates and joint ventures accounted for under equity method that will be reclassified to profit or loss		11,996	-	-	
8399	Income tax relating to the components of other comprehensive income	6(29)	(11,592)	4,978	-	
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		117,195	(27,629)	-	
8300	<b>Total other comprehensive income for the year</b>		\$ 72,164	\$ 35,268	-	
8500	<b>Total comprehensive income for the year</b>		\$ 1,350,271	\$ 1,044,383	9	
8610	Profit (loss) attributable to: Owners of the parent		\$ 1,279,696	\$ 1,106,281	10	
8620	Non-controlling interest		(1,589)	(97,166)	(1)	
	Comprehensive income (loss) attributable to:		\$ 1,278,107	\$ 1,009,115	9	
8710	Owners of the parent		\$ 1,329,871	\$ 1,145,337	10	
8720	Non-controlling interest		20,400	(100,954)	(1)	
	Earnings per share ( in dollars)	6(29)	\$ 1,350,271	\$ 1,044,383	9	
9750	Basic earnings per share		\$ 7.29	\$ 6.30		
9850	Diluted earnings per share		\$ 7.17	\$ 6.21		

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

**GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent											Non-controlling interest	Total equity		
	Capital Reserves				Retained Earnings				Other Equity Interest						
	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total					
<b>2021</b>															
Balance at January 1, 2021	\$ 1,754,936	\$ 886,975	\$ 372,701	\$ 92,795	\$ 264,787	\$ 171,976	\$ 1,992,382	(\$ 107,968 )	(\$ 443,936 )	\$ 4,984,648	\$ 527,083	\$ 5,511,731			
Profit (loss) for the year	-	-	-	-	-	-	1,106,281	-	-	1,106,281	( 97,166 )	1,009,115			
Other comprehensive income (loss) for the year	-	-	-	-	-	-	4,086	( 23,841 )	58,811	39,056	( 3,788 )	35,268			
Total comprehensive income (loss)	-	-	-	-	-	-	1,110,367	( 23,841 )	58,811	1,145,337	( 100,954 )	1,044,383			
Appropriations of 2020 retained earnings	6(21)														
Legal reserve	-	-	-	-	-	113,664	-	( 113,664 )	-	-	-	-			
Special reserve	-	-	-	-	-	379,928	( 379,928 )	-	-	-	-	-			
Cash dividends	-	-	-	-	-	-	( 701,974 )	-	-	( 701,974 )	-	( 701,974 )			
Change in equity of associates and joint ventures accounted for under equity method	6(8)				1,074	-	-	-	-	1,074	-	1,074			
Change in ownership interest in subsidiaries	6(31)	-	-	( 18,382 )	-	-	( 2,264 )	-	-	( 20,646 )	35,159	14,513			
Changes in non-controlling interest	6(31)	-	-	-	-	-	-	-	-	-	( 17,674 )	( 17,674 )			
Disposal of investments in equity instruments at fair value through other comprehensive income		-	-	-	-	-	( 11,582 )	-	11,582	-	-	-			
Balance at December 31, 2021	\$ 1,754,936	\$ 886,975	\$ 372,701	\$ 75,487	\$ 378,451	\$ 551,904	\$ 1,893,337	(\$ 131,809 )	(\$ 373,543 )	\$ 5,408,439	\$ 443,614	\$ 5,852,053			
<b>2022</b>															
Balance at January 1, 2022	\$ 1,754,936	\$ 886,975	\$ 372,701	\$ 75,487	\$ 378,451	\$ 551,904	\$ 1,893,337	(\$ 131,809 )	(\$ 373,543 )	\$ 5,408,439	\$ 443,614	\$ 5,852,053			
Profit (loss) for the year	-	-	-	-	-	-	1,279,696	-	-	1,279,696	( 1,589 )	1,278,107			
Other comprehensive income (loss) for the year	-	-	-	-	-	-	8,612	95,206	( 53,643 )	50,175	21,989	72,164			
Total comprehensive income (loss)	-	-	-	-	-	-	1,288,308	95,206	( 53,643 )	1,329,871	20,400	1,350,271			
Appropriations of 2021 retained earnings	6(21)														
Legal reserve	-	-	-	-	109,652	-	( 109,652 )	-	-	-	-	-			
Reversal of special reserve	-	-	-	-	-	( 46,552 )	46,552	-	-	-	-	-			
Cash dividends	-	-	-	-	-	-	( 877,468 )	-	-	( 877,468 )	-	( 877,468 )			
Change in ownership interest in subsidiaries	6(31)	-	-	19,600	-	-	( 28,410 )	-	-	( 8,810 )	( 8,487 )	( 17,297 )			
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	( 18,597 )	( 18,597 )			
Disposal of investments in equity instruments at fair value through other comprehensive income	6(6)	-	-	-	-	-	( 24,440 )	-	24,440	-	-	-			
Balance at December 31, 2022	\$ 1,754,936	\$ 886,975	\$ 372,701	\$ 95,087	\$ 488,103	\$ 505,352	\$ 2,188,227	(\$ 36,603 )	(\$ 402,746 )	\$ 5,852,032	\$ 436,930	\$ 6,288,962			

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

**GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31,	
		2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 1,708,448	\$ 1,445,096
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(9)(10)(28)	161,035	164,360
Amortisation	6(11)(28)	421,196	726,909
Expected credit impairment loss	12(2)	2,267	70,534
Interest expense	6(27)	5,493	6,875
Interest income	6(24)	( 20,899 )	( 3,306 )
Share of loss of subsidiaries and associates accounted for under equity method	6(8)	30,434	117,619
Loss on disposal of property, plant and equipment	6(26)	3	47
Loss on disposal of investment	6(26)	895	-
Impairment loss on non-financial assets	6(14)(26)	93,163	171,635
Dividend income	6(6)	- ( 145 )	( 145 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		741	3,781
Accounts receivable		88,154 ( 155 )	2,004
Accounts receivable - related parties		( 9,310 )	171
Other receivables		( 273,871 )	428
Other receivables - related parties		( 357 )	3,324
Inventories		( 6,345 )	68,049
Prepayments		30,449	41,596 )
Other current assets		45,003 ( 615 )	( 1,211 )
Changes in operating liabilities			
Contract liabilities		( 5,082 )	104,887
Notes payable		- ( 5,615 )	63,944
Accounts payable		51,235	3,127
Accounts payable - related parties		( 5,615 )	12,010 )
Other payables		391,293 ( 193,092 )	42,808
Other payables - related parties		( 899 )	25,585
Other current liabilities		63 ( 615 )	( 385,669 )
Other non-current liabilities		2,902,384	2,573,635
Cash inflow generated from operations		20,899	3,306
Interest received		622	728
Dividends received		( 5,493 )	( 6,875 )
Interest paid		( 447,641 )	( 385,669 )
Income tax paid		2,470,771	2,573,635
Net cash provided by operating activities			

(Continued)

**GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31,	
		2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of financial assets at fair value	6(6)		
through other comprehensive income		\$ 31,208	\$ 41,529
Acquisition of financial assets at fair value through profit or loss		( 15,000 )	-
(Increase) decrease in financial assets as amortised cost		( 31,741 )	14,163
Decrease (increase) in other financial assets		31,385	( 136,424 )
Acquisition of investments accounted for under equity method	6(8)	( 44,770 )	( 34,129 )
Acquisition of property, plant and equipment	6(32)	( 130,990 )	( 87,446 )
Proceeds from disposal of property, plant and equipment		287	309
(Increase) decrease in refundable deposits		( 5,572 )	4,069
Acquisition of intangible assets	6(32)	( 1,056,292 )	( 289,155 )
Other non-current assets		( 12,457 )	( 16,856 )
Net cash used in investing activities		( 1,233,942 )	( 503,940 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Decrease in short-term borrowings	6(33)	( 17,726 )	( 123,495 )
Repayment of long-term debt	6(33)	( 80,000 )	( 160,000 )
(Decrease) increase in guarantee deposits received		( 1,740 )	4,340
Payment of lease liabilities	6(33)	( 33,139 )	( 31,955 )
Cash dividends paid	6(21)	( 877,468 )	( 701,974 )
Increase in subsidiaries capital from non-controlling interest	6(31)	5,323	13,977
Cash dividends paid to non-controlling interest		( 18,597 )	( 16,852 )
Acquisition of additional equity interest in subsidiaries	6(31)	( 14,704 )	( 822 )
Net cash used in financing activities		( 1,038,051 )	( 1,016,781 )
Effect of exchange rate changes on cash and cash equivalents		119,645	( 31,619 )
Net increase in cash and cash equivalents		318,423	1,021,295
Cash and cash equivalents at beginning of the year		3,418,896	2,397,601
Cash and cash equivalents at end of the year		<u>\$ 3,737,319</u>	<u>\$ 3,418,896</u>

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

**GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

**1. HISTORY AND ORGANISATION**

Gamania Digital Entertainment Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in software services of on-line game and sales of related merchandises.

**2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION**

These consolidated financial statements were authorised for issuance by the Board of Directors on March 9, 2023.

**3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS**

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts - cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

### (3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

### (1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

**(2) Basis of preparation**

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
  - (a) Financial assets and financial liabilities at fair value through profit or loss.
  - (b) Financial assets at fair value through other comprehensive income.
  - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

**(3) Basis of consolidation**

- A. Basis for preparation of consolidated financial statements:
  - (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
  - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated.
  - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
  - (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
  - (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary

are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
Gamania Digital Entertainment Co., Ltd.	Gamania Holdings Ltd. (GH)	Holding company	100	100	
Gamania Digital Entertainment Co., Ltd.	Gamania Digital Entertainment (HK) Co., Ltd.	Software services and sales	100	-	Note 12
Gamania Holdings Ltd. (GH)	Gamania International Holdings Ltd. (GIH)	Investment and holding company	100	100	
Gamania International Holdings Ltd. (GIH)	Gamania China Holdings Ltd.	Investment and holding company	98.85	98.85	
Gamania International Holdings Ltd. (GIH)	Joymobee Entertainment Co., Ltd.	Software services	100	100	
Gamania International Holdings Ltd. (GIH)	Achieve Made International Ltd. (AMI)	Investment and holding company	45.40	43.56	Notes 1 and 8
Gamania International Holdings Ltd. (GIH)	HaPod Digital Technology Co., Ltd.	Software services and sales	100	100	
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	Investment and holding company	100	100	
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	Software services and sales	-	100	Note 12
Gamania Sino Holdings Ltd.	Gamania Digital Entertainment (Beijing) Co., Ltd.	Design, research and development and sales of software	100	100	
Achieve Made International Ltd. (AMI)	Jollywiz Digital Technology Co., Ltd.	Supply of electronic information services	100	100	
Jollywiz Digital Technology Co., Ltd.	Cyber Look Properties Ltd.	Investment and holding company	100	100	
Jollywiz Digital Technology Co., Ltd.	Jollywiz International (HK) Co., Ltd.	Supply of electronic information services	100	100	Note 2

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		
			December 31, 2022	December 31, 2021	Description
Jollywiz Digital Technology Co., Ltd.	Bjolly Co., Ltd. (Bjolly)	Supply of electronic information services	95.83	95.83	Note 3
Jollywiz Digital Technology Co., Ltd.	NOWnews Network Co., Ltd. (NOWnews)	Broadcast and TV shows production	0.94	1.10	Notes 4 and 5
Cyber Look Properties Ltd.	Legion Technology (Shanghai) Co., Ltd.	Supply of electronic information services	100	100	
Legion Technology (Shanghai) Co., Ltd.	Jollywiz Digital Business Co., Ltd.	Supply of electronic information services	100	100	
Gamania Digital Entertainment Co., Ltd.	Gamania Asia Investment Co., Ltd. (Gamania Asia)	Investment company	100	100	
Gamania Digital Entertainment Co., Ltd.	Ciirco Inc. (Ciirco)	Software services	99.90	99.90	
Gamania Digital Entertainment Co., Ltd.	Fundation Digital Entertainment Co., Ltd. (Fundation)	Publishing of magazines and periodicals	100	100	
Gamania Digital Entertainment Co., Ltd.	JollyBuy Digital Tech. Co., Ltd. (JollyBuy)	Supply of electronic information services	98.89	97.23	Notes 10 and 11
Gamania Digital Entertainment Co., Ltd.	Two Tigers Co., Ltd. (Two Tigers)	Animation production	51	51	
Gamania Digital Entertainment Co., Ltd.	Gash Point Co., Ltd. (Gash Point)	Information software and supply of electronic information services	90	90	
Gamania Digital Entertainment Co., Ltd.	Ants' Power Co., Ltd. (Ants' Power)	Customer service	100	100	
Gamania Digital Entertainment Co., Ltd.	Indiland Co., Ltd. (Indiland)	IP commodities authorisation	100	100	
Gamania Digital Entertainment Co., Ltd.	We Backers Co., Ltd. (We Backers)	Crowd funding	93.38	93.38	
Gamania Digital Entertainment Co., Ltd.	BeanGo! Co., Ltd. (BeanGo!)	Software services	100	100	
Gamania Digital Entertainment Co., Ltd.	MadSugr Digital Technology Co., Ltd. (MadSugr)	Software services and sales	-	-	Note 9
Gamania Digital Entertainment Co., Ltd.	Coture New Media Co., Ltd. (Coture New Media)	Online media production	93.08	93.08	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		
			December 31, 2022	December 31, 2021	Description
Gamania Digital Entertainment Co., Ltd.	GAMA PAY Co., Ltd. (GAMA PAY)	Electronic payment services	81.26	69.73	Notes 6 and 7
Gamania Digital Entertainment Co., Ltd.	NOWnews Network Co., Ltd. (NOWnews)	Broadcast and TV shows production	79.44	78.97	Notes 4 and 5
Gamania Digital Entertainment Co., Ltd.	Digicentre Company Limited (Digicentre)	Software services	67.48	67.48	
Gash Point Co., Ltd.	Gash Point (Hong Kong) Company Limited	Information software and supply of electronic information services	100	100	
Gash Point Co., Ltd.	Gash Point (Japan) Co., Ltd.	Information software and supply of electronic information services	100	100	
Gash Point Co., Ltd.	Gash Point Korea Co., Ltd.	Information software and supply of electronic information services	100	100	
Gash Point Co., Ltd.	GAMA PAY Co., Ltd. (GAMA PAY)	Electronic payment	6.22	9.04	Note 7
Gash Point Co., Ltd.	Conetter CoMarketing Co., Ltd. (Conetter)	Software services	79.98	79.98	
Gash Point (Hong Kong) Company Limited	GAMA PAY Co., Ltd. (GAMA PAY)	Electronic payment services	8.38	12.19	Note 7
Ciirco Inc.	Ciirco (HK) Co., Ltd. (Ciirco HK)	Software services	-	100	Note 13
Gamania Asia Investment Co., Ltd	The China Post Co., Ltd.	Newspaper and magazine publishing	100	100	
Gamania Asia Investment Co., Ltd.	Bjolly Co., Ltd. (Bjolly)	Supply of electronic information services	4.17	4.17	Note 3
Digicentre Company Limited	Digicentre (HK) Company Limited	Software services	100	100	
Digicentre Company Limited	Hyperg Smart Security Technology Pte. Ltd. (Hyperg)	Software services	51	51	

Note 1: The equity held by the Group was less than 50%. However, as the Group held half of the seats in the Board of Directors, the investee was included in the consolidated financial statements.

Note 2: The Company's subsidiary, Achieve Made International Ltd., sold its 93.43% equity

interest held in Jollywiz International (HK) Co., Limited to the Company's subsidiary, Jollywiz Digital Technology Co., Ltd., on December 31, 2021 and still had control over the investee, thus, the investee was included in the consolidated financial statements.

Note 3: The Company's subsidiaries, Jollywiz Digital Technology Co., Ltd. and Gamania Asia, held a 95.83% and 4.17% equity interest in Bjolly, respectively, and had control over the investee, thus, the investee was included in the consolidated financial statements.

Note 4: The Company's subsidiary, Bjolly, sold its 1.10% equity interest held in NOWnews to the Company's subsidiary, Jollywiz Digital Technology Co., Ltd., on December 31, 2021. Consequently, the Company and its subsidiary, Jollywiz Digital Technology Co., Ltd., held 78.97% and 1.10% equity interest in Nownews, respectively and had control over the investee, thus, the investee was included in the consolidated financial statements.

Note 5: On May 9, 2022 and December 23, 2022, the Company participated in the capital increase. The Company acquired 0.47% equity interest in NOWnews. Accordingly, the equity interest in Jollywiz Digital Technology Co., Ltd. decreased to 0.94%.

Note 6: On June 30, 2022, the Company acquired 3.01% equity interest in GAMA PAY from GAMA PAY's original shareholders.

Note 7: On December 28, 2022, the Company participated in the capital increase. The Company acquired 8.52% equity interest in GAMA PAY. Consequently, the equity interest in GAMA PAY of Gash Point Co., Ltd. and Gash Point (Hong Kong) Company Limited on December 31, 2022 decreased to 6.22% and 8.38%, respectively.

Note 8: The subsidiary, AMI, redeemed treasury shares without consideration in 2022. Therefore, the share ownership of the Group increased by 1.84%.

Note 9: Madsugr was dissolved in December 2021. However, the liquidation of Madsugar has not yet been completed as of December 31, 2022.

Note 10: The subsidiary, JollyBuy, increased capital by issuing new shares for cash in March 2022 and November 2022. However, the Group did not acquire additional shares proportionately to its interest, thus, the share ownership increased by 0.56%.

Note 11: The subsidiary, JollyBuy, redeemed treasury in August 2022. Therefore, the share ownership of the group increased by 1.1%.

Note 12: On August 4, 2022, the Company's board of directors has approved to acquire all the shares of Gamania Digital Entertainment (HK) Co., Ltd., consisting of 25,500 thousand shares, from the subsidiary, Gamania China Holdings Ltd.

Note 13: The liquidation of Ciirco HK was completed in November 2022.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2022 and 2021, the non-controlling interest amounted to \$436,930 and \$443,614, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2022	Ownership (%)	December 31, 2021	Ownership (%)
		Amount		Amount	
AMI and subsidiaries	Taiwan and China	\$ 150,240	54.60%	\$ 150,809	56.44%
Digicentre Company Limited and subsidiaries	Taiwan, China and Singapore	129,583	32.52%	130,087	32.52%

Note: Registered location of AMI is British Virgin Islands.

Balance sheets

	AMI and subsidiaries	
	December 31, 2022	December 31, 2021
Current assets	\$ 335,744	\$ 350,772
Non-current assets	67,718	51,115
Current liabilities	(123,067)	(120,722)
Total net assets	\$ 280,395	\$ 281,165
 Digicentre Company Limited and subsidiaries		
	December 31, 2022	December 31, 2021
Current assets	\$ 372,937	\$ 323,549
Non-current assets	244,862	257,479
Current liabilities	(213,561)	(186,235)
Non-current liabilities	(36,268)	(40,868)
Total net assets	\$ 367,970	\$ 353,925

Statements of comprehensive income

	AMI and subsidiaries	
	Years ended December 31,	
	2022	2021
Revenue	\$ 542,983	\$ 718,311
Loss before income tax	(6,115)	(130,972)
Income tax benefit	-	39
Loss for the year	(6,115)	(130,933)
Other comprehensive loss, net of tax	(9,743)	(6,801)
Total comprehensive loss for the year	(\$ 15,858)	(\$ 137,734)
Comprehensive loss attributable to non-controlling interest	(\$ 11,849)	(\$ 81,437)
Dividends paid to non-controlling interest	\$ -	\$ -

	<u>Digicentre Company Limited and subsidiaries</u>	
	Years ended December 31,	
	2022	2021
Revenue	\$ 1,181,834	\$ 963,695
Profit before income tax	56,120	30,593
Income tax expense	( 20,688)	( 12,293)
Profit for the year	35,432	18,300
Other comprehensive income (loss), net of tax	3,959	( 694)
Total comprehensive income for the year	\$ 39,391	\$ 17,606
Comprehensive income attributable to non-controlling interest	\$ 14,404	\$ 4,646
Dividends paid to non-controlling interest	\$ 5,402	\$ 8,555

#### Statements of cash flows

	<u>AMI and subsidiaries</u>	
	Years ended December 31,	
	2022	2021
Net cash used in operating activities	(\$ 10,943)	(\$ 30,261)
Net cash (used in) provided by investing activities	7,010	71,551
Net cash flows used in financing activities	( 6,477)	( 19,145)
Effect of exchange rate changes on cash and cash equivalents	( 16,801)	( 2,957)
(Decrease) increase in cash and cash equivalents	( 27,211)	19,188
Cash and cash equivalents, beginning of year	128,873	109,685
Cash and cash equivalents, end of year	\$ 101,662	\$ 128,873

	<u>Digicentre Company Limited and subsidiaries</u>	
	Years ended December 31,	
	2022	2021
Net cash provided by operating activities	\$ 108,862	\$ 63,262
Net cash used in investing activities	( 26,319)	( 23,500)
Net cash used in financing activities	( 58,856)	( 52,556)
Effect of exchange rate changes on cash and cash equivalents	6,218	( 735)
Increase (decrease) in cash and cash equivalents	29,905	( 13,529)
Cash and cash equivalents, beginning of year	121,214	134,743
Cash and cash equivalents, end of year	\$ 151,119	\$ 121,214

#### (4) Foreign currency translation

Items included in the financial statements of each of the Group are measured using the currency of the primary economic environment in which the company operates (the “functional currency”). The

consolidated financial statements are presented in New Taiwan Dollars, which is the Group's functional and presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the Group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that year; and
  - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Group retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign

subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operations.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
  - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

**(8) Financial assets at fair value through other comprehensive income**

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. They are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

**(9) Financial assets at amortised cost**

The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

**(10) Accounts and notes receivable**

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

**(11) Impairment of financial assets**

For receivables that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for receivables that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

**(12) Derecognition of financial assets**

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows from the financial asset have been transferred and, the Group has not retained control of the financial asset.

(13) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Inventories

Inventories are stated at the lower of cost and net realisable value. The original costs are the cost to obtain the assets. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realizable value. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

(15) Investments accounted for under the equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or/constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest.
- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, then the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are evaluated, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	4~51 years
Machinery and equipment	2~8 years
Transportation equipment	5 years
Office equipment	2~8 years
Leasehold improvement	4~5 years
Other equipment	4~8 years

(17) Leasing arrangements (lessee) - right-of-use assets/lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments less any lease incentives receivable. The Group subsequently measures the

lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost and the cost is comprised of the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(18) Intangible assets

A. Licence fees

Licence fees were prepaid and may be paid in the future for operating online game software, are stated at cost and amortised based on the period of the contract or reversed in proportion of operating revenue after online games launching.

B. Software

Costs of software are stated at cost and amortised under the straight-line basis over the estimated useful life of 1-5 years.

C. Trademark right

Trademark right is stated at fair value at the acquisition date and regarded as having an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future.

Trademark right is not amortised, but is tested annually for impairment.

D. Customer relationships

Customer relationships which are intangible assets acquired during the business combinations are stated at fair value at the acquisition date and are amortised on a straight-line basis over their estimated useful life of 8~12 years.

E. Other intangible assets

(a) Copyrights which are intangible assets acquired during the business combinations are stated at fair value at the acquisition date and are amortised on a straight-line basis over their estimated useful life of 15 years.

(b) Software independent development which is intangible assets acquired during the business combinations are stated at fair value at the acquisition date and are amortised on a straight-line basis over their estimated useful life of 3 years.

(c) Obtaining the relevant licence for the game, distribution business recognised as intangible assets and special technology with estimated useful life are stated at acquisition and occurred cost date and are amortised on a straight-line basis over their estimated useful life of 3~10 years.

F. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method. Goodwill is recognised in the amount of acquisition price including direct costs of business combination less the fair value of identifiable net assets acquired. The measurement date of acquisition price must not exceed one year from the acquisition date.

(19) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets in accordance with IAS 36 ‘Impairment of assets’ where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of goodwill and intangible assets that have not definite useful life and have not yet been available for use shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(20) Borrowings

It refers to long-term and short-term borrowings from the bank. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(21) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Short-term notes and accounts payable which are non-interest bearing are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

**(22) Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

**(23) Employee benefits**

**A. Short-term employee benefits**

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

**B. Pensions**

**(a) Defined contribution plan**

For defined contribution plan, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

**(b) Defined benefit plan**

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

**C. Termination benefits**

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense when it can no longer withdraw an offer of termination benefits or it recognises related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

**D. Employees' compensation and directors' remuneration**

Employees' compensation and directors' remuneration are recognised as expense and liability,

provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit

will be available against which the tax credits can be utilised.

(25) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

A. Online and mobile games revenue

- (a) The Group is engaged in online games and mobile phone games and sales of peripheral products of the games. Sales are recognised when control of the products has transferred, that is, the customer has control of the product and obtained most residual benefit, and there is no unfulfilled obligation that could affect the customer acceptance of the products.
- (b) Revenue is measured at the fair value of the consideration received or receivable taking into account business tax, returns, rebates and discounts for the sale of goods based on the contract price.
- (c) The Group recognises the collections of payments for game stored-value card purchases or value-added by players as contract liabilities, and amortises those amounts as revenue over the expected users' relationship period or the estimated delivery period of the virtual items, when they are actually used.
- (d) The Group recognises accounts receivable when the control of product has been transferred and has the right to collect price without condition. The accounts receivable has usually a short-term period and does not contain significant financial component. However, for online games and mobile phone games, the Group collects the price in advance upon sale, and recognises the contract liability.

B. Service revenue

The Group recognises customer service revenue, advertisement revenue, E-commerce service revenue, cloud and information security service revenue when the individual obligation is fulfilled at a point in time or fulfilled over time. Service revenue is based on contract price. The sales of services is based on the price stated in the contract. When the contract consideration includes variable consideration, the Group recognises the minimum amount that is highly likely to not reverse in the future period.

C. Revenue from stored-values

The Group is engaged in the sale of game stored-value cards. The purpose of selling game stored-value cards to players is to offer a tool that allows them to purchase game services from the

Group or another party. When a player purchases a game from another party for which the Group has no control over the service provided, then the Group merely acts as an intermediary that facilitates the transaction; the game service is entirely provided by another party. The Group recognises payments received less amounts paid to another party as revenue.

#### D. Sales revenue

The Group sell agent products and information security equipment. Sales revenue recognized when the products transfer control to customer, that is, when the product is delivered to the customers and the Group has no outstanding obligations that may affect the customer's acceptance of the product. When the product is shipped to the designated location, the risk of obsolescence and loss has been transferred to the customer and the customer accepts the product in accordance with the sales contract or there is objective evidence that all acceptance criteria have been met, the delivery of the goods will happen. Account receivables are recognised when the goods are delivered to the customer because the group has the unconditional right for consideration which can be collected from the customer.

#### (28) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

### 5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and the related information is addressed below:

#### (1) Critical judgments in applying the Group's accounting policies

Revenue recognition on a net/gross basis

The Group determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for the other party to provide those goods or services (i.e. the Group is an agent) based on the transaction model and its economic substance. The Group is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Group recognises revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Group is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Group recognises revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Indicators that the Group controls the good or service before it is provided to a customer include the following:

- A. The Group is primarily responsible for the provision of goods or services.
- B. The Group assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.
- C. The Group has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

A. Revenue recognition

The Group recognises the collections of payments for game stored-value card purchases or value-added by players as contract liabilities, and amortises those amounts as revenue over expected users' relationship periods or the estimated delivery period of the virtual items, when they are actually used. The Group estimates the deferred amount and delivery period based on operating history and other known factors. Given that the Group has extensive list of virtual items spread across thousands of users and the estimation of delivery period for virtual items may be complex, the Group assesses the reasonableness of the estimation periodically. Please refer to Note 6(23) for the information on revenue recognition.

B. Impairment assessment of licence fees

The impairment assessment of licence fees depend on the Group's subjective judgement. The recoverable amount is determined based on estimated online game revenue arising from expected game points used by players and budget expenditures.

C. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(14) for the information on goodwill impairment.

D. Impairment assessment of other intangible assets

The evaluation process of impairment of other intangible assets relies on the subjective judgment of the Group, including the future economic benefits, market conditions and industrial characteristics of these intangible assets to evaluate the recoverable amount.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and petty cash	\$ 2,337	\$ 2,017
Checking accounts and demand deposits	2,677,247	2,668,731
Cash equivalents - time deposits	1,057,735	748,148
	<hr/> <u>\$ 3,737,319</u>	<hr/> <u>\$ 3,418,896</u>

- A. The Group deals with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. Details of the Group's cash and cash equivalents pledged to others as collateral that have been classified as financial assets (shown as 'other current assets') are provided in Note 8.

(2) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	\$ 11	\$ 752
Accounts receivable	\$ 832,665	\$ 928,737
Less: Loss allowance	( 47,299)	( 52,614)
	<u>785,366</u>	<u>876,123</u>
Overdue receivables (shown as other non-current assets)	114,261	106,343
Less: Loss allowance	( 114,261)	( 106,343)
	<u>\$ 785,366</u>	<u>\$ 876,123</u>

- A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2022	December 31, 2021
Not past due	\$ 760,730	\$ 811,458
Up to 30 days	19,759	12,989
31~60 days	2,622	12,776
61~90 days	2,914	14,414
91~120 days	169	9,084
Over 121 days	<u>46,471</u>	<u>68,016</u>
	<u>\$ 832,665</u>	<u>\$ 928,737</u>

The above ageing analysis was based on past due date.

- B. As at December 31, 2022 and 2021, the Group has no notes receivable past due.
- C. As at December 31, 2022, December 31, 2021 and January 1, 2021, the balances of receivables (including notes and overdue receivables) from contracts with customers amounted to \$946,926, \$1,035,832 and \$1,086,468, respectively.
- D. The Group does not hold any collateral. Further, the Group has no notes and accounts receivable pledged to others as collateral.
- E. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable was \$11 and \$752, and accounts receivable was \$785,366 and \$876,123 , respectively.
- F. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(3) Other receivables

	December 31, 2022	December 31, 2021
Other receivables	\$ 535,210	\$ 262,487
Less: Loss allowance	( 2,253)	( 1,998)
	<u>\$ 532,957</u>	<u>\$ 260,489</u>

A. The ageing analysis of other receivables that were past due but not impaired is as follows:

	December 31, 2022	December 31, 2021
Not past due	\$ 481,424	\$ 208,284
Up to 30 days	17,165	12,543
31 to 60 days	5,779	13,171
61 to 90 days	9,165	18,542
91 to 120 days	9,853	206
Over 121 days	11,824	9,741
	<u>\$ 535,210</u>	<u>\$ 262,487</u>

The above ageing analysis was based on past due date.

- B. The Group does not hold any collateral for other receivables. Further, the Group has no other receivables pledged to others as collateral.
- C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's other receivables was \$532,957 and \$260,489 respectively.
- D. Information relating to credit risk of other receivables is provided in Note 12(2).

(4) Inventories

	December 31, 2022		
	Cost	Allowance for obsolescence and market value	Book value
	\$ 147,349	(\$ 18,422)	\$ 128,927
December 31, 2021			
	Cost	Allowance for obsolescence and market value	Book value
	\$ 139,774	(\$ 17,192)	\$ 122,582

Expenses and losses incurred on inventories for the period:

	Years ended December 31,	
	2022	2021
Cost of goods sold	\$ 384,423	\$ 569,936
Loss on decline in market value	1,230	14,765
	<u>\$ 385,653</u>	<u>\$ 584,701</u>

(5) Prepayments

	December 31, 2022	December 31, 2021
Prepayments to suppliers	\$ 166,891	\$ 223,562
Prepaid expenses	81,718	63,724
Excess business tax paid	68,859	60,676
Others	4,109	4,064
	<u>\$ 321,577</u>	<u>\$ 352,026</u>

(6) Financial assets at fair value through other comprehensive income

Items	December 31, 2022	December 31, 2021
Non-current items:		
Equity instruments		
OTC stocks	\$ 78,376	\$ 78,376
Emerging stocks	20,546	20,000
Unlisted, non-OTC and non-emerging stocks	<u>425,894</u>	<u>481,542</u>
	524,816	579,918
Valuation adjustment	(407,235)	(381,292)
	<u>\$ 117,581</u>	<u>\$ 198,626</u>

- A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$117,581 and \$198,626 as at December 31, 2022 and 2021, respectively.
- B. In 2022, in line with the Group's business development and resource allocation plan, the Group sold its 5.42% equity interest in Microprogram Information Co., Ltd. at fair value in the amount of \$31,208. The cumulative loss on disposal of Microprogram Information Co., Ltd. was \$24,440.
- C. In 2021, in line with the Group's business development and resource allocation plan, the Group sold its 6.9% equity interest in Life Plus Co., Ltd. at fair value in the amount of \$5,545 and 5.76% equity interest in Ikala Global Online Corp. at fair value in the amount of \$35,984. The cumulative loss on disposal of Life Plus Co., Ltd. was \$24,455, while the cumulative gain on disposal of Ikala Global Online Corp. was \$12,873.

D. Amounts recognised in profit or loss and other comprehensive income or loss in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2022	2021
Change of fair value recognised in other comprehensive income	\$ 53,330	\$ 58,654
Cumulative gain (loss) reclassified to retained earnings due to derecognition	(\$ 24,440)	(\$ 11,582)
Dividend income recognised in profit or loss held at end of year	\$ -	\$ 145

D. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(7) Financial assets at amortised cost

Items	December 31, 2022	December 31, 2021
Current items:		
Time deposit with maturity of more than three months	\$ 120,204	\$ 88,463

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Years ended December 31,	
	2022	2021
Interest income	\$ 745	\$ 280

B. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$120,204 and \$88,463 respectively.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(8) Investments accounted for under equity method

	2022	2021
At January 1	\$ 121,309	\$ 205,090
Addition of investments accounted for under equity method	44,770	34,129
Share of loss of investments accounted for under equity method	( 30,434)	( 117,619)
Earnings distribution of investments accounted for under equity method	( 622)	( 583)
Disposal of investments accounted for using equity method	( 8)	-
Changes in capital surplus	-	1,074
Changes in other equity items	( 313)	157
Effects of foreign exchange	702	( 939)
At December 31	<u>\$ 135,404</u>	<u>\$ 121,309</u>

A. List of long-term investments:

Name of associates	December 31, 2022		December 31, 2021	
	Ownership percentage	Balance	Ownership percentage	Balance
Jsdway Digital Technology Co., Ltd. (Jsdway)	37.18	\$ 49,485	37.18	\$ 47,899
Hao-Ji film Ltd. (Hao-Ji)	42.86	30,021	-	-
Chuang Meng Shr Ji Co., Ltd. (Chuang Meng Shr J.)	33.03	22,984	33.03	26,240
Walkermedia Co., Ltd. (Walkermedia)	30.00	5,105	30.00	11,006
Aotter Inc. (Aotter)	21.48	6,045	21.48	10,128
Taiwan e-sports Co., Ltd. (Taiwan e-sports)	29.54	7,224	29.54	5,383
Store Marais Co., Ltd. (Marais) (Note 1)	7.69	11,192	7.69	8,667
Pri-One Marketing Co., Ltd. (Pri-One)	30.00	3,348	30.00	2,538
4-Way Voice Cultural Co., Ltd. (4-Way Voice) (Note 3)	-	-	38.00	491
Gungho Gamania Co., Limited (Gungho Gamania)	49.00	-	49.00	8,957
Ju Shr Da Jiu (Shanghai) International Trading Co., Ltd. (Ju Shr Da Jiu) (Note 2)	30.00	-	30.00	-
ACCI Group Limited (ACCI) (Note 2) (Note 4)	-	-	30.00	-

Name of associates	December 31, 2022		December 31, 2021	
	Ownership percentage	Balance	Ownership percentage	Balance
Firedog creative Co., Ltd. (Note 2)	40.00	\$ 135,404	40.00	\$ 121,309

Note 1: The Group has significant control as it has obtained majority of the board seats and, accordingly, the investment was accounted for under equity method.

Note 2: All impairment losses derived from equity investments have been recognised based on the Company's assessment.

Note 3: The liquidation of 4-Way Voice Cultural Co., Ltd. was completed in August 2022.

Note 4: The liquidation of ACCI was completed in December 2022.

- B. The financial statements of investments accounted for under equity method, Gunho Gamania and Jsdway, were audited by other independent auditors. The share of profit (loss) and other comprehensive income (loss) of associates was (\$83,443) for the year ended December 31, 2021, and the balance of investments accounted for under equity method was \$56,856 as at December 31, 2021.
- C. As of December 31, 2022 and 2021, the carrying amount of the Group's individually immaterial associates amounted to \$135,404 and \$121,309, respectively. The Group's share of the operating results are summarised below:

	Years ended December 31,	
	2022	2021
Loss for the year	(\$ 30,434)	(\$ 117,619)
Other comprehensive income, net of tax	( 313)	157
Total comprehensive loss	(\$ 30,747)	(\$ 117,462)

- D. There is no price in open market for associates of the Group, therefore, no fair value is applicable.
- E. The Group is the single largest shareholder of Jsdway with a 37.18% equity interest. Given that the remaining 62.82% equity interest in Jsdway is held by other few investors and the number of votes of minority voting rights holders has exceeded the Group's votes as they acted together, this indicates that the Group has no current ability to direct the relevant activities of Jsdway. Accordingly, the Group has no control, but only has significant influence, over the investee.

**(9) Property, plant and equipment**

	Land	Buildings	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction	Total
<u>At January 1, 2022</u>									
Cost	\$ 2,246,082	\$ 536,582	\$ 429,755	\$ 1,226	\$ 92,428	\$ 36,134	\$ 44,122	\$ 8,091	\$ 3,394,420
Accumulated depreciation	- ( 168,055)	( 318,996)	( 1,166)	( 53,008)	( 30,890)	( 18,656)	-	- ( 590,771)	
Accumulated impairment	-	-	( 6,382)	-	-	-	-	- ( 6,382)	
	<u>\$ 2,246,082</u>	<u>\$ 368,527</u>	<u>\$ 104,377</u>	<u>\$ 60</u>	<u>\$ 39,420</u>	<u>\$ 5,244</u>	<u>\$ 25,466</u>	<u>\$ 8,091</u>	<u>\$ 2,797,267</u>
<u>2022</u>									
Opening net book amount as at January 1	\$ 2,246,082	\$ 368,527	\$ 104,377	\$ 60	\$ 39,420	\$ 5,244	\$ 25,466	\$ 8,091	\$ 2,797,267
Additions	- 9,016	- 75,111	-	-	23,147	11,342	9,600	15,768	143,984
Disposals	-	-	-	- ( 290)	-	-	-	- ( 290)	
Transfers	- 15,489	-	-	-	-	3,352	2,893	( 21,734)	-
Depreciation charge	- ( 38,055)	( 58,156)	- ( 15,286)	( 5,528)	( 11,841)	-	-	- ( 128,866)	
Net exchange differences	-	- 316	-	25	2	-	-	-	343
Closing net book amount as at December 31	<u>\$ 2,246,082</u>	<u>\$ 354,977</u>	<u>\$ 121,648</u>	<u>\$ 60</u>	<u>\$ 47,016</u>	<u>\$ 14,412</u>	<u>\$ 26,118</u>	<u>\$ 2,125</u>	<u>\$ 2,812,438</u>
<u>At December 31, 2022</u>									
Cost	\$ 2,246,082	\$ 558,612	\$ 424,299	\$ 1,245	\$ 102,697	\$ 26,301	\$ 53,130	\$ 2,125	\$ 3,414,491
Accumulated depreciation	- ( 203,635)	( 296,269)	( 1,185)	( 55,681)	( 11,889)	( 27,012)	-	- ( 595,671)	
Accumulated impairment	-	- ( 6,382)	-	-	-	-	-	- ( 6,382)	
	<u>\$ 2,246,082</u>	<u>\$ 354,977</u>	<u>\$ 121,648</u>	<u>\$ 60</u>	<u>\$ 47,016</u>	<u>\$ 14,412</u>	<u>\$ 26,118</u>	<u>\$ 2,125</u>	<u>\$ 2,812,438</u>

	Land	Buildings	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction	Total
<u>At January 1, 2021</u>									
Cost	\$ 2,246,082	\$ 517,870	\$ 480,246	\$ 1,226	\$ 101,019	\$ 35,564	\$ 61,201	\$ 9,372	\$ 3,452,580
Accumulated depreciation	-	(133,590)	(344,172)	(1,166)	(64,832)	(22,877)	(34,125)	-	(600,762)
Accumulated impairment	-	-	(6,382)	-	-	-	-	-	(6,382)
	<u>\$ 2,246,082</u>	<u>\$ 384,280</u>	<u>\$ 129,692</u>	<u>\$ 60</u>	<u>\$ 36,187</u>	<u>\$ 12,687</u>	<u>\$ 27,076</u>	<u>\$ 9,372</u>	<u>\$ 2,845,436</u>
<u>2021</u>									
Opening net book amount as at January 1	\$ 2,246,082	\$ 384,280	\$ 129,692	\$ 60	\$ 36,187	\$ 12,687	\$ 27,076	\$ 9,372	\$ 2,845,436
Additions	-	9,090	39,932	-	16,701	822	6,460	12,335	85,340
Disposals	-	-	(14)	-	(337)	-	(2)	-	(353)
Transfers	-	11,363	-	-	-	-	1,777	(13,140)	-
Depreciation charge	-	(36,206)	(65,132)	-	(13,127)	(8,265)	(9,847)	-	(132,577)
Net exchange differences	-	-	(101)	-	(4)	-	2	(476)	(579)
Closing net book amount as at December 31	<u>\$ 2,246,082</u>	<u>\$ 368,527</u>	<u>\$ 104,377</u>	<u>\$ 60</u>	<u>\$ 39,420</u>	<u>\$ 5,244</u>	<u>\$ 25,466</u>	<u>\$ 8,091</u>	<u>\$ 2,797,267</u>
<u>At December 31, 2021</u>									
Cost	\$ 2,246,082	\$ 536,582	\$ 429,755	\$ 1,226	\$ 92,428	\$ 36,134	\$ 44,122	\$ 8,091	\$ 3,394,420
Accumulated depreciation	-	(168,055)	(318,996)	(1,166)	(53,008)	(30,890)	(18,656)	-	(590,771)
Accumulated impairment	-	-	(6,382)	-	-	-	-	-	(6,382)
	<u>\$ 2,246,082</u>	<u>\$ 368,527</u>	<u>\$ 104,377</u>	<u>\$ 60</u>	<u>\$ 39,420</u>	<u>\$ 5,244</u>	<u>\$ 25,466</u>	<u>\$ 8,091</u>	<u>\$ 2,797,267</u>

A. The Group's property, plant and equipment are mainly owner-occupied.

B. No borrowing cost was capitalised as part of property, plant and equipment.

C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(10) Leasing arrangements - lessee

- A. The Group leases various assets including buildings, parking lot, machinery and business vehicles. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise buildings and multifunction printers. For the years ended December 31, 2022 and 2021, payments of lease commitments for short-term leases amounted to \$10,376 and \$11,153, respectively.
- C. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

	Book value	
	December 31, 2022	December 31, 2021
Buildings	\$ 55,606	\$ 71,379
Land improvements	322	1,609
Transportation equipment (Business vehicles)	1,903	1,494
Machinery	16,102	21,056
	\$ 73,933	\$ 95,538

  

	Depreciation charge	
	Years ended December 31,	
	2022	2021
Buildings	\$ 24,078	\$ 24,520
Land improvements	1,288	1,453
Transportation equipment (Business vehicles)	1,848	1,542
Machinery	4,955	4,268
	\$ 32,169	\$ 31,783

- D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$11,809 and \$67,953, respectively.
- E. Information on profit or loss in relation to lease contracts is as follows:

	Years ended December 31,	
	2022	2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 743	\$ 821
Expense on short-term lease contracts	\$ 10,376	\$ 11,153

- F. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were \$44,258 and \$43,929, respectively.

(11) Leasing arrangements - lessor

- A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes.
- B. Gain arising from operating lease agreements for the years ended December 31, 2022 and 2021 is as follows:

	Years ended December 31,	
	2022	2021
Rent income	\$ 1,220	\$ 1,444

- C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2022	December 31, 2021
2021	\$ -	\$ 305
2022	-	304
2023	914	-
2024	914	-
2025	914	-
2026	305	-
	\$ 3,047	\$ 609

**(12) Intangible assets**

	<u>License fees</u>	<u>Software</u>	<u>Other intangible assets</u>	<u>Trademark right</u>	<u>Customer relationship</u>	<u>Goodwill</u>	<u>Total</u>
<b><u>At January 1, 2022</u></b>							
Cost	\$ 1,617,093	\$ 89,531	\$ 165,930	\$ 10,090	\$ 195,700	\$ 381,572	\$ 2,459,916
Accumulated amortisation	( 1,425,861)	( 40,438)	( 38,264)	-	( 72,543)	-	( 1,577,106)
Accumulated impairment	( 75,870)	-	( 29,375)	-	-	( 146,821)	( 252,066)
	<u>\$ 115,362</u>	<u>\$ 49,093</u>	<u>\$ 98,291</u>	<u>\$ 10,090</u>	<u>\$ 123,157</u>	<u>\$ 234,751</u>	<u>\$ 630,744</u>
<b><u>2022</u></b>							
Opening net book amount as at January 1	\$ 115,362	\$ 49,093	\$ 98,291	\$ 10,090	\$ 123,157	\$ 234,751	\$ 630,744
Additions	978,759	65,183	10,504	-	-	-	1,054,446
Amortisation charge	( 330,376)	( 61,807)	( 10,175)	-	( 18,838)	-	( 421,196)
Impairment loss (Note2)	( 36,353)	-	( 56,810)	-	-	-	( 93,163)
Net exchange differences	2,624	170	1,948	-	254	2,563	7,559
Closing net book amount as at December 31	<u>\$ 730,016</u>	<u>\$ 52,639</u>	<u>\$ 43,758</u>	<u>\$ 10,090</u>	<u>\$ 104,573</u>	<u>\$ 237,314</u>	<u>\$ 1,178,390</u>
<b><u>At December 31, 2022</u></b>							
Cost	\$ 1,140,099	\$ 98,023	\$ 179,132	\$ 10,090	\$ 197,132	\$ 386,238	\$ 2,010,714
Accumulated amortisation	( 363,452)	( 45,384)	( 50,005)	-	( 92,559)	-	( 551,400)
Accumulated impairment	( 46,631)	-	( 85,369)	-	-	( 148,924)	( 280,924)
	<u>\$ 730,016</u>	<u>\$ 52,639</u>	<u>\$ 43,758</u>	<u>\$ 10,090</u>	<u>\$ 104,573</u>	<u>\$ 237,314</u>	<u>\$ 1,178,390</u>

	<u>License fees</u>	<u>Software</u>	<u>Other intangible assets</u>	<u>Trademark right</u>	<u>Customer relationship</u>	<u>Goodwill</u>	<u>Total</u>
<u>At January 1, 2021</u>							
Cost	\$ 1,695,225	\$ 97,266	\$ 141,985	\$ 10,090	\$ 197,852	\$ 382,804	\$ 2,525,222
Accumulated amortisation	( 866,238)	( 57,164)	( 32,382)	-	( 55,924)	-	( 1,011,708)
Accumulated impairment	( 27,440)	-	-	-	-	( 74,411)	( 101,851)
	<u>\$ 801,547</u>	<u>\$ 40,102</u>	<u>\$ 109,603</u>	<u>\$ 10,090</u>	<u>\$ 141,928</u>	<u>\$ 308,393</u>	<u>\$ 1,411,663</u>
<u>2021</u>							
Opening net book amount as at January 1	\$ 801,547	\$ 40,102	\$ 109,603	\$ 10,090	\$ 141,928	\$ 308,393	\$ 1,411,663
Additions	202,491	55,126	33,145	-	-	-	290,762
Amortisation charge	( 648,526)	( 45,934)	( 13,828)	-	( 18,621)	-	( 726,909)
Disposals during the year	-	-	( 768)	-	-	-	( 768)
Reclassifications (Note 1)	3,030	-	768	-	-	-	3,798
Impairment loss (Note 2)	( 69,219)	-	( 29,749)	-	-	( 72,667)	( 171,635)
Net exchange differences	( 913)	( 201)	( 880)	-	( 150)	( 975)	( 3,119)
Change in accounting estimated (Note 3)	( 173,048)	-	-	-	-	-	( 173,048)
Closing net book amount as at December 31	<u>\$ 115,362</u>	<u>\$ 49,093</u>	<u>\$ 98,291</u>	<u>\$ 10,090</u>	<u>\$ 123,157</u>	<u>\$ 234,751</u>	<u>\$ 630,744</u>
<u>At December 31, 2021</u>							
Cost	\$ 1,617,093	\$ 89,531	\$ 165,930	\$ 10,090	\$ 195,700	\$ 381,572	\$ 2,459,916
Accumulated amortisation	( 1,425,861)	( 40,438)	( 38,264)	-	( 72,543)	-	( 1,577,106)
Accumulated impairment	( 75,870)	-	( 29,375)	-	-	( 146,821)	( 252,066)
	<u>\$ 115,362</u>	<u>\$ 49,093</u>	<u>\$ 98,291</u>	<u>\$ 10,090</u>	<u>\$ 123,157</u>	<u>\$ 234,751</u>	<u>\$ 630,744</u>

Note 1: Pertains to other prepayment reclassified to License fees and other intangible assets.

Note 2: For impairment loss, refer to Note 6(14).

Note 3: For the change in accounting estimates, refer to Note 6(16).

A. The details of amortisation are as follows:

	Years ended December 31,	
	2022	2021
Operating costs	\$ 359,745	\$ 677,384
Selling expenses	18,619	17,200
General and administrative expenses	24,772	16,926
Research and development expenses	18,060	15,399
	<u>\$ 421,196</u>	<u>\$ 726,909</u>

B. The Group acquired registered trademark from the acquisition of NOWnews. As the trademark is assessed to have indefinite useful life, it shall not be amortised but shall be tested for impairment annually.

C. Goodwill and trademark with an indefinite useful life are allocated to the Group's cash-generating units identified according to operating segment as follows:

	December 31, 2022	December 31, 2021
Goodwill:		
NOWnews	\$ 197,055	\$ 197,055
Digicentre	141,149	141,149
AMI	18,917	17,050
GIH	27,442	24,735
Others	1,675	1,583
	<u>386,238</u>	<u>381,572</u>
Less: Accumulated impairment	(148,924)	(146,821)
	<u>\$ 237,314</u>	<u>\$ 234,751</u>
Trademark:		
NOWnews	\$ 10,090	\$ 10,090

Acquisition prices for business combination are calculated based on the price of acquisition and related direct costs. The amount of goodwill recognised is the difference of the acquisition price less the net fair value of identifiable assets acquired. The allocation period of acquisition price may not exceed one year after the acquisition.

D. The Group's goodwill acquired in a business combination consisting of expected operating revenue growth from acquired companies and benefits from its potential customer relations. In accordance with IAS 36, goodwill acquired from business combination shall be tested for impairment every year and when there is any indication that it might have been impaired. The impairment testing on goodwill as of December 31, 2022 and 2021 are as follows:

(a) For the impairment testing of goodwill, goodwill acquired in a business combination is allocated to each of the cash-generating units that are expected to benefit from the synergies of the business combination. Each company may be a cash-generating unit which can generate independent cash flows. Thus, the impairment of goodwill is calculated based on

the difference between the recoverable amount and carrying amount of net assets of each company.

- (b) The Group used value-in-use calculated by external appraiser to be the recoverable amount of subsidiaries, NOWnews, Digicentre and AMI, at December 31, 2022 and 2021. As the recoverable amount of NOWnews and AMI was lower than the carrying amount at December 31, 2022 and 2021, goodwill was not impaired. As the recoverable amount of NOWnews and AMI was lower than the carrying amount at December 31, 2021, goodwill was impaired. The main assumptions used in calculating value-in-use by external appraiser are set out below:

	December 31, 2022	December 31, 2021
Growth rate	2.4%~6.4%	2.5%~5.5%
Discount rate	14.0%~14.2%	13.2%~14.1%

- (c) As of December 31, 2022 and 2021, aside from NOWnews, Digicentre and AMI, the recoverable amounts of cash-generating units were calculated based on value-in-use. Because the recoverable amounts exceeded the carrying amount, goodwill was not impaired. The key assumptions used for value-in-use calculations take into consideration operating profit margin, growth rate and discount rate.
- (d) Management determined the budgeted operating profit margin based on past performance and their expectations of market development. The weighted average growth rates are consistent with the projection in industry reports. The discount rates were pre-tax and reflected specific risks relating to the relevant operating segments.

#### (13) Other non-current assets

	December 31, 2022	December 31, 2021
Overdue receivables	\$ 114,261	\$ 106,343
Less: Loss allowance for overdue receivables	( 114,261)	( 106,343)
Refundable deposits	46,931	41,359
Others	34,300	15,748
	<u>\$ 81,231</u>	<u>\$ 57,107</u>

#### (14) Impairment of non-financial assets

The Group recognised impairment loss of \$93,163 and \$171,635 for the years ended December 31, 2022 and 2021, respectively. Details of such loss are as follows:

	Recognised in profit or loss	
	Years ended December 31,	
	2022	2021
Impairment loss - license fees	\$ 36,353	\$ 69,219
Impairment loss - other intangible assets	56,810	29,749
Goodwill	-	72,667
	<u>\$ 93,163</u>	<u>\$ 171,635</u>

- A. The Group implemented impairment testing on the recoverable amount of goodwill at the financial year-end date. Information on the determination of the recoverable amount is provided in Note 6(12).
- B. The Group assesses the recoverable amounts of agency rights and other intangible assets annually, based on the expected future economic benefits arising from the use of the points generated from income and expenses and the expected future economic benefits. Due to the recoverable amounts being lower than the carrying amounts, impairment losses are recognized.

(15) Short-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank borrowings		
Secured borrowings	\$ 91,760	\$ 100,164
Credit lines	<u>\$ 3,827,321</u>	<u>\$ 3,009,279</u>
Interest rate range	<u>1.275%~5.80%</u>	<u>1.05%~5.80%</u>

(16) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Store-value received on behalf of others	\$ 844,245	\$ 788,392
Accrued service cost	521,529	288,571
Salary and annual bonus payable	216,391	190,832
Employees' compensation payable	207,929	205,913
Electronic payment received on behalf of others	109,778	50,067
Commission payable	97,332	85,633
Payable on business tax and withholding tax	89,496	95,249
Payable on equipment and intangible assets (Note)	39,497	28,349
Directors' remuneration payable	36,333	34,219
Others	<u>54,513</u>	<u>47,377</u>
	<u>\$ 2,217,043</u>	<u>\$ 1,814,602</u>

Note: The payment obligations of certain game license are to pay game developers license fees if the revenue reaches a certain amount within two years after the signing of the contract. The Group recognised the license fees and payable on intangible assets after assessing that the payment obligation is highly realisable. In the fourth quarter of 2021, the payment conditions are confirmed settlement without paying, license fees and payables had been reversed.

(17) Long-term borrowings

December 31, 2022: None.

Type of borrowings		Borrowing period and repayment term	Interest rate	Collateral	December 31, 2021
Long-term bank borrowings					
Secured borrowings		Borrowing period is March 20, 2015 ~ March 20, 2025; interest is payable monthly for the first three years; starting from the fourth year, principal and interest are payable quarterly in 28 installments	1.13%~1.70%	Land and Buildings and structures	\$ 80,000
Less: Current portion					( 80,000 )
					\$ -

(18) Pensions

A. Defined benefit plan

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit before March in the following year.
- (b) The pension costs under the defined benefit pension plan of the Company for the years ended December 31, 2022 and 2021 were \$792 and \$839, respectively.

(c) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	(\$ 67,757)	(\$ 72,581)
Fair value of plan assets	<u>73,852</u>	<u>67,597</u>
Net defined benefit assets/liability (shown as other non-current assets/ liabilities)	<u>\$ 6,095</u>	<u>(\$ 4,984)</u>

(d) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit (liability) asset
<u>Year ended December 31, 2022</u>			
Balance at January 1	(\$ 72,581)	\$ 67,597	(\$ 4,984)
Current service cost	( 756)	- (	756)
Interest (expense) income	( 508)	472 (	36)
	<u>( 73,845)</u>	<u>68,069</u> (	<u>5,776</u> )
Remeasurements:			
Return on plan assets	- 5,120	5,120	5,120
Change in financial assumptions	5,555 -	-	5,555
Experience adjustments	90 -	-	90
	<u>5,645</u>	<u>5,120</u>	<u>10,765</u>
Pension fund contribution	- 1,106	1,106	1,106
Paid pension	443 ( 443)	-	-
Balance at December 31	<u>(\$ 67,757)</u>	<u>\$ 73,852</u>	<u>\$ 6,095</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit (liability) asset
<b><u>Year ended December 31, 2021</u></b>			
Balance at January 1	(\$ 77,575)	\$ 67,106	(\$ 10,469)
Current service cost	( 797)	- (	797)
Interest (expense) income	( 310)	268 (	42)
	<u>( 78,682)</u>	<u>67,374</u> (	<u>11,308</u> )
Remeasurements:			
Return on plan assets	- 945	945	945
Change in financial assumptions	2,582 -	-	2,582
Experience adjustments	1,581 -	-	1,581
	<u>4,163</u> 945	<u>945</u>	<u>5,108</u>
Pension fund contribution	- 1,216	1,216	1,216
Paid pension	1,938 ( 1,938)	-	-
Balance at December 31	<u>(\$ 72,581)</u> \$ 67,597	<u>(\$ 4,984)</u>	<u>(\$ 4,984)</u>

- (e) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

- (f) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2022	2021
Discount rate	1.4%	0.70%
Future salary increases	3.5%	3.50%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
	December 31, 2022			
Effect on present value of defined benefit obligation	(\$ 1,849)	(\$ 1,918)	\$ 1,706	(\$ 1,657)
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ 2,067)	\$ 2,144	\$ 1,900	(\$ 1,846)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (g) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2023 amount to \$1,093.

#### B. Defined contribution plan

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) Gamania Digital Entertainment (Beijing) Co., Ltd., Legion Technology (Shanghai) Co., Ltd. and Jollywiz Digital Business Co., Ltd. have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on a certain percentage of employees’ monthly salaries and wages. The contribution percentage for the years ended December 31, 2022 and 2021 were both 20%~22%. Other than the monthly contributions, the Group has no further obligations.

- (c) Gamania Digital Entertainment (H.K.) Co., Ltd., Gash Point (Hong Kong) Company Limited, Gash Point (Japan) Co., Ltd., Gash Point Korea Co., Ltd., Joymobee Entertainment Co., Ltd., Hapod Digital Technology Co., Ltd., Jollywiz International (HK) Co., Ltd., Ciirco (HK) Co., Ltd., Digicentre (HK) Company Limited and Hyperg Smart Security Technology Pte., Ltd. provide pension reserves annually for their employees in accordance with the local regulations.
- (d) The pension costs under the defined contribution pension plan of the Group For the years ended December 31, 2022 and 2021 were \$42,448 and \$46,305, respectively.

**(19) Common stock**

As of December 31, 2022, the Company's authorised capital was \$2,500,000, consisting of 250 million shares of ordinary stock (including 12 million shares reserved for employee stock options), and the paid-in capital was \$1,754,936 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

**(20) Capital surplus**

- A. Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.
- B. When it is resolved by the shareholders at their shareholders' meeting, legal reserve and whole or part of capital reserve arising from the following items can be used to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit:
  - (a) Paid-in capital in excess of par value on issuance of common stocks; and
  - (b) Donations.

**(21) Unappropriated retained earnings**

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses, then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance, and appropriate or reverse for special reserve as required by the operating needs of the Company or regulations when necessary. The remainder, if any, to be retained or to be appropriated shall be proposed by the Board of Directors and resolved by the stockholders at the stockholders' meeting.

- B. The Company's dividend policy adopts the conservatism principle, with consideration of the Company's profit, financial structure and future development plans. At least 10% of the Company's distributable earnings as of the end of the period shall be appropriated as cash dividends.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. On August 5, 2021, the shareholders during their meeting resolved the 2020 appropriations of retained earnings as follows:

	Year ended December 31, 2020	
	Amount	Dividend per share (in dollars)
Legal reserve appropriated	\$ 113,664	\$ -
Special reserve appropriated	379,928	-
Cash dividends distributed to shareholders	701,974	4.0
	<u>\$ 1,195,566</u>	<u>\$ 4.0</u>

- F. On June 16, 2022, the shareholders during their meeting approved the appropriations of 2021 retained earnings as follows:

	Year ended December 31, 2021	
	Amount	Dividend per share (in dollars)
Legal reserve appropriated	\$ 109,652	\$ -
Reversal of special reserve	( 46,552)	-
Cash dividends distributed to shareholders	877,468	5.0
	<u>\$ 940,568</u>	<u>\$ 5.0</u>

G. On March 9, 2023, the board of directors meeting resolved the proposal of 2022 appropriations of retained earnings as follows:

	Year ended December 31, 2022	
	Amount	Dividend per share (in dollars)
Legal reserve appropriated	\$ 123,546	\$ -
Special reserve appropriated	( 66,003)	-
Cash dividends distributed to shareholders	1,017,863	5.8
	<u>\$ 1,075,406</u>	<u>\$ 5.8</u>

H. Information about the appropriations approved by the Board of Directors and resolved by the shareholders and appropriations of employees' compensation and directors' remuneration will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

I. For the information relating to employees' compensation and directors' and supervisors remuneration, refer to Note 6(28).

(22) Other equity

	2022		
	Translation differences	Unrealised gain or loss on financial assets at fair value through other comprehensive income	Total
At January 1	(\$ 131,809)	(\$ 373,543)	(\$ 505,352)
Revaluation - Group	-	( 53,330)	( 53,330)
Revaluation - Associates	-	( 313)	( 313)
Revaluation transferred to retained earnings - group	-	24,440	24,440
Currency translation differences:			
- Group	95,206	-	95,206
At December 31	<u>(\$ 36,603)</u>	<u>(\$ 402,746)</u>	<u>(\$ 439,349)</u>

	2021		
	Translation differences	Unrealised gain or loss on financial assets at fair value through other comprehensive income	Total
At January 1	(\$ 107,968)	(\$ 443,936)	(\$ 551,904)
Revaluation - Group	-	58,654	58,654
Revaluation - Associates	-	157	157
Revaluation transferred to retained earnings - Group	-	11,582	11,582
Currency translation differences:			
- Group	(23,841)	-	(23,841)
At December 31	(\$ 131,809)	(\$ 373,543)	(\$ 505,352)

(23) Operating revenue

	Years ended December 31,	
	2022	2021
	\$ 11,388,021	\$ 11,372,477
Revenue from contracts with customers		

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of games, goods and services over time and at a point in time in the following major types:

Year ended December 31, 2022	Online and mobile games revenue	Service revenue	Sales revenue	Revenue from stored-values	Total
Revenue from external customer contracts	\$ 9,034,803	\$ 1,366,400	\$ 530,759	\$ 456,059	\$ 11,388,021
Timing of revenue recognition					
At a point in time	\$ 8,139,305	\$ 572,348	\$ 530,759	\$ 456,059	\$ 9,698,471
Over time	895,498	794,052	-	-	1,689,550
	\$ 9,034,803	\$ 1,366,400	\$ 530,759	\$ 456,059	\$ 11,388,021
Year ended December 31, 2021	Online and mobile games revenue	Service revenue	Sales revenue	Revenue from stored-values	Total
Revenue from external customer contracts	\$ 9,087,849	\$ 1,319,768	\$ 666,931	\$ 297,929	\$ 11,372,477
Timing of revenue recognition					
At a point in time	\$ 8,424,851	\$ 563,693	\$ 666,931	\$ 297,929	\$ 9,953,404
Over time	662,998	756,075	-	-	1,419,073
	\$ 9,087,849	\$ 1,319,768	\$ 666,931	\$ 297,929	\$ 11,372,477

B. Contract liabilities

- (a) The Group recognised contract liabilities related to the contract revenue from sales amounting to \$379,934, \$385,016 and \$281,129 as of December 31, 2022, December 31, 2021, and January 1, 2021, respectively. The Group's contract liabilities are mainly deferred revenue from points stored but unused or unconsumed in the online game or mobile game, and are amortised as revenue over the period of the services or the estimated useful period of the virtual items when they are actually used.
- (b) Revenue recognised that was included in the contract liability balance at the beginning of the year:

	Years ended December 31,	
	2022	2021
Revenue from games	\$ 385,016	\$ 281,129

(24) Interest income

	Years ended December 31,	
	2022	2021
Interest income from bank deposits	\$ 20,154	\$ 3,026
Interest income from financial assets at amortised cost	745	280
	\$ 20,899	\$ 3,306

(25) Other income

	Years ended December 31,	
	2022	2021
Rental revenue	\$ 1,220	\$ 1,444
Dividend income	-	145
Other income	18,407	10,621
	\$ 19,627	\$ 12,210

(26) Other gains and losses

	Years ended December 31,	
	2022	2021
Loss on disposal of property, plant and equipment	(\$ 3)	(\$ 47)
(Loss) gain on disposal of investments	( 895)	292
Foreign exchange gain	44,462	11,173
Impairment loss	( 93,163)	( 171,635)
Other losses	( 5,114)	( 19,804)
	<u>(\$ 54,713)</u>	<u>(\$ 180,021)</u>

(27) Finance costs

	Years ended December 31,	
	2022	2021
Interest expense:		
Bank borrowings	\$ 4,750	\$ 6,054
Lease liability	743	821
	<u>\$ 5,493</u>	<u>\$ 6,875</u>

(28) Employee benefit, depreciation and amortisation expense

	Years ended December 31,	
	2022	2021
Employee benefit expense		
Wages and salaries	\$ 1,154,589	\$ 1,032,795
Directors' remuneration	40,114	34,146
Labor and health insurance fees	87,724	76,217
Pension costs	43,240	47,144
Other personnel expenses	48,860	42,748
	<u>\$ 1,374,527</u>	<u>\$ 1,233,050</u>
Depreciation on property, plant and equipment (including right-of-use assets)	<u>\$ 161,035</u>	<u>\$ 164,360</u>
Amortisation expense	<u>\$ 421,196</u>	<u>\$ 726,909</u>

- A. According to the Articles of Incorporation of the Company, the profit before tax before deduction of employees' compensation and directors' remuneration of the Company, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 10%~15% for employees' compensation and shall not be higher than 2% for directors' remuneration. However, where the Company has accumulated losses, the Company shall first use any profit to cover such losses.
- B. (a) For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$173,572 and \$165,319, respectively; while directors' remuneration was accrued at \$34,714 and \$33,064, respectively. The aforementioned amounts were recognised in salary expenses.
- (b) For the year ended December 31, 2022, the employees' compensation and directors' remuneration were estimated and accrued based on the Company's Articles of Incorporation of distributable profit of current year as of the end of reporting period. Employees' compensation and directors' remuneration for 2022 amounted to \$173,572 and \$34,700 respectively, as resolved at the meeting of the Board of Directors. The difference in employees' compensation and directors' remuneration for 2022 amounting to \$14 respectively, had been adjusted in the profit or loss for 2023.

- (c) Employees' compensation and directors' remuneration for 2021 amounted to \$163,299 and \$32,600, respectively, as resolved at the meeting of the Board of Directors. The difference in employees' compensation and directors' remuneration for 2021 of \$2,020 had been adjusted in profit or loss for 2022 of \$464.
- C. Information about the appropriation of employees' compensation and directors' remuneration by the Company as resolved by the Board of Directors and stockholders will be posted in the 'Market Observation Post System' at the website of the Taiwan Stock Exchange.

**(29) Income tax**

A. Components of income tax expense:

(a) Components of income tax expense

	Years ended December 31,	
	2022	2021
Current tax:		
Current tax on profit for the year	\$ 390,233	\$ 392,684
Tax on undistributed earnings	7,798	16,079
Prior year income tax overestimation	(20,096)	(2,417)
Deferred tax:		
Origination and reversal of temporary differences	52,406	29,635
Income tax expense	\$ 430,341	\$ 435,981

(b) The income tax credit relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2022	2021
Remeasurement of defined benefit obligation	\$ 2,153	\$ 1,022
Currency translation differences	11,592	(4,978)
	\$ 13,745	(\$ 3,956)

B. The reconciliation between accounting income and income tax expense:

	Years ended December 31,	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 374,068	\$ 378,461
Effect from items disallowed by tax regulation	90,394	44,821
Overseas investment income not recognised as defered tax liabilities	(21,823)	(964)
Prior year income tax over estimation	(20,096)	(2,416)
Tax on unappropriated retained earnings	7,798	16,079
Income tax expense	\$ 430,341	\$ 435,981

Note: The basis for computing the applicable tax rate are the rates applicable is the respective countries where the Group entities operate.

C. Amount of deferred tax assets or liabilities as a result of temporary differences are as follows:

	Year ended December 31, 2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
<b>— Deferred tax assets:</b>				
Provision for bad debts in excess of the allowable limit	\$ 3,555	(\$ 1,696)	\$ -	\$ 1,859
Allowance for inventory obsolescence	524	42	-	566
Investment loss accounted for under equity method	78,033	(14,607)	-	63,426
Impairment loss on intangible assets	5,627	211	-	5,838
Compensation for unused leave	4,905	-	-	4,905
Book-tax difference on property, plant and equipment from business combination	622	(21)	-	601
Deferred revenue	6,367	(594)	-	5,773
Pension payable	997	(62)	(935)	-
Loss carryforward	3,902	1,453	-	5,355
Royalty payable	19,069	(15,224)	-	3,845
Financial statements translation differences of foreign operations	14,918	-	(11,592)	3,326
Unrealised exchange loss	1,004	388	-	1,392
	<u>\$ 139,523</u>	<u>(\$ 30,110)</u>	<u>(\$ 12,527)</u>	<u>\$ 96,886</u>
<b>— Deferred tax liabilities:</b>				
Investment income accounted for under equity method	(\$ 36,398)	(\$ 19,520)	\$ -	(\$ 55,918)
Book-tax difference on intangible assets from business combination	(29,816)	(2,631)	-	(32,447)
Unrealised exchange gain	(11)	(318)	-	(329)
Depreciation	(173)	173	-	-
Pension	-	-	(1,218)	(1,218)
	<u>(\$ 66,398)</u>	<u>(\$ 22,296)</u>	<u>(\$ 1,218)</u>	<u>(\$ 89,912)</u>

	Year ended December 31, 2021				
	January 1	Recognised in profit or loss		Recognised in other comprehensive income	December 31
<b>— Deferred tax assets:</b>					
Provision for bad debts in excess of the allowable limit	\$ 4,599	(\$ 1,044)	\$ -	\$ 3,555	
Allowance for inventory obsolescence	487	37	-	-	524
Impairment loss on financial assets	1,971	(1,971)	-	-	-
Investment loss accounted for under equity method	76,824	1,209	-	-	78,033
Impairment loss on intangible assets	6,937	(1,310)	-	-	5,627
Compensation for unused leave	4,905	-	-	-	4,905
Book-tax difference on property, plant and equipment from business combination	642	(20)	-	-	622
Deferred revenue	2,010	4,357	-	-	6,367
Pension payable	2,094	(75)	(1,022)	-	997
Loss carryforward	6,000	(2,098)	-	-	3,902
Royalty payable	48,440	(29,371)	-	-	19,069
Financial statements translation differences of foreign operations	9,940	-	4,978	-	14,918
Unrealised exchange loss	592	412	-	-	1,004
	<u>\$ 165,441</u>	<u>(\$ 29,874)</u>	<u>\$ 3,956</u>	<u>\$ 139,523</u>	
<b>— Deferred tax liabilities:</b>					
Investment income accounted for under equity method	(\$ 32,833)	(\$ 3,565)	\$ -	(\$ 36,398)	
Book-tax difference on intangible assets from business combination	(33,411)	3,595	-	(29,816)	
Unrealised exchange gain	(201)	190	-	(11)	
Depreciation	(192)	19	-	(173)	
	<u>(\$ 66,637)</u>	<u>\$ 239</u>	<u>\$ -</u>	<u>(\$ 66,398)</u>	

D. The Company and the Company's subsidiaries' expiration dates of unused loss carryforward and amounts of unrecognised deferred tax assets are as follows:

December 31, 2022					
	Amount filed/ assessed	Unused tax credits	Unrecognised deferred tax assets	Usable until year	
Year incurred					
2012~2022	\$ 3,067,717	\$ 2,784,576	\$ 2,784,576		2032

December 31, 2021					
	Amount filed/ assessed	Unused tax credits	Unrecognised deferred tax assets	Usable until year	
Year incurred					
2011~2021	\$ 2,742,628	\$ 2,740,000	\$ 2,740,000		2031

E. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	\$ 172,125	\$ 281,242

F. The Company's and its domestic subsidiaries' assessed and approved income tax returns are as follows:

	Latest Year Assessed by Tax Authority
The Company, Digicentre, Gash Point, NOWnews, Bjolly, Two Tigers, Ants' Power, Indiland, Gamania Asia, Ciirco, Coture New Media, WeBackers, BeanGo!, Fundation, GAMA PAY, Madsugr, Jollybuy, Coco, Jollywiz, Conetter CoMarketing	2020

(29) Earnings per share

Year ended December 31, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<b>Basic earnings per share</b>			
Profit attributable to ordinary shareholders of the parent	\$ 1,279,696	175,494	\$ 7.29
<b>Diluted earnings per share</b>			
Profit attributable to ordinary shareholders of the parent	\$ 1,279,696	-	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation (Note)		- 2,990	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,279,696	178,484	\$ 7.17
Year ended December 31, 2021			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<b>Basic earnings per share</b>			
Profit attributable to ordinary shareholders of the parent	\$ 1,106,281	175,494	\$ 6.30
<b>Diluted earnings per share</b>			
Profit attributable to ordinary shareholders of the parent	\$ 1,106,281	-	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation (Note)		- 2,752	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,106,281	178,246	\$ 6.21

Note: Effective January 1, 2008, as employees' compensation could be distributed in the form of stock, the diluted EPS computation shall include those estimated shares that would increase from employees' stock compensation issuance in the weighted-average number of common shares outstanding during the reporting period, taking into account the dilutive effects of stock compensation on potential common shares; whereas, basic EPS shall be calculated based on the weighted-average number of common shares outstanding during the reporting period that include the shares of employees' stock compensation for the appropriation of prior year earnings, which have already been resolved at the shareholders' meeting held in the reporting period. Since capitalisation of employees' compensation no longer belongs to distribution of stock dividends (or retained earnings and capital reserve capitalised), the calculation of basic EPS and diluted EPS for all periods presented shall not be adjusted retroactively.

**(31) Transactions with non-controlling interest**

The Group did not subscribe to the capital increase raised by a subsidiary proportionally to its interest in the subsidiary.

A. The subsidiaries, JollyBuy, NOWnews and GAMA PAY, increased capital by issuing new shares for cash for the year ended December 31, 2022. However, the Group did not acquire additional shares proportionately to its interest; thus, the share ownership increased by 0.56%, 0.47% and 8.52%, respectively; the company acquired 100% equity interested in Gamania Digital Entertainment (HK) Co., Ltd. from Gamania China Holdings Ltd. the impact of the transaction attributed to owners of parent is as follows:

	JollyBuy	NOWnews
	Year ended December 31,	
	2022	2022
Cash	\$ -	\$ 5,323
Increase in carrying amount of non-controlling interest	( 1,256)	( 6,726)
Retained earnings - changes in parent's ownership interest in subsidiary	(\$ 934)	(\$ 1,403)
Capital surplus - changes in parent's ownership interest in subsidiary	(\$ 322)	\$ -

	GIH	GAMA PAY
	Year ended December 31,	
	2022	2022
Cash	\$ -	\$ 13,789)
Increase (decrease) in carrying amount of non-controlling interest	( 3,958)	10,263
Retained earnings - changes in parent's ownership interest in subsidiary	(\$ 2,021)	(\$ 3,526)
Capital surplus - changes in parent's ownership interest in subsidiary	(\$ 1,937)	\$ -
		<u>Gash Point</u>
		<u>Year ended</u>
		<u>December 31, 2022</u>
Cash	\$ -	-
Decrease in carrying amount of non-controlling interest		16,160
Capital surplus - changes in parent's ownership interest in subsidiary	\$ 16,160	

- B. The subsidiary, AMI, redeemed treasury shares without consideration for the three months ended March 31, 2022. Therefore, the share ownership of the Group increased by 1.84%, the carrying amount of non-controlling interest decreased by \$5,158 and capital surplus - changes in parent's ownership interest in subsidiary increased by \$5,158.
- C. The subsidiary, JollyBuy, redeemed treasury shares with \$915 for the nine months ended September 30, 2022. Therefore, the share ownership of the Group increased by 1.1%, the carrying amount of non-controlling interest decreased by \$1,456 and capital surplus - changes in parent's ownership interest in subsidiary increased by \$541.
- D. The subsidiaries, JollyBuy, GAMAPAY, Ciirco and NOWnews, increased capital by issuing new shares for cash for the year ended December 31, 2021. However, the Group did not acquire additional shares proportionately to its interest; thus, the share ownership increased by 0.86%, 7.03%, 0.06%, and 0.34%, respectively. The impact of the transaction attributed to owners of parent is as follows:

	Year ended December 31, 2021	
	Jollybuy	GAMA PAY
Cash	\$ -	\$ -
Increase in carrying amount of non-controlling interest	( 435)	( 19,444)
Capital surplus - changes in parent's ownership interest in subsidiary	(\$ 435)	(\$ 19,444)

	Year ended December 31, 2021	
	Ciirco	NOWnews
Cash	\$ -	\$ 13,977
Increase in carrying amount of non-controlling interest	( 29)	( 15,232)
Decrease in unappropriated retained earnings	( \$ 29)	( \$ 1,255)

	Year ended December 31, 2021	
	JollyBuy	
Cash	\$ -	-
Increase in carrying amount of non-controlling interest	( 980)	( 980)
Decrease in unappropriated retained earnings	( \$ 980)	( \$ 980)

(32) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2022	2021
Acquisition of property, plant and equipment	\$ 143,984	\$ 85,340
Add: Opening balance of other payables	22,484	24,590
Less: Ending balance of other payables	( 35,478)	( 22,484)
Cash paid during the year	<u>\$ 130,990</u>	<u>\$ 87,446</u>

	Years ended December 31,	
	2022	2021
Acquisition of intangible assets	\$ 1,054,446	\$ 290,762
Add: Opening balance of other payables	5,865	454,258
Less: Ending balance of other payables	( 4,019)	( 5,865)
Ending balance of other payables - related parties	-	( 450,000)
Cash paid during the year	<u>\$ 1,056,292</u>	<u>\$ 289,155</u>

**(33) Changes in liabilities from financing activities**

In accordance with amendments to IAS 7, ‘Disclosure initiative’, movements for the years ended December 31, 2022 and 2021 are as follows:

	Short-term borrowings	Long-term borrowings (Note)	Lease liabilities	Liabilities from financing gross
January 1, 2022	\$ 100,164	\$ 80,000	\$ 95,667	\$ 275,831
Changes in cash flow from financing activities	( 17,726)	( 80,000)	( 33,139)	( 130,865)
Impact of changes in foreign exchange rate	9,322	-	347	9,669
Changes in other non-cash items	-	-	11,809	11,809
Increase in right-of-use assets	-	-	( 581)	( 581)
Termination of right-of-use assets	-	-	( 581)	( 581)
December 31, 2022	<u>\$ 91,760</u>	<u>\$ -</u>	<u>\$ 74,103</u>	<u>\$ 165,863</u>
	Short-term borrowings	Long-term borrowings (Note)	Lease liabilities	Liabilities from financing gross
January 1, 2021	\$ 226,148	\$ 240,000	\$ 66,919	\$ 533,067
Changes in cash flow from financing activities	( 123,495)	( 160,000)	( 31,955)	( 315,450)
Impact of changes in foreign exchange rate	( 2,489)	-	( 69)	( 2,558)
Changes in other non-cash items	-	-	67,953	67,953
Increase in right-of-use assets	-	-	( 7,181)	( 7,181)
Termination of right-of-use assets	-	-	( 7,181)	( 7,181)
December 31, 2021	<u>\$ 100,164</u>	<u>\$ 80,000</u>	<u>\$ 95,667</u>	<u>\$ 275,831</u>

Note: Including long-term loans due within one year or one business cycle.

## 7. RELATED PARTY TRANSACTIONS

### (1) Parent and ultimate controlling party

As the Company’s shares are widely held, the Company has no ultimate parent company and ultimate controlling party.

### (2) Names of related parties and relationship with the Company

Names of related parties	Relationship with the Company
Pri-One Marketing Co., Ltd.	Associate
GungHo Gamania Co., Limited	"
Jsdway Digital Technology Co., Ltd. (Jsdway)	"
Aotter Inc.	"
Walker Media Co., Ltd.	"
Store Marais Co., Ltd.	"

Names of related parties	Relationship with the Company
Gamania Cheer Up Foundation	Other related party
Wanwin International Co., Ltd.	"
Simsense Technology Sdn. Bhd.	"
Dapili International Marketing Co., Ltd.	"

(3) Significant transactions and balances with related parties

A. Operating revenue

	Years ended December 31,	
	2022	2021
<b>Sales of goods:</b>		
Associates	\$ 414	\$ 1,445
Other related parties	<u>21,507</u>	<u>39,048</u>
	<u>\$ 21,921</u>	<u>\$ 40,493</u>
<b>Sales of services:</b>		
Associates	\$ 10,368	\$ 22,350
Other related parties	<u>126,512</u>	<u>89,981</u>
	<u>\$ 136,880</u>	<u>\$ 112,331</u>

- (a) Sales of goods are on-line games revenue generated from game cards sold by associates and sales revenue of server room equipment in accordance with mutual agreements. The online games revenue has no similar transactions to compare with, and the payment term is the same with non-related parties.
- (b) Sales of services are generated from a certain percentage of value-added services provided to related parties, customer services, production of advertisements, and providing IDC service that are in accordance with mutual agreements.

B. Operating costs

	Years ended December 31,	
	2022	2021
<b>Service costs:</b>		
Associates	\$ 15	\$ -
Other related parties	<u>2,983</u>	<u>7,776</u>
	<u>\$ 2,998</u>	<u>\$ 7,776</u>

Service costs arise from the sales of services. All abovementioned costs are based on mutual agreement.

C. Operating expense (shown in selling expenses and general and administrative expenses)

	Years ended December 31,	
	2022	2021
Associates	\$ 18,670	\$ 20,741
Other related parties	29,242	10,729
	<u>\$ 47,912</u>	<u>\$ 31,470</u>

The above includes expenses paid to associates and other related parties for the Company's advertisements and game development, which were based on mutual agreements.

D. Donation (shown in general and administrative expenses)

	Years ended December 31,	
	2022	2021
Other related party		
Gamania Cheer Up Foundation	\$ 19,000	\$ 17,500

The Group made donations in support of projects for caring and encouraging the youth which had been resolved by the Board of Directors.

E. Receivables

	December 31, 2022	December 31, 2021
Accounts receivable:		
Associates	\$ 17,093	\$ 8,230
Other related parties	3,558	3,111
	<u>\$ 20,651</u>	<u>\$ 11,341</u>
Other receivables:		
Associates	\$ 2,539	\$ 2,182
Other related parties	32	32
	<u>\$ 2,571</u>	<u>\$ 2,214</u>

(a) Accounts receivable arise mainly from service revenue, advertising revenue and IDC services.

Accounts receivable are not pledged as collateral, not subject to interest and no allowance was provided on such receivables.

(b) Other receivables arise mainly from rent receivable from associates and payments on behalf of others.

F. Payables

	December 31, 2022	December 31, 2021
Accounts payable:		
Associates	\$ 1	\$ -
Other related parties	1,571	7,187
	<u>\$ 1,572</u>	<u>\$ 7,187</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other payables:		
Associates	\$ 5,441	\$ 5,863
Other related parties	<u>346,235</u>	<u>152,721</u>
	<u>\$ 351,676</u>	<u>\$ 158,584</u>

- (a) Accounts payable are payables for costs relating to service revenue and are due 60 days after the purchase. The payables do not bear interest.
- (b) Other payables are receipts under custody arising from value-added services provided to related parties, less a certain percentage of service revenue, and payables for mobile games development and advertisements.

#### (4) Key management compensation

	Years ended December 31,	
	2022	2021
Short-term employee benefits	\$ 177,356	\$ 146,990
Post-employment benefits	108	229
	<u>\$ 177,464</u>	<u>\$ 147,219</u>

#### 8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged assets	Book value		Pledge purpose
	December 31, 2022	December 31, 2021	
<b>Other current assets</b>			
Demand deposits	\$ 196,680	\$ 228,065	Guarantee for short-term borrowing facility, performance bond of on-line game card's standard contracts, trusted electronic payment accounts, trust performance bond for E-commerce service and performance bond of stickers
Time deposits	30,708		- Guarantee for short-term borrowing facility
<b>Financial assets at amortised cost-current</b>			
Time deposits	23,000	62,319	Guarantee for short-term borrowing facility and credit card merchant
<b>Property, plant and equipment</b>			
Land	2,246,082	2,246,082	Short-term and long-term loans / Credit lines
Buildings and structures	247,184	252,829	Short-term and long-term loans / Credit lines
	<u>\$ 2,743,654</u>	<u>\$ 2,789,295</u>	

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

### (1) Contingencies

None.

### (2) Commitments

The Group contracted the use of cable lines, T1 and T3, with rental charges based on utilisation. In addition, the Group contracted with several on-line game vendors and will pay royalty based on actual usage.

## 10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On March 9, 2023, the Company's board of directors has approved the following significant events:

- A. Please refer to Note 6(21) G. appropriations of retained earnings.
- B. The company plan to increase shares issued by subsidiary, Jollybuy, by not over \$70,000 in times.

## 12. OTHERS

### (1) Capital risk management

The Group's principal objectives when managing capital are to maintain an integrity credit rating and a good capital structure to support operations and maximise stockholders' equity. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders.

### (2) Financial instruments

#### A. Financial instruments by category

	December 31, 2022	December 31, 2021
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets designated at fair value through profit or loss	\$ 15,000	\$ -
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	\$ 117,581	\$ 198,626

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	\$ 3,737,319	\$ 3,418,896
Financial assets at amortised cost	120,204	88,463
Notes receivable	11	752
Accounts receivable (including related parties)	806,017	887,464
Other receivables (including related parties)	535,528	262,703
Other financial assets	227,388	228,065
Guarantee deposits paid	46,931	41,359
	<u>\$ 5,473,398</u>	<u>\$ 4,927,702</u>
<b><u>Financial liabilities</u></b>		
<b>Financial liabilities at amortised cost</b>		
Short-term borrowings	\$ 91,760	\$ 100,164
Accounts payable (including related parties)	616,934	571,334
Other payables (including related parties)	2,568,719	1,973,186
Long-term borrowings (including current portion)	-	80,000
Guarantee deposits received	15,224	16,964
	<u>\$ 3,292,637</u>	<u>\$ 2,741,648</u>
Lease liability	\$ 74,103	\$ 95,667

## B. Financial risk management policies

The Group's activities expose it to a variety of financial risks, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's risk management program considers the effect of economic environment, competition and market value risk. The Group attains to the best risk position, holds appropriate liquidity position and centers on management of all the market risks. To reach the objective of risk management, the Group's hedged activities are focused on the market value risk and the cash flow risk.

## C. Significant financial risks and degrees of financial risks

### (a) Market risk

#### Foreign exchange risk

- i. Each of the entities in the Group operates in different countries and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group set the natural hedging as principle. Foreign exchange risk arises when future commercial transactions, recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iii. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies of each entity in the Group whose values would be materially affected by the exchange rate fluctuations is as follows:

		December 31, 2022		
		Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: Functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	14,158	30.710	\$ 434,792
HKD:NTD		8,497	3.938	33,461
HKD:USD (Note)		56,247	0.128	221,100
RMB:USD (Note)		23,382	0.144	103,401
NTD:USD (Note)		57,113	0.033	57,113
USD:HKD (Note)		8,882	7.798	272,753
<u>Non-monetary items</u>				
USD:NTD		9,991	30.710	306,835
KRW:NTD		1,036,960	0.025	25,924
JPY:NTD		118,754	0.232	27,551
HKD:USD		91,375	3.938	359,835
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		13,730	30.710	421,648
RMB:USD (Note)		19,299	0.144	85,344
USD:HKD (Note)		941	7.798	28,897

	December 31, 2021		
(Foreign currency: Functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 25,302	27.68	\$ 700,395
HKD:NTD	28,600	3.549	101,501
HKD:USD (Note)	144,859	0.1282	514,043
USD:HKD (Note)	8,597	7.7994	237,966
<u>Non-monetary items</u>			
USD:NTD	33,421	27.68	925,087
KRW:NTD	886,842	0.0235	20,841
JPY:NTD	112,163	0.2405	26,975
HKD:USD (Note)	62,827	0.1282	222,947
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	10,229	27.68	283,139
HKD:USD	8,022	3.549	28,470
USD:HKD (Note)	1,290	7.7994	35,707

Note: Considering the functional currency of certain consolidated entities was not NTD, they should be considered when disclosed.

- iv. The total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021 amounted to \$44,462 and \$11,173, respectively.

Analysis of foreign currency market risk arising from significant foreign exchange rate fluctuations is as follows:

(Foreign currency: Functional currency)	Year ended December 31, 2022			Effect on other comprehensive income	
	Sensitivity analysis		Effect on profit or loss		
	Extent of variation				
<u>Financial assets</u>					
USD:NTD	1%	\$ 4,348	\$ -	-	
HKD:USD (Note)	1%	2,211		-	
RMB:USD (Note)	1%	1,034		-	
USD:HKD (Note)	1%	2,728		-	
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	1%	4,216		-	
RMB:USD (Note)	1%	853		-	
USD:HKD (Note)	1%	289		-	

  

(Foreign currency: Functional currency)	Year ended December 31, 2021			Effect on other comprehensive income	
	Sensitivity analysis		Effect on profit or loss		
	Extent of variation				
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	1%	\$ 7,004	\$ -	-	
HKD:NTD	1%	1,015		-	
HKD:USD (Note)	1%	5,140		-	
USD:HKD (Note)	1%	2,380		-	
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD	1%	2,831		-	
HKD:USD (Note)	1%	285		-	
USD:HKD (Note)	1%	357		-	

Note: Considering the functional currency of certain consolidated entities was not NTD, they should be considered when disclosed.

#### Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. However, the Group has set stop-loss amounts for those assets; therefore, no material market risk is expected. If the prices of these equity securities had increased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$150 and \$0, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other comprehensive income or loss for the years ended December 31, 2022 and 2021 would have increased by \$1,176 and \$1,986, respectively, because equity investment is classified as financial asset at fair value through other comprehensive income.

#### Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from borrowings issued at variable rates and expose the Group to cash flow interest rate risk. The interest rates for short-term borrowings of the Group are mainly floating rate and for long-term borrowings are fixed and variable rates. During the years ended December 31, 2022 and 2021, the Group's borrowings at variable rate were denominated in NTD.
- ii. At December 31, 2022 and 2021, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have been \$60 and \$49 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

#### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms and the contract cash flows of debt instruments stated at amortised cost.
- ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. The internal risk control management evaluates the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on ratings from accounting and administration departments in accordance with limits set

by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk mainly arose from debt instruments stated at amortised cost and receivables generated from operating activity. Only banks and financial institutions with optimal credit ratings are accepted.

- iii. The Group adopts assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. When the payment is past due 30 days based on the contract terms, there is a significant increase in credit risk on financial assets since initial recognition.
- iv. In line with credit risk management procedure, the default occurs when the Group expects that payments cannot be collected and reclassified as overdue receivables.
- v. The Group classifies customer's accounts receivable and contract assets in accordance with product types. The Group applies the simplified approach using the provision matrix to estimate expected credit loss.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2022, the Group has no written-off financial assets that are still under recourse procedures.
- vii. The Group uses the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and other receivables. On December 31, 2022 and 2021, the provision matrix is as follows:

	December 31, 2022		
	Expected loss rate	Total book value	Loss allowance
Not past due	0.07%~2.10%	\$ 1,242,154	\$ 1,251
Up to 30 days	0.10%~7.89%	36,924	119
31 to 60 days	1.00%~9.20%	8,401	287
61 to 90 days	2.99%~12.28%	12,079	382
91 to 120 days	8.56%~60.44%	10,022	901
Over 121 days	68.36%~100%	58,295	46,612
		<u>\$ 1,367,875</u>	<u>\$ 49,552</u>

  

	December 31, 2021		
	Expected loss rate	Total book value	Loss allowance
Not past due	0.03%~6.76%	\$ 1,019,743	\$ 4,633
Up to 30 days	0.10%~25.71%	25,532	173
31 to 60 days	1.00%~30%	25,947	323
61 to 90 days	5.48%~38.87%	32,956	2,224
91 to 120 days	22.62%~55.52%	9,289	2,101
Over 121 days	58.05%~100%	77,757	45,158
		<u>\$ 1,191,224</u>	<u>\$ 54,612</u>

Note: The above does not include overdue receivables. All the overdue receivables had been provided with loss allowance.

viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable (including overdue receivables) and other receivables are as follows:

	2022		
	Accounts receivable	Other receivables	Total
At January 1 (Reversal of) provision for impairment loss	\$ 158,957	\$ 1,998	\$ 160,955
Write-offs	( 68)	( 917)	( 985)
Effect of exchange rate changes	1,398	178	1,576
At December 31	<u>\$ 161,560</u>	<u>\$ 2,253</u>	<u>\$ 163,813</u>
	2021		
	Accounts receivable	Other receivables	Total
At January 1	\$ 137,244	\$ 7,403	\$ 144,647
Provision for impairment loss	68,723	1,811	70,534
Write-offs	( 46,152)	( 7,107)	( 53,259)
Effect of exchange rate changes	( 858)	( 109)	( 967)
At December 31	<u>\$ 158,957</u>	<u>\$ 1,998</u>	<u>\$ 160,955</u>

For provisioned loss for the years ended December 31, 2022 and 2021, the (reversal of) provision for losses arising from customers' contracts were \$2,267 and \$70,534, respectively.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by the capital management department. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs.
- ii. The table below is the Group's non-derivative financial liabilities which is presented based on the remaining period at the balance sheet date to the contract maturity date and undiscounted maturity amount based on the maturity date:

Non-derivative financial liabilities

December 31, 2022	Less than 1 year	Between 1 and 3 years	Over 3 years
Short-term borrowings	\$ 91,760	\$ -	\$ -
Accounts payable	615,362	-	-
Accounts payable - related parties	1,572	-	-
Other payables	2,217,043	-	-
Other payables - related parties	351,676	-	-
Lease liabilities	31,466	44,847	6,745
December 31, 2021	Less than 1 year	Between 1 and 3 years	Over 3 years
Short-term borrowings	\$ 100,164	\$ -	\$ -
Accounts payable	564,127	-	-
Accounts payable - related parties	7,187	-	-
Other payables	1,814,602	-	-
Other payables - related parties	158,584	-	-
Lease liabilities	30,686	40,716	26,303
Long-term borrowings (including current portion)	80,420	-	-

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed, OTC and emerging stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in listed and OTC stocks of private placement is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables (including related parties), other current assets, guarantee deposits paid, notes payable, accounts payable (including related parties) and other payables (including related parties), lease liabilities and guarantee deposits received, are approximate to the fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<b><u>Recurring fair value measurements</u></b>				
Financial assets at fair value through profit or loss				
Equity securities	\$ _____ -	\$ _____ -	\$ 15,000	\$ 15,000
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	\$ 60,478	\$ _____ -	\$ 57,103	\$ 117,581
<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<b><u>Recurring fair value measurements</u></b>				
Financial assets at fair value through profit or loss				
Equity securities	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	\$ 110,709	\$ _____ -	\$ 87,917	\$ 198,626

D. The methods and assumptions the Group used to measure fair value are as follows:

- (a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Open-end fund</u>	<u>Listed (OTC) and emerging stocks</u>
	<u>Net asset value</u>	<u>Closing price</u>
Market quoted price		
(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques method can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.		

- (c) For highly complex financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates

based on its assumptions. The effect of unobservable inputs to the valuation of financial instruments is provided in Notes 12(3) H and I.

(d) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

E. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	Equity securities	
	2022	2021
At January 1	\$ 87,917	\$ 125,991
Acquired during the year	15,000	-
Disposals during the year	(31,208)	(41,529)
Loss recognised in other comprehensive income	(5,976)	4,908
Effects of foreign exchange	6,370	(1,453)
At December 31	<u>\$ 72,103</u>	<u>\$ 87,917</u>

G. Treasury department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments					
Unlisted and non-OTC shares	\$ 57,103	Market comparable companies	Enterprise value to operating income ratio multiple	28.21~34.37 (28.21)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	25% (25%)	The higher the discount for lack of marketability, the lower the fair value
TV shows production investing sharing agreement	15,000	Discounted cash flow method	Weighted average cost of capital	13.26% (13.26%)	The higher the weighted average cost of capital, the lower the fair value
	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments					
Unlisted and non-OTC shares	\$ 87,917	Market comparable companies	Enterprise value to operating income ratio multiple	32.36~52.19 (41.16)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	25% (25%)	The higher the discount for lack of marketability, the lower the fair value

- I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

		December 31, 2022					
		Recognised in profit or loss		Recognised in other comprehensive income			
		Favourable change	Unfavourable change	Favourable change	Unfavourable change		
Input	Change						
Financial assets							
Equity instruments	Enterprise value to operating income ratio multiple	±1%	\$ -	\$ -	\$ -	\$ -	-
	Discount for lack of marketability	±1%		-	-	269 (	269)
	Weighted average cost of capital	±1%	150 (	150)		-	-

  

		December 31, 2021					
		Recognised in profit or loss		Recognised in other comprehensive income			
		Favourable change	Unfavourable change	Favourable change	Unfavourable change		
Input	Change						
Financial assets							
Equity instruments	Enterprise value to operating income ratio multiple	±1%	\$ -	\$ -	\$ 338 (	\$ 338)	
	Discount for lack of marketability	±1%		-	-	607 (	607)

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.

- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 4.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Refer to table 5.

**(2) Information on investees**

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 6.

**(3) Information on investments in Mainland China**

- A. Basic information: Refer to table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

**(4) Major shareholders information**

Major shareholders information: Refer to table 8.

**14. OPERATING SEGMENT INFORMATION**

**(1) General information**

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker which are used to make strategic decisions.

**(2) Assessment of segment information**

The chief operating decision-maker assesses the performance of the operating segments based on net income or loss of the reporting period.

**(3) Information on segment profit (loss), assets and liabilities**

The segment information on reportable segments provided to the chief operating decision-maker for the years ended December 31, 2022 and 2021 is as follows:

Year ended December 31, 2022

	Gamania Digital Entertainment Co., Ltd.	Gash Point Company Limited and Gash Point (Hong Kong) Company Limited	Others	Total	
Revenue from external customers	\$ 8,032,776	\$ 396,689	\$ 2,958,556	\$ 11,388,021	
Inter-segment revenue	95,809	783,345	984,839	1,863,993	Note 1
Segment operating profit	1,414,733	271,191	72,638	1,758,562	
Segment profit (loss), net of tax	1,279,696	297,591	(299,180)	1,278,107	
Segment profit (loss) includes:					
Depreciation and amortisation	(435,532)	(8,107)	(138,592)	(582,231)	
Income tax expense	(247,737)	(66,626)	(115,978)	(430,341)	
Investment income (loss) accounted for under equity method	93,747	(75,207)	(199,388)	(30,434)	Note 2

Year ended December 31, 2021

	Gamania Digital Entertainment Co., Ltd.	Gash Point Company Limited and Gash Point (Hong Kong) Company Limited	Others	Total
Revenue from external customers	\$ 7,995,718	\$ 264,634	\$ 3,112,125	\$ 11,372,477
Inter-segment revenue	289,685	663,212	792,326	1,745,223 Note 1
Segment operating profit	1,651,055	171,847 (	88,807)	1,734,095
Segment profit (loss), net of tax	1,106,281	109,637 (	206,803)	1,009,115
Segment profit (loss) includes:				
Depreciation and amortisation	( 740,678) (	17,795) (	132,798) (	891,271)
Income tax expense	( 324,375) (	31,253) (	80,353) (	435,981)
Investment income (loss) accounted for under equity method	( 166,642) (	32,166)	81,189 (	117,619) Note 2

Note 1: The transaction had been eliminated in the consolidated financial statements.

Note 2: The inter-segment investment income or loss had been eliminated.

**(4) Reconciliation information of segment profit (loss)**

The segment reports provided to the chief operating decision-maker are measured in a manner consistent with that used for the statement of comprehensive income. There is no difference between the presentation of segment report and income statement and accordingly, no reconciliation is required to be disclosed.

**(5) Reconciliation information of segment profit (loss)**

Details are provided in Note 6(23).

The reportable segments of the Group are based on different companies. The reconciliation with Note 6(23) operating revenue is as follows:

	Year ended December 31, 2022			
	Gamania Digital Entertainment Co., Ltd.	Gash Point and Gash Point (Hong Kong) Company Limited	Others	Total
Online and mobile games revenue	\$ 7,898,564	\$ -	\$ 1,136,239	\$ 9,034,803
Service revenue	134,212	-	1,232,188	1,366,400
Sales revenue	-	-	530,759	530,759
Revenue from stored-values	-	396,689	59,370	456,059
	<u>\$ 8,032,776</u>	<u>\$ 396,689</u>	<u>\$ 2,958,556</u>	<u>\$ 11,388,021</u>

	Year ended December 31, 2021			
	Gamania Digital Entertainment Co., Ltd.	Gash Point and Gash Point (Hong Kong) Company Limited	Others	Total
Online and mobile games revenue	\$ 7,979,709	\$ -	\$ 1,108,140	\$ 9,087,849
Service revenue	16,009	-	1,303,759	1,319,768
Sales revenue	-	-	666,931	666,931
Revenue from stored-values	-	264,634	33,295	297,929
	<u>\$ 7,995,718</u>	<u>\$ 264,634</u>	<u>\$ 3,112,125</u>	<u>\$ 11,372,477</u>

**(6) Geographical information**

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 9,542,562	\$ 3,736,715	\$ 9,659,101	\$ 3,257,600
Asia	1,845,459	118,937	1,713,376	50,952
	<u>\$ 11,388,021</u>	<u>\$ 3,855,652</u>	<u>\$ 11,372,477</u>	<u>\$ 3,308,552</u>

**(7) Major customer information**

No single customer accounts for more than 10% of the consolidated operating revenue for the years ended December 31, 2022 and 2021.

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Company name	Relationship with the endorser/ guarantor  (Note 2)	Party being endorsed/guaranteed		Maximum outstanding endorsement/ guarantee amount as of December 31, 2022				Outstanding endorsement/ guarantee amount at December 31, 2022				Amount of endorsements/ guarantees secured with collateral		Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company		Provision of endorsements/ guarantees by parent company to subsidiary (Note 5)		Provision of endorsements/ guarantees by subsidiary to parent company (Note 5)		Provision of endorsements/ guarantees to the party in Mainland China (Note 5)		Footnote
				Limit on endorsements/ guarantees provided for a single party	Actual amount drawn down	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company	Provision of endorsements/ guarantees by subsidiary (Note 5)	Provision of endorsements/ guarantees to the party in Mainland China (Note 5)															
0	The Company	HaPod Digital Technology Co., Ltd.	2	\$ 585,203	\$ 70,862	\$ 67,558	\$ 30,708	\$ 30,708	1.21	\$ 5,852,032	Y	N	N	N	Y	N	N	N	N	Note 3				
0	The Company	JollyBuy Digital Technology Co., Ltd.	2	585,203	30,000	30,000	-	-	0.51	5,852,032	Y	N	N	N	Y	N	N	N	N	Note 3				
1	Jollywiz Digital Technology Co., Ltd.	Jollywiz Digital Business Co., Ltd.	4	101,682	31,585	26,505	21,204	10,902	10.43	101,682	N	N	N	Y	N	N	Y	N	N	Note 4				
2	Achieve Made International (BVI)	Jollywiz Digital Technology Co., Ltd.	4	105,062	18,000	-	-	-	0.00	105,062	N	N	N	N	N	N	N	N	N	Note 4				

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (1) Having business relationship.
- (2) The company in which the endorser/guarantor parent company directly and indirectly owns more than 50% of the voting shares.
- (3) The company that directly or indirectly owns more than 50% of the voting shares of the endorser/guarantor parent company.
- (4) The endorsed/guaranteed parent company directly or indirectly owns more than 90% voting shares of the endorser/guarantor subsidiary.
- (5) Mutual guarantee of the trade as required by the construction contract.
- (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) A joint and several guarantee for the performance of the pre-sale house sales contract between the industry and the consumer protection law.

Note 3: The total amount of the Company's external endorsement guarantee shall not exceed 100% of the net assets of the Company's latest financial statements. The limit of the endorsement guarantee for the same enterprise shall not exceed 10% of the net assets of the Company's latest financial statements, and shall not exceed the paid in capital of the endorsement guarantee company.

Note 4: The limit on total endorsements is 40% of the endorser's/guarantor's net assets, and limit on endorsements to the same party is 40% of the endorser's/guarantor's net assets.

Note 5: Y means provision of endorsements / guarantees by parent company to subsidiary, provision of endorsements / guarantees by subsidiary to parent company or provision of endorsements / guarantees to the party in Mainland China.

Gamania Digital Entertainment Co., Ltd. and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2022

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Securities held by	Type of marketable securities (Note 1)	Relationship with the security holders	General ledger account	As of December 31, 2022				
				Number of shares (in thousands)	Book value	Percentage	Market value (Note 2)	Footnote
The Company	XPEC Entertainment Inc. - stock	None	Financial assets at fair value through other comprehensive income - non-current	4,907	\$ 26,941	2.68	\$ 26,941	
The Company	Pili International Multimedia Co., Ltd. - stock	Other related parties	Financial assets at fair value through other comprehensive income - non-current	1,958	54,040	3.82	54,040	
Gamania Asia Investment Co., One Production Film Co., Ltd. Ltd.	- stock	None	Financial assets at fair value through other comprehensive income - non-current	420	6,438	1.76	6,438	
Gamania Asia Investment Co., Gokube Inc. - stock Ltd.		None	Financial assets at fair value through other comprehensive income - non-current	400	-	1.77	-	
Gamania International Holdings Ltd.	Vantage Metro Limited - stock	None	Financial assets at fair value through other comprehensive income - non-current	192	30,162	2.59	30,162	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9, 'Financial instruments'.

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Gamania Digital Entertainment Co., Ltd. and Subsidiaries

Purchases or sales of goods from or to related parties in excess of \$100 million or 20% of capital

Year ended December 31, 2022

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		
			Purchases (sales)	Amount	Percentage of total purchases (sales)		Unit price	Credit term	Note	Balance	Percentage of total notes/accounts	Footnote
Gash Point Co., Ltd.	The Company	Parent company	Service revenue	\$ 465,506	53.36	Note			Note	\$ 27,830	3.84	
Conetter Comarketing Co., Ltd.	The Company	Parent company	Service revenue	182,045	24.53	Note			Note	51,721	54.89	
Digicentre Company Limited	The Company	Parent company	Sales revenue	295,269	37.58	Note			Note	30,771	19.60	
Ants' Power Co., Ltd.	The Company	Parent company	Sales revenue	126,271	64.35	Note			Note	21,965	57.39	
Digicentre Company Limited	Digicentre (HK) Company Limited	Fellow subsidiary	Sales revenue	144,978	18.45	Note			Note	30,204	19.24	

Note: The aforementioned purchase term is based on the product types, market competition and other transaction terms, there is no similar transaction to compare with for the transaction price and credit term with related parties.

## Gamania Digital Entertainment Co., Ltd. and Subsidiaries

Receivables from related parties in excess of \$100 million or 20% of capital

Year ended December 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Name of creditor	Transaction parties	Relationship	Balance as of			Overdue receivables			Action adopted for overdue accounts	( Note 1 )	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	Footnote
			December 31, 2022	Turnover rate	Amount	-	-	\$					
The Company	Gash Point Co., Ltd.	Subsidiary	\$ 621,116	-	\$ -	-	-	\$ 621,116	\$ 39	Footnote 2	\$ -	\$ -	

Note 1: The subsequent collections represent collections from the balance sheet date to February 22, 2023.

Note 2: Represents receivables for selling game cards through the subsidiary.

Gamania Digital Entertainment Co., Ltd. and Subsidiaries  
 Significant inter-company transactions during the reporting period  
 Year ended December 31, 2022

Table 5

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	The Company	Gamania Digital Entertainment (H.K.) Co., Ltd.	1	Accounts receivable	\$ 19,053	Notes 4 and 5	0.18
0	The Company	Gamania Digital Entertainment (H.K.) Co., Ltd.	1	Revenue from royalties	93,067	Notes 4 and 5	0.82
0	The Company	Gamania Digital Entertainment (H.K.) Co., Ltd.	1	Sales of services	37,256	Notes 4 and 5	0.33
0	The Company	Gash Point Co., Ltd.	1	Accounts receivable	621,116	Note 5	5.98
0	The Company	HaPod Digital Technology Co., Ltd.	1	Sales of services	11,010	Note 5	0.10
1	Gamania Digital Entertainment (H.K.) Co., Ltd.	The Company	2	Accounts receivable	29,937	Note 5	0.29
1	Gamania Digital Entertainment (H.K.) Co., Ltd.	Gash Point Co., Ltd.	3	Accounts receivable	62,048	Note 5	0.60
1	Gamania Digital Entertainment (H.K.) Co., Ltd.	Gash Point (HK) Co., Ltd.	3	Accounts receivable	18,555	Note 5	0.18
2	Gash Point Co., Ltd.	The Company	2	Accounts receivable	27,830	Note 5	0.27
2	Gash Point Co., Ltd.	The Company	2	Sales of services	465,506	Note 5	4.09
2	Gash Point Co., Ltd.	Gash Point (HK) Co., Ltd.	3	Sales of services	24,677	Note 5	0.22
3	Ants' Power Co., Ltd.	The Company	2	Operating revenue	126,271	Note 5	1.11
3	Ants' Power Co., Ltd.	The Company	2	Accounts receivable	21,965	Note 5	0.21
4	Gash Point (HK) Co., Ltd.	Gash Point Co., Ltd.	3	Other receivables	47,715	Note 5	0.46
5	Digicentre Company Limited	The Company	2	Accounts receivable	30,771	Note 5	0.30
5	Digicentre Company Limited	The Company	2	Operating revenue	295,269	Note 5	2.59
5	Digicentre Company Limited	Digicentre (HK) Company Limited	3	Accounts receivable	30,204	Note 5	0.29
5	Digicentre Company Limited	Digicentre (HK) Company Limited	3	Operating revenue	144,978	Note 5	1.27
5	Digicentre Company Limited	Gash Point Co., Ltd.	3	Operating revenue	25,132	Note 5	0.22
5	Digicentre Company Limited	GAMA PAY Co., Ltd.	3	Operating revenue	30,516	Note 5	0.27
6	Conetter CoMarketing Co., Ltd.	The Company	2	Accounts receivable	51,721	Notes 4 and 5	0.50

Gamania Digital Entertainment Co., Ltd. and Subsidiaries  
 Significant inter-company transactions during the reporting period  
 Year ended December 31, 2022

Table 5

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
6	Conetter CoMarketing Co., Ltd.	The Company	2	Sales of services	\$ 182,045	Notes 4 and 5	1.60
7	Hyperg Smart Security Technolgy Pte. Ltd.	Digicentre Company Limited	3	Sales of services	12,809	Note 5	0.11

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories ; fill in the number of category each case belongs to (if transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: There is no similar transaction to compare with. It will follow the agreed price and transaction terms.

Note 5: The disclosure standard reaches above \$10,000 for the transaction amount.

Gamania Digital Entertainment Co., Ltd. and Subsidiaries  
Information on investee companies (not including investees in Mainland China)

Year ended December 31, 2022

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Company	Name of investee	Location	Main business activities	Original investment cost (Note 1)		Shares held as at December 31, 2022				Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote	
						Balance as at December 31, 2022		Balance as at December 31, 2021		Number of shares	Percentage	Book value	
The Company	Gamania Holdings Ltd.	Cayman Islands	Holding company	\$ 1,555,579		\$ 2,374,061		20,100,000	100.00	\$ 84,504	\$ 179,110	\$ 130,223	
The Company	Gamania Digital Entertainment (H.K.) Co., Ltd.	Hong Kong	Software services and sales	217,671	-			25,500,000	100.00	359,835	262,503	51,931	
The Company	Gamania Asia Investment Co., Ltd.	Taiwan	Investment company	239,549	239,549			18,900,000	100.00	102,067	(13,477)	13,477	
The Company	Fundation Digital Entertainment Co., Ltd.	Taiwan	Publishing of magazines and periodicals	220,000	220,000			316,522	100.00	-	(27)	27	
The Company	Jollybuy Digital Tech. Co., Ltd.	Taiwan	Supply of electronic information services	620,000	540,000			32,600,000	98.89	62,181	(67,298)	66,780	
The Company	Digicentre Company Limited	Taiwan	Software services	302,637	302,637			16,016,000	67.48	358,307	44,520	27,223	
The Company	Two Tigers Co. Ltd.	Taiwan	Animation production	6,269	6,269			626,892	51.00	5,926	(1,451)	740	
The Company	Gash Point Co., Ltd.	Taiwan	Information software and supply of electronic information services	169,000	169,000			13,500,000	90.00	432,712	213,213	191,892	
The Company	Indiland Co., Ltd.	Taiwan	Third-party payment	69,000	60,000			5,000,000	100.00	15,333	(11,938)	11,938	
The Company	Ants' Power Co., Ltd.	Taiwan	Customer services	10,000	10,000			1,000,000	100.00	68,696	28,591	28,591	
The Company	Chuang Meng Shr Ji Co., Ltd.	Taiwan	Venture Capital Industry	57,000	57,000			3,996,774	33.03	22,984	(9,857)	3,256	
The Company	WeBackers Co., Ltd.	Taiwan	Crowd funding	51,040	51,040			373,529	93.38	210	14	14	
The Company	Coture New Media Co., Ltd.	Taiwan	Producing TV programs and general advertising services	203,500	203,500			1,314,699	93.08	6,736	111	104	
The Company	MadSugr Digital Technology Co., Ltd.	Taiwan	Information software and supply of electronic information services	45,900	45,900			4,590,000	51.00	3,131	1	-	
The Company	GAMAY PAY Co., Ltd.	Taiwan	Electronical payment	1,103,018	839,229			65,010,045	81.26	429,846	(223,875)	160,494	
The Company	NOWnews Network Co., Ltd.	Taiwan	Broadcast and TV shows services	535,342	494,303			41,052,015	79.44	180,737	(74,820)	73,016	
The Company	BeanGo! Co., Ltd.	Taiwan	Communication software	214,000	214,000			400,000	100.00	7,705	(34)	34	
The Company	Circo Inc.	Taiwan	Sales and research and development of software services	229,400	229,400			8,990,649	99.90	21,976	(554)	554	
The Company	4-Way Voice Cultural Co., Ltd.	Taiwan	Newspaper and magazine publishing	1,900	1,900			190,000	0.00	-	(1,272)	483	

Gamania Digital Entertainment Co., Ltd. and Subsidiaries  
Information on investee companies (not including investees in Mainland China)

Year ended December 31, 2022

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Company	Name of investee	Location	Original investment cost (Note 1)			Shares held as at December 31, 2022			Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote			
			Main business activities	Balance as at	Number of shares	Percentage	Book value							
				December 31, 2022										
The Company	Hao-Ji film Ltd.	Taiwan	TV shows production	\$ 30,000	\$ -	3,000,000	42.86	\$ 30,021	\$ 56	\$ 19,669	(5,901)			
The Company	Walkermedia Co., Ltd.	Taiwan	Publishing of magazines and general advertising services	30,000	30,000	3,000,000	30.00	5,105	(19,230)	(6,912)	4,665			
Jollybuy Digital Technology Co., Ltd.	Store Marais Co., Ltd.	Taiwan	Import of household furniture and retail of other home accessories	10,000	10,000	125,000	7.69	11,192	(9,459)	(3,256)	2,525			
Digicentre Company Limited	Digicentre (HK) Company Limited	Hong Kong	Software services	1,181	1,181	300,000	100.00	38,664	(9,459)	(6,912)	4,665			
Digicentre Company Limited	Hyperg Smart Security Technology Pte. Ltd.	Singapore	Software services	30,710	30,710	1,000,000	51.00	15,299	(3,049)	(3,256)	915			
Circo Inc.	Circo (HK) Co., Ltd.	Hong Kong	Software services	-	53,743	-	0.00	-	(182)	(182)	182)			
Gamania Asia Investment Co., Ltd.	Pri-One Commercial Production Co., Ltd.	Taiwan	Sales and research and development of software	1,500	1,500	150,000	30.00	3,348	(3,049)	(3,049)	915			
Gamania Asia Investment Co., Ltd.	Jsdway Digital Technology Co., Ltd.	Taiwan	Software information and supply of electronic services	55,125	55,125	5,250,000	37.18	49,485	(4,932)	(4,932)	2,417			
Gamania Asia Investment Co., Ltd.	Taiwan e-sports Co., Ltd.	Taiwan	E-sports	63,702	48,931	2,067,867	29.54	7,224	(43,770)	(43,770)	12,930			
Gamania Asia Investment Co., Ltd.	The China Post Co., Ltd.	Taiwan	Newspaper and magazine publishing	1	1	500,000	100.00	-	(23)	(23)	23)			
Gamania Asia Investment Co., Ltd.	Bjolly Co., Ltd.	Taiwan	Supply of electronic information services	5,000	5,000	45,455	4.17	20	(6,414)	(6,414)	267			
Gamania Asia Investment Co., Ltd.	Aotter Inc.	Taiwan	Research and development of internet-related technology	25,000	25,000	170,473	21.48	6,045	(19,008)	(19,008)	4,083			
Gash Point Co., Ltd.	Gash Point (Japan) Co., Ltd.	Japan	Information software and supply of electronic information services	32,536	32,536	600	100.00	27,551	(1,452)	(1,452)	1,307			
Gash Point Co., Ltd.	Gash Point (Hong Kong) Co., Ltd.	Hong Kong	Information software and supply of electronic information services	13,990	13,990	750,000	100.00	222,331	(84,378)	(84,378)	75,940			
Gash Point Co., Ltd.	Gash Point Korea Co., Ltd.	South Korea	Information software and supply of electronic information services	11,662	11,662	138,268	100.00	25,924	(3,890)	(3,890)	3,501			
Gash Point Co., Ltd.	Conetter CoMarketing Co., Ltd.	Taiwan	Information software and supply of electronic information services	29,250	29,250	2,625,000	79.98	79,456	(41,279)	(41,279)	29,714			
Gash Point Co., Ltd.	GAMA PAY Co., Ltd.	Taiwan	Electronic payment	150,000	150,000	4,972,098	6.22	32,851	(223,875)	(223,875)	18,214)			
Gash Point (Hong Kong) Company Limited	GAMA PAY Co., Ltd.	Taiwan	Electronic payment	130,000	130,000	6,703,125	8.38	44,317	(24,561)	(24,561)	24,561)			

Gamania Digital Entertainment Co., Ltd. and Subsidiaries  
Information on investee companies (not including investees in Mainland China)

Year ended December 31, 2022

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Company	Name of investee	Location	Original investment cost (Note 1)		Shares held as at December 31, 2022				Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote		
			Main business activities	Balance as at December 31, 2022	Balance as at December 31, 2021		Number of shares	Percentage	Book value				
Gamania Holdings Ltd.	Gamania International Holdings Ltd.	Cayman Islands	Investment and holding company	\$ 1,503,408	\$ 1,503,408		50,400,000	100.00	\$ 118,433	\$ 179,233	\$ 179,233		
Gamania International Holdings Ltd.	Gamania China Holdings Ltd.	Cayman Islands	Investment and holding company	812,324	812,324		33,497,476	98.85	5,320	213,475	211,009		
Gamania International Holdings Ltd.	Joymobeet Entertainment Co., Ltd.	Hong Kong	Design and research and development of software	121,305	121,305		30,701,775	100.00	5,125	(3,230)	(3,230)		
Gamania International Holdings Ltd.	Firedog Creative Co., Ltd.	Hong Kong	Design and research and development of software	9,766	9,766		992,000	40.00	-	-	-		
Gamania International Holdings Ltd.	Achieve Made International Ltd.	British Virgin Islands	Investment and holding company	213,514	213,514		7,297,649	45.40	109,559	(8,467)	(5,429)		
Gamania International Holdings Ltd.	ACCI Group Limited	Hong Kong	Sales of agricultural products	1,477	1,477		375,000	30.00	-	-	-		
Gamania International Holdings Ltd.	HaPod Digital Technology Co., Ltd.	Hong Kong	Software services and sales	67,562	67,562		2,200,000	100.00	(36,555)	(19,781)	(19,781)		
Gamania International Holdings Ltd.	GungHo Gamania Co., Limited	Hong Kong	Operations of mobile games	263,338	263,338		343	49.00	-	(29,087)	(9,659)		
Achieve Made International Ltd.	Jollywiz Digital Technology Co., Ltd.	Taiwan	Supply of electronic information services	654,440	650,360		26,145,712	100.00	(115,466)	(7,266)	(3,299)		
Jollywiz Digital Technology Co., Ltd.	Bjolly Co., Ltd.	Taiwan	Supply of electronic information services	25,000	25,000		1,045,455	95.83	204	6,414	2,791		
Jollywiz Digital Technology Co., Ltd.	Cyber Look Properties Ltd.	British Virgin Islands	Investment and holding company	150,479	150,479		4,900,000	100.00	7,074	25,114	11,402		
Jollywiz Digital Technology Co., Ltd.	Jollywiz International (HK) Co., Ltd.	Hong Kong	Supply of electronic information services	31,973	31,973		39,600,000	100.00	(3,986)	(7,855)	(3,566)		
Jollywiz Digital Technology Co., Ltd.	NOWnews Network Co., Ltd.	Taiwan	Broadcast and TV shows services	10,000	10,000		515,000	0.94	(10,083)	(74,820)	(703)		
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	Cayman Islands	Investment and holding company	1,213,659	1,213,659		39,520,000	100.00	(1,114)	980	969		
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	Hong Kong	Software services and sales	-	100,419		-	0.00	-	262,503	204,844		

Note 1: Initial investment amount is translated to NTD at the spot rate at the period end.

Gamania Digital Entertainment Co., Ltd. and Subsidiaries

Information on investments in Mainland China

Year ended December 31, 2022

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/			Net income of investee for the nine months ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income recognised by the Company for the nine months ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote (Note 2)
					Amount remitted back to Taiwan for the nine months ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022						
					Remitted to Mainland China	Remitted back to Taiwan	as of December 31, 2022						
Gamania Digital Entertainment (Beijing) Co., Ltd.	Design and sales of software	\$ 1,084,063	2	\$ 794,468	\$ -	\$ -	\$ 794,468	\$ 1,033	98.85	\$ 1,337	(\$ 2,771)	\$ -	Notes 3 and 6
MoNoKos Studio Technology Co., Ltd.	Research and development of software	-	2	46,065	-	-	46,065	-	-	-	-	-	Notes 4 and 7
Legion Technology (Shanghai) Co., Ltd.	Supply of electronic information services	121,305	2	121,305	-	-	121,305	17,918	45.40	8,278	6,724	-	Notes 3 and 8
Jollywiz Digital Business Co., Ltd.	Supply of electronic information services	22,040	2	-	-	-	-	19,792	45.40	11,469	( 8,242)	-	Notes 3 and 8
Ju Shr Da Jiu (Shanghai) International Trading Co., Ltd.	Sales of agricultural products	15,355	2	-	-	-	-	-	38.66	-	-	-	Notes 5 and 9

Note 1: The methods for engaging in investment in Mainland China include the following:

- (1) Direct investment in Mainland China.
- (2) Indirect investment in Mainland China through companies registered in a third region.
- (3) Other methods.

Note 2: The accumulated remittance as of January 1, 2022, remitted or collected this year, accumulated as of December 31, 2022 was translated into New Taiwan dollars at the average exchange rate of NTD30.71 to US\$1 and NTD4.408 to RMB\$1 at the balance sheet date.

Note 3: The investment loss of the investee company for the year ended December 31, 2022 was recognised based on their financial statements for the corresponding period, which were audited by R.O.C. parent company's CPA.

Note 4: MoNokos Studio Technology Co., Ltd. completed liquidation proceedings on September 22, 2013. However, the investment amount has not yet been remitted back to Taiwan as of December 31, 2022.

Note 5: Investment income or losses are recognised based on unaudited financial statements.

Note 6: It was invested through Gamania Sino Holdings Ltd invested.

Note 7: It was invested through Gamania Holdings Ltd. invested.

Note 8: It was invested through Cyber Look Properties Limited invested.

Note 9: It was invested through ACCI Group Limited and Gamania Digital Entertainment (H.K.) Co., Ltd. invested.

Company name	Investment amount approved by			
	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA	
The Company (Note)	\$ 840,533	\$ 1,409,988	\$ 3,511,219	
Jollywiz Digital Technology Co., Ltd.	121,305	121,305	152,598	

Note: The total investment amount approved by the Investment Commission, MOEA, was USD45,913 thousand or \$1,409,988 based on 30.71 spot exchange rate at December 31, 2022.

## Gamania Digital Entertainment Co., Ltd. and Subsidiaries

## Major shareholders information

December 31, 2022

Table 8

Name of major shareholders	Shares	Number of shares held	Ownership (%)
Liu Bo Yuan		17,491,305	9.96%
Wanwin International Co., Ltd.		15,101,000	8.60%
Shiang Sheng Invesement Ltd.		13,600,000	7.74%
Joy Develop Co., Ltd. Taiwan Branch		12,859,000	7.32%

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed represents the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with the Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, and the trust assets which can be allocated. For the information of reported share equity of insider, please refer to Market Observation Post System.