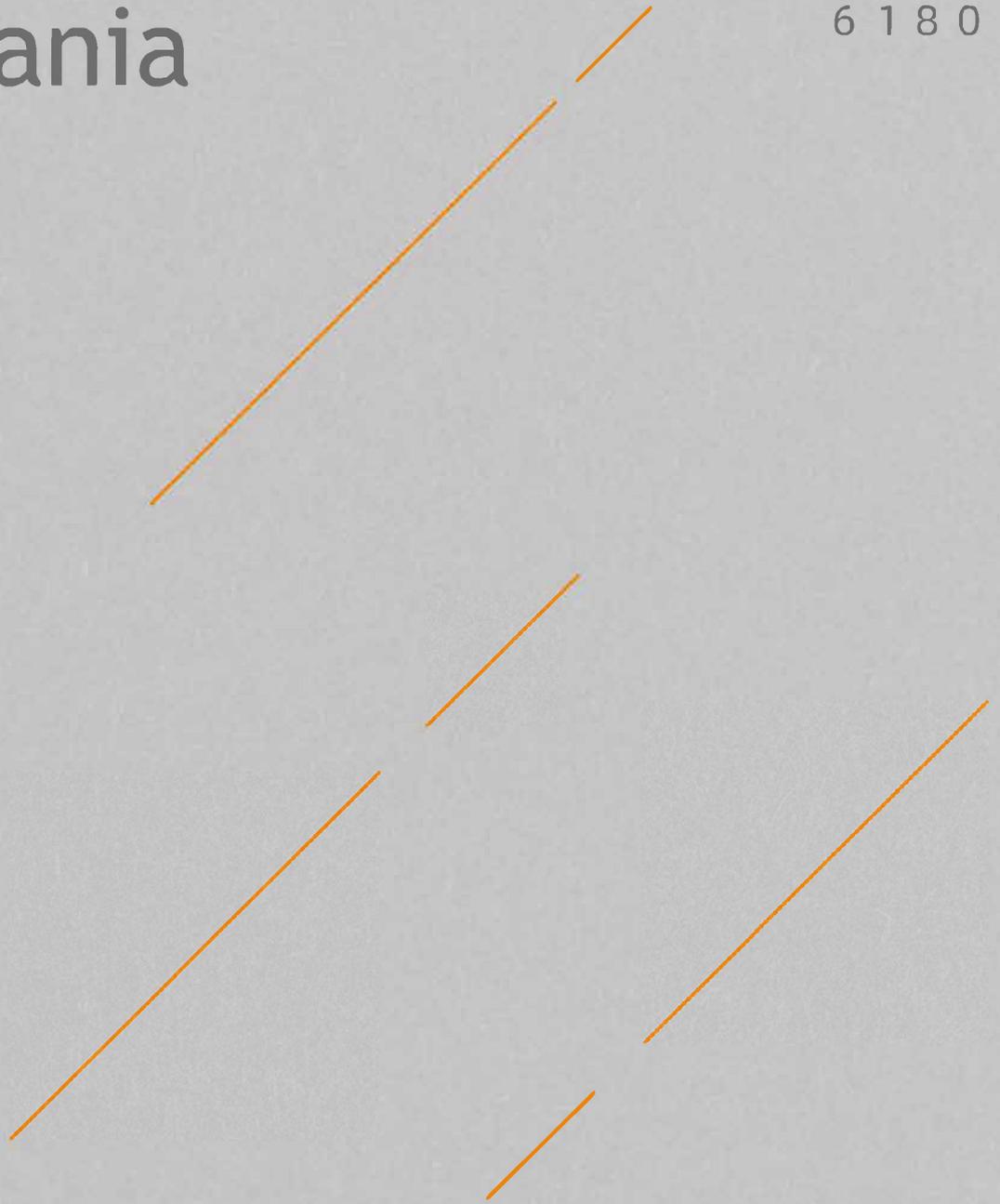


gamania

6 1 8 0

Annual Report  
2021



## **I. Spokesperson**

Spokesperson: Su, Hsin-Hung

Title: Chief Financial Officer of the Group

Telephone: (02) 2658-8866 extension 1020

Email: [spokesman@gamania.com](mailto:spokesman@gamania.com)

Acting Spokesperson: Chen Yun-Ru

Title: Chief Marketing Officer of the Group

Telephone: (02) 2658-8866 extension 1223

Email: [spokesman@gamania.com](mailto:spokesman@gamania.com)

## **II. Address and Telephone of the Company:**

Address: No. 111, Ruihu Street, Neihu District, Taipei City

Telephone: (02)2658-8866

## **III. Stock Registration Agency**

Name: KGI Securities Co. Ltd. Registrar Department

Address: 5F, No. 2, Chongqing South Road Section 1, Taipei City

Website: <http://www.kgiworld.com.tw>

Telephone: (02)2389-2999

## **IV. CPA(s) for the Latest Financial Statements**

Name(s): Lin, Yi-Fan, Yen, Yu-Fun

Name of Firm: PwC Taiwan

Address: 27F, No. 333, Sec. 1, Keelung Road, Taipei City

Website: <http://www.pwc.com>

Telephone: (02)2729-6666

## **V. Name of exchanges where the Company's securities are traded offshore, and the method by which to access information on the said offshore securities: None.**

## **VI. Company website: <http://www.gamania.com>**

**Investor relations website: <http://ir.gamania.com>**

## Table of Content

I.	Letter to Shareholders .....	1
II.	Company profile .....	5
	I. Established on Date .....	5
	II. Corporate history .....	5
III.	Corporate Governance Report .....	18
	I. Organization .....	18
	II. Information of directors, supervisors, president, vice presidents, assistant vice presidents, and department and branch chiefs .....	20
	III. Reward for directors, supervisors, president, and vice presidents in last year .....	31
	IV. Status of Corporate Governance .....	37
	V. Accountant Audit Fee Information .....	74
	VI. Information of CPA change .....	75
	VII. When the chairperson, president, or chief finance or accounting officer of the company has worked for the CPA's firm or its affiliates in the most recent year, disclose the name, job title, and the term of service of such roles .....	76
	VIII. Transfer of shares and change in stock pledge of directors, supervisors, officers, and shareholders holding over 10% of shares in the most recent year and until the date of annual report publication .....	78
	IX. Information of the top ten shareholders who are related parties or spouses, relatives in the 2nd degree of kinship to each other .....	79
	X. The shareholding of the same investee of the company and its directors, supervisors, officers, and companies under direct or indirect control, and the consolidated shareholding of them.....	81
IV.	Fundraising .....	82
	I. Capital and Shares .....	82
	II. Issuance of corporate bonds .....	88
	III. Issuance of preferred Stock .....	88
	IV. Issuance of global depositary receipt .....	88
	V. Status of employee share subscription warrants .....	88
	VI. The status of new restricted employee shares .....	88
	VII. Issuance of new shares in connection with M&A or with acquisitions of shares of other companies .....	88
	VIII. Performance of capital utilization plan .....	89
V.	Operational highlights .....	90
	I. Contents of business .....	90
	II. Market and sales overview .....	98
	III. Employees .....	111
	IV. Information of expenditure on environmental protection .....	111
	V. Labor-management relations .....	111

VI. Cybersecurity management .....	116
VII. Important contracts .....	122
VI. Financial highlights .....	123
I. Condensed statement of financial positions and statement of comprehensive income of the past five years and CPA audit opinion .....	123
II. Financial Analysis of the Past Five Years .....	128
III. Review Report on the 2021 Financial Statements of Audit Committee .....	131
IV. 2021 Financial Statements .....	132
V. 2021 Individual Financial Statement Audited and Certified by CPAs .....	233
VI. Financial distress of the company or an affiliate and the impacts on the company's finance in the recent year and until date of annual report publication .....	307
VII. Review and analysis of financial position and financial performance and risk management ...	307
I Financial position .....	307
II Financial performance .....	308
III Cash flow .....	309
IV Financial impact of material capital expenditure in the most recent year .....	310
V Re-investment policies, main causes of profit or loss, and improvement plans in the most recent year, and investment plans in the next year .....	311
VI Risk analysis and evaluation .....	313
VII Other important matters .....	318
VIII. Special items to be included .....	319
I. Information of affiliates .....	319
II. Private placement of securities in the most recent year and until the date of annual report publication .....	329
III. Shares of the company held or disposed of by subsidiaries in the most recent year and until the date of annual report publication .....	329
IV. Other matters that require additional description .....	329
IX. Matters with material impacts on the rights and interests of shareholders or stock prices as stated in Article 36, paragraph 3, subparagraph 2, Securities Exchange Act in the most recent year and until the date annual report publication .....	329

# I. Letter to Shareholders

Dear shareholders, ladies and gentlemen:

The consolidated revenue of Gamania Group in 2021 was NTD 11.37 billion, a growth of 9%, marking the second highest in the Group's history. In addition to the record-high product revenue gained from the continuing growth of online game MapleStory (New), the gross profit also increased by 20% to NT\$ 4.76 billion from the launch of new games and steady growth of other business types. Thanks to the optimization of high-margin portfolio and proper cost control, the operating income amounted to NTD 1.73 billion, a growth of 52%. The after-tax net profit attributable to the owner of the Company was NTD 1.11 billion, a growth of 27%, with earnings per share (EPS) of NTD 6.30. Both revenues and profit were the second highest in the Group's history.

Despite the influence of changes, such as the COVID-19 pandemic, the operation power and resilience our core business enabled us to maintain steady growth in 2021. Besides gathering group resources and optimizing the user interface (UI) and user experience (UX) of products, beanfun! successively expanded to novels and comics, two strategic ranges, to attract ACGN (anime, comics, game, novels) users, further user interaction with beanfun!, prolong user stay, and increase active users to ensure the steady growth of AARRR KPIs. In 2022, we will introduce new media functions to raise user stickiness and link up Group users based the analytics results to synergize their effects. Additionally, by increasing the market touchpoints of Gamania Carnival, the Group's own exhibition brand, we will acquire a large number of new users for beanfun! and Gamania.

Looking back at 2021, the gaming business played a key role in profit-making and user diversion. MapleStory (New) created a record-high annual revenue, flagship product Lineage M entered its fourth year, and other new games also made steady contribution to the Group's sales growth. In 2022, we will optimize operational services and launch 1-2 two new games in the H2 to strengthen the growth momentum of the core business.

Development was also seen in 2021 in sectors including e-payment, e-commerce, and media to progressively diversify the Group's user profile and connect the online-to-offline (O2O) scenario and thereby help indigenize our services into the user's daily life. In 2022, we will activate subsidiary transformation from business model optimization. Based on the insights into the trend of global digital development, we will introduce innovative services including: providing integrated one-stop blockchain services with Web 3.0 and building sales momentum through synergizing ACGN e-

commerce segmentation, world-class cybersecurity services, and digital advertising.

Gamania spares no efforts in practicing ESG (environmental, social, governance). Besides winning the Bronze Award at the 3rd Annual Enterprise Environmental Protection Award (AEEPA) from the Environmental Protection Administration, we published the 2020 Gamania Group ESG Report to demonstrate our concerns about business sustainable development and determination for communication with stakeholders, as well as the results of our efforts. Gamania Cheer Up Foundation aims to support youth challengers. In 2021, the foundation supported Chung-Han Lu to conquer the world's 10th highest peak and Yung-Cheng Yuan to enter the Segunda División RFEF, a professional soccer league in Spain, setting a new record for Taiwan.

Looking ahead to 2022, Gamania will focus on strengthening the core business and transformation and optimization of subsidiaries, reach the needs of users through beanfun!, and further unify the Group's network ecosystem. We will also connect with the global ESG trends and realize our commitment to sustainable development in the ESG synergy, aiming to become the pioneer in the digital industry.

Lastly, I wholeheartedly thank all shareholders for their support and advice for Gamania. In the upcoming digital trend, we will continue to strengthen our constitution and strike strategic results in order to repay shareholders with profit.

I wish you

The best in all your endeavors and happiness and well-being of you and your loved ones!

Chairman and President

Liu, Po-Yuan

## Business Report

### 1. 2021 Business Performance

The operating income, operating gross profit, net profit before tax, and net profit after tax for 2021 are tabulated below.

Unit: NTD 1,000

Item	2021
Operating income	11,372,477
Operating gross profit	4,757,085
Operating profit	1,734,095
Pre-tax net profit	1,445,096
Net profit attributable to the owner of the parent company	1,106,281

### 2. Analysis of Financial Income and Expenditure and Profitability

Refer to “II. Financial Analysis of Past Five Years” under “Six. Financial Overview” for details.

### 3. Status of Research and Development

Refer to the descriptions about R&D accomplishments under “I. Scope of Operation” under “Five. Overview of Operation” for details.

### 4. Expected Sales Volume and Rationale

The Company has different measurement units given its numerous types of operating income and has not prepared financial forecasts, so there are no statistics on the expected sales.

### 5. Impacts from External Competition, Regulatory Environment, and Overall Operational Setting

#### (1) Impacts from External Competition and Overall Operational Setting

The popularization of smart phones and mobile devices has contributed to the rapid growths in the production value brought about by games and has also attracted accession of foreign game service providers at the same time. As a result, the competition on the domestic gaming market is getting fiercer and fiercer. The external environment, international trade disputes, and the global pandemic, however, impact global economic growths and add uncertainties to the operational setting. In light of this, besides continuing to run large well-known IP games, the Company is proactively transforming to be a comprehensive web-based enterprise. Centering gaming consumers, respective businesses are connected to bring growth momentum for the Company.

#### (2) Impacts from Regulatory Setting

As far as the regulatory setting is concerned, besides complying with national policies and regulatory requirements, respective units, namely finance, sales, and auditing, of the

Company are paying close attention to changes in important policies and laws in the nation at any time and are precisely keeping track of the latest information so as to adjust the Company's internal system and operating activities accordingly and to ensure smooth corporate operations.

Chairperson:  
Liu, Po-Yuan

President:  
Liu, Po-Yuan

Chief Accounting Officer:  
Su, Hsin-Hung

## II. Company profile

### I. Established on June 12, 1995

## II. Corporate history

1. Merger and acquisition activities in the most recent year and until the annual report publication date: None.
2. Massive transaction or conversion of shares by directors, supervisors or dominant shareholders holding over 10% of the stakes in the most recent year and until the annual report publication date: None.
3. Re-organization activities in the most recent year and until the annual report publication date: None.
4. Significant changes in operations and business contents in the most recent year and until the annual report publication date: None.
5. Management changes and other important events that may affect the rights and interests of shareholders and their influence on the company in the most recent year and until the annual report publication date: None.
6. Reinvestments in affiliates in the most recent year and until the annual report publication date: Please refer to I. Related information of affiliates on page 319.
7. Other Information:
  - 1995
    - The Company was established under the name of “FullSoft Co., Ltd.” and dealt mainly with information and software services.
  - 1999
    - Released the first self-made product “CONVENIENT STORE”, which was well received on the market with unprecedented sales.
    - The Company officially changed its name to Gamania Digital Entertainment Co., Ltd. (Gamania).
  - 2000
    - Gamania Digital Entertainment (HK) Co., Ltd. was established.
    - Brokered and released the online game “Lineage” and rewrote the history of the gaming industry of Taiwan.
    - Released the digital recreational magazine “MANIA”; 200 thousand volumes were sold as soon as it was available on the market.
    - “CONVENIENT STORE” was awarded “Best Strategy Game by an Independent Developer” by the Taipei Computer Association.
    - Released the self-made product “CONVENIENT STORE 2”.
  - 2001
    - “CONVENIENT STORE 2” was awarded “Best Strategy Game by an Independent Developer” by the Taipei Computer Association.
    - “Lineage” was awarded “Best Online Game” by the Taipei Computer Association.
    - Gamania’s Corporate Identity System (CIS) received the Gold Award in Taiwan’s “Top 10 National Design Award”.
  - 2002
    - Listed in Taiwan under the ticker symbol of 6180.
    - Gamania Digital Entertainment (Beijing) Co., Ltd. was established.
  - 2003
    - The self-made online game “COCOCAN” was introduced to the market in Taiwan along with “Game Cat” as its sound track.

- Gamania's Corporate Identity System received a National Level Gold Award for creativity.
- "Hero: 108" was awarded the Animation Prototype Award at the 2003 International Class Content Prototype Awards.
- 2004 ▪ Taiwan Index became part of Gamania (and the name was changed to "Gameastor").
- 2005 ▪ Brokered and released the online game "MapleStory", which became the first free online game in Taiwan that changed the habits of players.
- Brokered and released the online game "Mabinogi".
- 2006 ▪ Attended the Tokyo Game Show for the first time where five of the Company's self-made online games, including "Lucent Heart" made their debut.
- Brokered and released the recreational online game "Crazy Arcade".
- 2007 ▪ Brokered and released the online game "CrazyRacing KartRider", which became the largest recreational game in scale in Taiwan.
- "Lucent Heart" won the "International Digital Content Prototype Award" in the digital content series of contests of Taiwan.
- 2008 ▪ Released the self-made online games "Lucent Heart" and "SenMoDo". "Lucent Heart", in particular, was awarded "Best Game of 2008" in Japan.
- Gamania was named one of Taiwan's Top 10 Brands.
- Brokered and released the online game "Counter Strike Online" which started the fad of FPS shooting games.
- "Gamania Cheer Up Foundation" was set up to encourage young people to "dream hard and be yourself".
- Formed the E-sports team "Gama Bears" and became officially devoted to E-sports.
- 2009 ▪ Gameastor brokered and released the online game "Elsword".
- Gamania Digital Entertainment (United States) Co., Ltd. was established.
- Gamania received an "Outstanding" award from Branding Taiwan in 2009.
- The original animation "Hero: 108", a product of collaboration with Cartoon Network under US Warner Bros. and France Moon Scoop played in over 100 countries around the world, including the US, the UK, and France through Cartoon Network channel.
- 2010 ▪ Attended the Tokyo Game Show and showcased eight of the Company's self-made games, including "Core Blaze" and "DIVINA" etc.
- The comprehensive platform "Beanfun!" made its official debut and was commissioned one after another in Taiwan, the US, Europe, China, and Hong Kong.
- Released the self-made online games "DIVINA", "ROA online", "Hero: 108", and "Koihime Muso".
- Gamania Digital Entertainment (Europe) Co., Ltd. was established.
- "TWO TIGERS CO., LTD." was established in Taiwan and "Firedog Studio" in Hong Kong.
- 2011 ▪ Gash Point Card Digital Technology Co., Ltd. was established and upgraded to "GASH+" to diversify business in respective areas.
- Released the first iPhone game "Hero: 108" to officially launch

- presence on the global iOS platform.
- Organized the large product release conference Gamania Game Show in Taipei that gathered representatives of 110 media companies from around the world to try the games and to cover the show.
- 2012
- “Web Koihime Muso” won the 2012 GAME STAR “Best Self-made Web-based Game Silver Award”.
  - Gama Bears won the national championship in Taiwan E-sports five-year “SF” and “CrazyRacing KartRider”.
  - The first season of the original animation “Hero: 108” was well received after it played through Cartoon Network around the world in 2010 and the complete second season played right after around the world.
  - The cross-industrial collaboration of the original animation “Mig Said” and the GTV trendy drama “In Time With You” started the “Square-head Lion” fad. A series of commodities were introduced. The said trendy drama won the “Program Marketing Award” of the Golden Bell Awards.
  - Founded the corporate childcare facility “GamaGarden” that is based on the corporate essence of “love to play” and to live up to “gaming is to learn happily and learning is the game of acquiring knowledge”.
  - Gama Bears won the Taiwan E-sports five-year national championship.
- 2013
- Brokered and released the cute online game “Crazy Shooting Bubble Fighter” to showcase popularity.
  - Listed consecutively in Cheers Magazine’s “Top 100 Companies for the Young Generation” in 2013 and topped the list of counterparts from Taiwan.
  - Gama Bears won the national championship in Taiwan E-sports six-year “CrazyRacing KartRider”.
  - Attended China Joy to maximize the distribution network and solicit business.
  - The two popular games “Mabinogi (New)” and “Elsword” won the Bronze Award in “Popular Online MMORPG Game of the Year” and “Other Popular Online Game of the Year” in the 2013 Bahamut Game Award.
  - Attended the Tokyo Game Show; the R&D Company PlayCoo Corporation successfully attracted international attention with three of its self-made games, including “Pocket Valkyria”.
  - Founded “MIMIGIGI” to take charge of the mobile phone business. For the first game, it brokered the international masterpiece “Plants vs. Zombies for Android Traditional Chinese version. In total, it was downloaded more than 600 thousand times.
- 2014
- Brokered and released the popular scifi action “Phantasy Star Online 2”.
  - The free server edition of the classic long-lived online game “Lineage” was introduced; it became one of the most popular games of the year in Taiwan. A headcount of more than one million people signed up for the first time.
  - “Dragon Poker”, the famous Japanese card game was introduced.
  - The public fund-raising platform by the name of “WeBackers” was

- introduced to provide entrepreneurship teams with diversified opportunities and cultural and creative, gaming, animation, design, audiovisual, technology, and public interest proposals are welcome.
- Reinvested in “Jollywiz Digital” to officially set foot in e-commerce.
  - Established the online audiovisual new entertainment media platform “COTURE” to bring new perspectives for online entertainment.
  - Established “Gash Point Pay” to secure third-party payment opportunities.
- 2015
- The Group proactively transforms towards becoming a comprehensive web-based enterprise. The “Gamania 20” exhibition was held in Huashan 1914 Creative Park so that the general public got a chance to feel for themselves the comprehensive web-based daily life services provided by the Group.
  - Listed consecutively in Cheers Magazine’s “Top 100 Companies for the Young Generation” in 2015 and topped the list of counterparts from Taiwan.
  - Introduced the popular RPG game “Finger Knights”.
  - Introduced the mobile phone edition “Pocket MapleStory” of the super popular RPG online game “MapleStory”.
  - Introduced the mobile-end dual platform game “Lineage Mobile: Haste”.
  - Announced collaboration with the Japan mobile game leader GungHo to jointly enter the markets in Taiwan, Hong Kong, and Macao.
  - Gash Point Pay received the official business license to run as an exclusive electronic payment institution for domestic O2O physical store payment service and joined hands with Taiwan Taxi, E.SUN VENTURE CAPITAL CO., LTD., TAIWAN SECOM CO., LTD., and FamilyMart, among others to jointly expand the scope of application for the payment service and to deploy comprehensively on the electronic payment market.
  - Jollywiz established “JSTaiwan” to enter the China e-commerce platform Tmall Global with quality historical store products in Taiwan.
  - COTURE introduced the talent show “Gamania 20 Top Million Star”, the very first multi-screen real-time interactive audiovisual entertainment show.
  - Introduced online exchange marketplace APP “Swapub” to start a new shared economic model.
  - “Gash Point Card Digital Technology Co., Ltd.” changed its name to “Gash Point Co., Ltd.”.
  - Introduced “Azion Corporation” and “MERCURIES DATA SYSTEMS LTD.” to be the strategic partners of “Digicentre” and to jointly create the great future for cloud data.
- 2016
- Invested in “NOWnews” to further media deployment.
  - Joined hands with the Japan mobile game leader GungHo and introduced the popular Japanese RPG chessboard-type mobile game “Summons Boards”; it was well received among the million players and members.
  - Brokered and released the popular FPS classic online game extension “CSO2 Counter Strike Online 2”; more than 500 thousand people signed up in the first month after it was introduced to reignite the

- passion for FPS games.
- Introduced the original classic music-based social networking-oriented mobile game “PLAN-S”; it combined the elements of COTURE’s talent show “PLAN-S” while creating an innovative video-game interactive entertainment model. The game was downloaded more than a million times.
  - The “2016 CSO World Championship” organized by Gamania successfully attracted more than ten thousand players to take part and a headcount of up to 500 thousand people watched it alive online.
  - “Gash Point Pay Co., Ltd.” changed its name to “GAMA PAY CO., LTD.”.
  - “GAMA PAY” officially went online to comprehensively promote the scope of electronic payment. The goal is to become a leading brand in electronic payment in Taiwan.
  - The masterpiece of COTURE “Gamania 20 Top Million Star” won the “Best Variety Show Award” of the 51st Golden Bell Awards and was the first new online media to be honored with the awards in Taiwan.
  - The Gamania Group was officially relocated to its new headquarters in Neihu and turned over a new leaf as a comprehensive web-based enterprise.
  - Jollywiz continued to expand the scope of its service and helped introduce well-known brands such as SunnyHills, Lian Hwa Foods, Watsons, and Yili Milk to Tmall Global to secure cross-border business opportunities.
  - Introduced the real-time communication software “BeanGo!”; it sees through communication at three levels: intuition, online dating, and events, and redefines the networking model of the new generation and hence builds the funniest and most trendy communication experience.
- 2017
- Listed in Cheers Magazine’s “Top 100 Companies for the Young Generation” in 2017, the best ranking in history, and topped the list of counterparts from Taiwan. The Group continued to live up to its core essence of “live and work in peace and happiness” while building a quality workplace with benefits.
  - Received “Outstanding Issuer of Government Uniform Invoice (GUI)” Award from the Ministry of Finance in 2017.
  - Obtained the exclusive dealership of the mobile game masterpiece of NCSOFT “Lineage M” for Taiwan, Hong Kong, and Macao. It was released to the market concurrently in Taiwan, Hong Kong and Macao on December 11 and the number of members went up to 2.43 million within only 20 days. The highest record was over 1.11 million people active in one single day and more than 400 thousand people online at the same time; both were the new records on the gaming market. Meanwhile, it had been topping the iOS list of best sellers and the Google Play list of highest revenue for three weeks in a row.
  - For the classic flagship online game “Maplestory”, the yearned-for 10-year all-profession five-turn contents were introduced. The popularity was unprecedented.
  - As part of its internationalization strategy, GASH cooperated with the Japan cash flow platform BitCash to reach out to the world.
  - GAMA PAY is connected with benchmark consumption channels such

as FamilyMart, Syntrend Creative Park Co., Ltd., and Simple Mart Retail Co., Ltd. and value addition can be done through Cathay United Bank's ATM by scanning the QR CODE.

- Fund-raising for the first nostalgic game magazine “Retro Game Time” of WEBACKERS rendered more than NTD 7 million raised, the highest record in the fund-raising history of game publications in the world.
  - WEBACKERS focused on fund-raising for the ACG industry and introduced the charity brand WeGamersLove; it was the single event that broke the one million record in fund-raising.
  - COTURE, in the midst of the “Lineage M” fad, introduced the interactive video game “Be With You” and the online drama “Game Not Over”. Cumulatively, they were viewed by more than 2.5 million times.
  - COTURE introduced Boy's Love drama “Deep Blue and Moonlight”; the innovative theme triggered heated discussions online and it was viewed 15 million times.
  - Swapub entered the Thai market by means of word-of-mouth marketing. The platform grew actively by 8 folds. Its scope of operation covers 155 countries, including China, Hong Kong, Japan, and Thailand. The number of users around the world broke the 2 million threshold.
  - Jollywiz obtained the exclusive dealership of the international brand Vita Coco in Taiwan. The cross-border e-commerce operation reached out to the largest e-commerce platform Lazada in Southeast Asia.
  - Jollywiz ventured with sisters and formed “Bjolly Digital Corporation Ltd.” to become e-commerce social media capable of producing its own media content, running its own e-commerce platform, and managing its own brand.
- 2018
- Listed in Cheers Magazine’s “Top 100 Companies for the Young Generation” in 2018.
  - The Group took part in the Taipei Game Show, spearhead by “Lineage M”, with subordinate businesses, namely GASH, COTURE, GAMA PAY, and Swapub. Starting with games, new AV media, mobile pay, and second-hand exchange marketplace were combined. The deployment covering various types of mobile applications facilitated the Group to grow toward being a comprehensive web-based enterprise.
  - The No.1 cross-generational mobile game masterpiece “Lineage M” continued to sweep through the gaming market in Taiwan. For weeks, it had been topping the list of dual-platform best sellers in Taiwan. Cumulatively, the number of members broke 5 million. New professional modifications such as “Dark Fairy” and “Gunman” were introduced, too, and the “Lineage M” fad continued throughout Taiwan.
  - “MapleStory” announced grand cross-industrial collaboration with the famous classic animation “Evangelion”.
  - The action-based adventurous online game “Elsword” allowed the 3-turn final stage - the third branch. Three-turn was allowed for a total of 37 new professions and unforeseen dark images and splendid standing

- images of all roles were released.
- To show its support for the IeSF Esports World Championship that was held for the first time in Taiwan, Beanfun!, Gamania, GASH, and GAMA PAY together built a large recreational area outside Kaohsiung Arena and called for people throughout Taiwan to act to support the players.
  - GASH started selling the limited-offer “Lineage M” Blue Diamond Pack and the New Year Gift Pack; all were well received by the players. The joint marketing effects from “Lineage M” quickly drove the number of users up to nearly 1.2 million in the first half of 2018.
  - GASH released its new business model for the gaming industry during the Asia Blockchain Summit for the first time in the third quarter, the IIO (Initial Item Offerings), which triggered inquiries from a lot of game operators.
  - GAMA PAY and Taishin Bank jointly introduced the “account link” service. Users may add value through any of the 3100 FamilyMart stores in Taiwan. GAMA PAY became the electronic payment service provider with the most value addition sites throughout Taiwan. Consumption sites throughout Taiwan had come to 30 thousand as well. Meanwhile, collaboration began with Taiwan High-Speed Rail; users could now purchase THSR tickets on its website with GAMA PAY.
  - The brand new upgraded platform “Beanfun!” was ready to go. The open-ended framework streamlined hundreds of businesses. In one single APP, one can see through various scenarios in life online or offline. Meanwhile, internal and external services of the Group are integrated so that the vast users are entitled to a simple, enriched, and interesting life on the go.
  - The mobile shopping platform centering on networking e-commerce - “JollyBuy”; the innovative group-shopping model and its combination with Beanfun! allowance spending successfully boosted brand awareness.
  - The media business took a step further. In the third quarter of 2018, Nownews officially became a subsidiary of the Group; it is positioned to be the engine for original contents of Taiwan and contributes to a more robust foundation of the Group while the latter grows to be a comprehensive web-based enterprise.
  - The original drama “Ghost High School” of COTURE was nominated for Mini-series, Actor, and Supporting Actress of the Golden Bell Awards.
- 2019
- The first Corporate Social Responsibility Report of Gamania won the Golden Award for “Corporate Sustainability Report” in the 12<sup>th</sup> Taiwan Corporate Sustainability Awards.
  - Listed in Cheers Magazine’s “Top 100 Companies for the Young Generation” for the 14<sup>th</sup> year and ranked 23<sup>rd</sup>, the best-ever in history.
  - The Group’s kindergarten “GamaGarden” won the 12<sup>th</sup> Taiwan Interior Design Award in 2019 for its public space, demonstrating that the corporate benefits had reached new heights.
  - Continued with the “Expedition to South Pole” project of Gamania Cheer Up Foundation. First, a small “South Pole Adventure

Exhibition” was held in the headquarters of the Gamania Group in Neihu where challenges countered in the south pole expedition and its preparations were released to the public. It was recognized by 2019 Germany Iconic Awards. Cooperated with Discovery in 2019 and produced the adventure science documentary “Expedition to South Pole” and held the first special exhibition on the south pole adventure at the end of the year entitled “Go! Go ! South Pole” to encourage young generations to be brave to go for their dreams.

- Mobile life portal Beanfun!

It was officially released to trigger the marketing war. With Beanfun! as the backbone, other subordinate businesses such as Gamania, GASH, COTURE, GAMA PAY, Swapub, and JollyBuy joined hands and took part in the Taipei Game Show. Starting with games, new AV media, mobile pay, and second-hand exchange marketplace were combined. The focus was on promoting the brand new integrated service Beanfun! Meanwhile, during the Chinese New Year, the first allowance marketing war began. The treasure box marketing module was applied to build an exclusive novel interactive mechanism that attracted potential users.

Grow the number of users and combine all domains in life:

- Worked with the Dajia Mazu Temple for the first time and mobilized “GAMA PAY”, “Q Market”, entertainment e-commerce “JollyBuy”, and mobile game “Lineage M” to combine the Mazu pilgrimage online and offline and grow the Beanfun! Ecology.
- Focusing on popular shopping areas, services provided by “GAMA PAY”, “ANYTIX”, and “Membership Card” within the Group were combined while the “Beanfun! Alley” campaign was introduced multiple times. The novel consumption model featured online preferred deals that drove offline consumption to instill new business opportunities for local stores.
- Built brand new entertainment experience and collaborated with Lefoo Village in organizing the first “Amusement Park Music Festival” in Taiwan. Beanfun! included information about the event. In addition, through “GAMA PAY” and “ANTYTIX”, members could receive the allowance and rebate from money spent in the park during the event and rode the shuttle bus and used the locker free of charge and also took part in lottery; it was a one-stop consumption and entertainment experience.

- The cross-generation mobile game masterpiece “Lineage M” introduced new professions such as Dragon Fighter and Dark Knight and allowed cross-server “World Marvelous Stone Siege” for the first time. Meanwhile, the cross-industrial collaboration with “PiLi Puppet Theatre” continued to contribute to the revenue and motivated players to return.
- “MapleStory” had been running for 14 years. The “Black Mage” brand new BOSS copy content and the new profession “Pioneer” were released and the “No. 14 street layout” was renewed. The first cross-industrial IP collaboration with the global role brand LINE FRIENDS brought another log-in wave for the product.
- The classic IP mobile game “Cross Gate M” allied with Beanfun!,

KKBOX, and TikTok and was introduced to the market expecting a million log-ins. Meanwhile, with social gaming becoming a trend, the mobile life portal Beanfun! was combined to build the “Cross Gate M Community” and to successfully spearhead the gaming fad.

- The “CrazyRacing KartRider” World Championship was held for the first time. On the day of the final match, official channels in South Korea saw an unprecedented number of players, 30 thousand in total, watching the same online at the same time. Over three days, it was viewed a total of 300 thousand times. The gaming fad continued.
  - Obtained exclusive dealership for Taiwan, Hong Kong, and Macao for the end-games “Lineage REMASTERED” and “Dragon Nest” and mobile games “World of Dragon Nest”, “SinTales”, and “Komori Life” and deployed the market for mild to severe diversified players to maximize the game player base.
  - GAMA PAY reached from online digital content transactions to offline daily spending to take root in providing local daily life services, including convenience stores, department stores, shopping areas, night markets, transportation, and utilities, etc. There are over 50 thousand consumption sites throughout Taiwan, creating infinite possibilities in life.
  - Entertainment e-commerce “JollyBuy” was commissioned, targeting ACG (Anime, Comics, and Games) populations. PiLi Puppet Theatre, Kadokawa, Tong Li, and Beast Kingdom joined it. Meanwhile, multiple networking shopping services and painless store-opening platforms were introduced to provide complete 2C and 2B e-commerce operations.
  - The joint venture WalkerMedia was established with Taiwan Kadokawa. Technological innovation was applied to travel and food information, creating a one-stop fulfilling intelligence website for those who love to travel and enriched contents were introduced into Beanfun! In the future, it will be planned to combine memberships of both for maximized synergistic effects in daily life entertainment services such as intelligence/information, games, and payment.
  - DIGICENTRE rendered fruitful results in overseas deployment. Its branch office HyperG was established in Singapore and it collaborated with the Israel information security company Reblaze in providing new services. Domestically, on the other hand, it successfully entered the medical care and national defense fields. The cloud information security service continued to grow.
- 2020
- Gamania Group celebrated its 25th anniversary by holding the online exhibition Checkpoint Challenge and releasing its 25th anniversary film, Let’s Go for It, at the same time. The film depicted its courage to innovate and journey to lead the industry, as well as track cyber industry development in Taiwan across generations.
  - The 2019 “Go! Go! South Pole” special exhibition of Gamania Cheer Up Foundation won the 2020 Germany Red Dot Design Award for being the “Best of the Best” “Brands & Communication Design”, the 2020 Good Design Award, and 2020 Golden Pin Design Award, and many other special honors.
  - The Gamania Group took part in the 13<sup>th</sup> Taiwan Corporate

Sustainability Award screening and won “Sustainability Report - Silver” and “Excellent Sustainability Example - Talent Development”.

- The Gamania Group took part in the fifth Sports Enterprise Certificate screening and received the 2020 “I Sports Enterprise” certification symbol from the Sports Administration, Ministry of Education.
- Listed in Cheers Magazine’s “Top 100 Companies for the Young Generation” for the fifteen consecutive years and also the only enterprise selected from the industry of Taiwan.
- One of the finalists for the second Annual Enterprises Protection Award.
- Devoting corporate governance over time, Gamania hopes to strengthen stakeholder communication and information disclosure by improving the Board competency, establishing the audit committee, nomination committee, independent directors, and corporate governance officer in order to maximize the interests of shareholders and realize business sustainable development.
- The Group created two rounds of the player-interactive Live Show “Gamania Online Carnival” where resources throughout the Gamania Group, namely games, payment, e-commerce, and daily life portal Beanfun! were combined to provide impressive game contents and super-value preferred deals. The hope was to converge the membership flow throughout the Group with the pan-entertainment audiovisual live broadcasting and improve their involvement for synergistic effects brought about by cross-business collaboration. Both were clicked on more than a million times and were viewed by nearly 6,000 people at the same time, demonstrating the potential of this brand new curating approach.
- For the mobile game masterpiece “Lineage M”, two new professions “Saint Paladin” and “Berserker” were introduced and multiple professions such as “Advanced Goblin”, “Gunman”, “Mage”, “Black Demon”, and “Dragon Fighter” were optimized and the E-sports live event “Flag Fight Elite Tournament” was held for the first time.
- The two professions “Tiger Shadow” and “Adele” were introduced for “MapleStory” and multiple large modifications took place to celebrate the 15<sup>th</sup> anniversary; it brought about splendid revenue for the Group in 2020.
- GungHo Gamania brokered the virtual life habit formation mobile game “Komori Life” that was released by Shanghai Ruluo Network Development and Shengqu Games and it went officially online on both platforms in Taiwan, Hong Kong, and Macao.
- The Group became the agent of the Traditional Chinese version (Taiwan, Hong Kong, and Macao) of the brand-new pinball RPG mobile game World Flipper co-developed between leading Japanese game developer Cygames and our subsidiary Citail. We also partnered with leading South Korean game developer Kakao Games to run The Legendary Moonlight Sculptor, a MMORPG mobile game developed by the same author Jake Song of Lineage through adaptation of a famous fantasy novel. The Legendary was launched

- in Taiwan, Hong Kong, and Macao in 2020Q4.
- Cross-border e-commerce “Jollywiz Digital” announced that it would enter Vietnam and introduce the brand new cross-border e-commerce platform “ttCHOICE”. In the beginning, it was expected to introduce 10 to 15 domestic and international brands. They would enter the market in Vietnam as well. In 2020 Jollywiz Digital was rated a five-star e-commerce provider again by Tmall, becoming the first Taiwanese and only enterprise to receive such an honor consecutively.
  - GASH “HIO Virtual Exchange” completed Stage 1 virtual treasury conversion, withdrawing function creation and testing in the first half of the year and effectively brought new members for Beanfun!.
  - Multiple high-frequency consumption channels such as 7-ELEVEN, Global Mall, Miramar Entertainment Park, and CPC were commissioned for the third quarter for GAMA PAY; accumulatively, there had been over 60 thousand consumption sites.
  - In response to the sudden increase in the demand for working from home in 2020, DIGICENTRE focused on the “Amazing Thor Smart and Safe Office solution” that could be quickly set up to provide support and took care of information security at the same time in the first quarter. Meanwhile, it worked with the Israel information security company Reblaze in robotic flow authentication business and continued to work on SaaS service planning and promotion to facilitate home office applications. It also allied with SecurityScorecard, which is known for specializing in non-invasive information collection and analysis. Big data analysis and continuous monitoring of threatening intelligence can be performed outside an enterprise for cyber information security risk assessment. This has become a new solution.
  - Entertainment e-commerce “JollyBuy” saw returning buying sprees for game host accessories and home electronic appliances in the first half of the year. Both the number of members and that of stores surged. Meanwhile, it joined the e-commerce transformation revitalization plan of the Ministry of Economic Affairs and increased subsidies for resources to help stores with digital transformation.
  - The exchange platform Swapub saw an increase in membership because of enterprises encouraging their employees to work from home. Both the download size and the trading volume around the world climbed in the second quarter. In the second half of the year, Swapub focused on AI application and optimization of cross-screen user experience.

- 2021
- The 25th anniversary celebration video Dare to Challenge won the Red Dot Design Award 2021 in the Brands and Communication Design category.
  - Rated the top 6-20% among TPEX-listed companies at the 7th Corporate Governance Evaluation.
  - Won the Bronze Award at the 3rd Annual Enterprise Environmental Protection Award (AEEPA), the highest honor for environmental protection in Taiwan.
  - Rated the Top 100 Most Admired Companies of the Next Generation by Cheers Magazine for 16 consecutive years, and the only game developer on the list.
  - Eco-package for Christmas presents from Gamania in 2021. Besides using FSC™-certified paper and reducing packaging materials with simplified design, we introduced a circular package for corporate gifts for the first time to replace single-use packages in collaboration with PackAge+, a circular package innovation team. Made with recycled plastic bottles and glass, this reusable eco-package enhances the efficiency of carbon reduction.
  - Summer School organized by the Gamania Cheer Up Foundation went online for the first time in 2021. Based on the theme Dare to Reopen, we actively broke the limits on time-space and qualifications for adventure-loving youth to develop adventuring power and enrich mountain knowledge through e-learning and online exploration during the pandemic.
  - The 2021 Gamania Winter Carnival was held in collaboration with Syntrend Creative Park, the center of ACG, to create an event for gamers through online merge offline (OMO). The live webcast created a new record with 16,000 concurrent viewers and a reach of over 1 million people. In offline activities, by integrating Syntrend Creative Park and Gamania's mobile life portal, e-commerce, and e-payment resources, besides attracting over 6,000 visitors within 3 days under the crowd control policy for epidemic control, the Carnival also boosted the conversion rate and sales of subsidiaries including GASH mall, GamaPay, and JollyBuy.
  - The 2021 Gamania Summer Carnival combined the ACG, music, and novel domains for the first time to broadcast different pan-entertainment contents over G Studio, Gamania's own 3D virtual studio, for 5 consecutive days. Besides attracting gamers and audiences from different social groups, the event created over 5 million views and a reach of nearly 1.7 million persons in total, creating a new record for the event.
  - MapleStory New, a Gamania main product, hit a new high again. Besides cultivating new users from younger age groups, the team lifted the brand status to the "trend maker of PC games" in 2021 to constantly raise the user confidence index. Additionally, with new characters including Mo Xuan and Kain and a range of big events for the version change on the 16th anniversary, revenues hit a new high, including monthly, quarterly, annual revenues.
  - The brand-new pinball RPG mobile game World Flipper co-

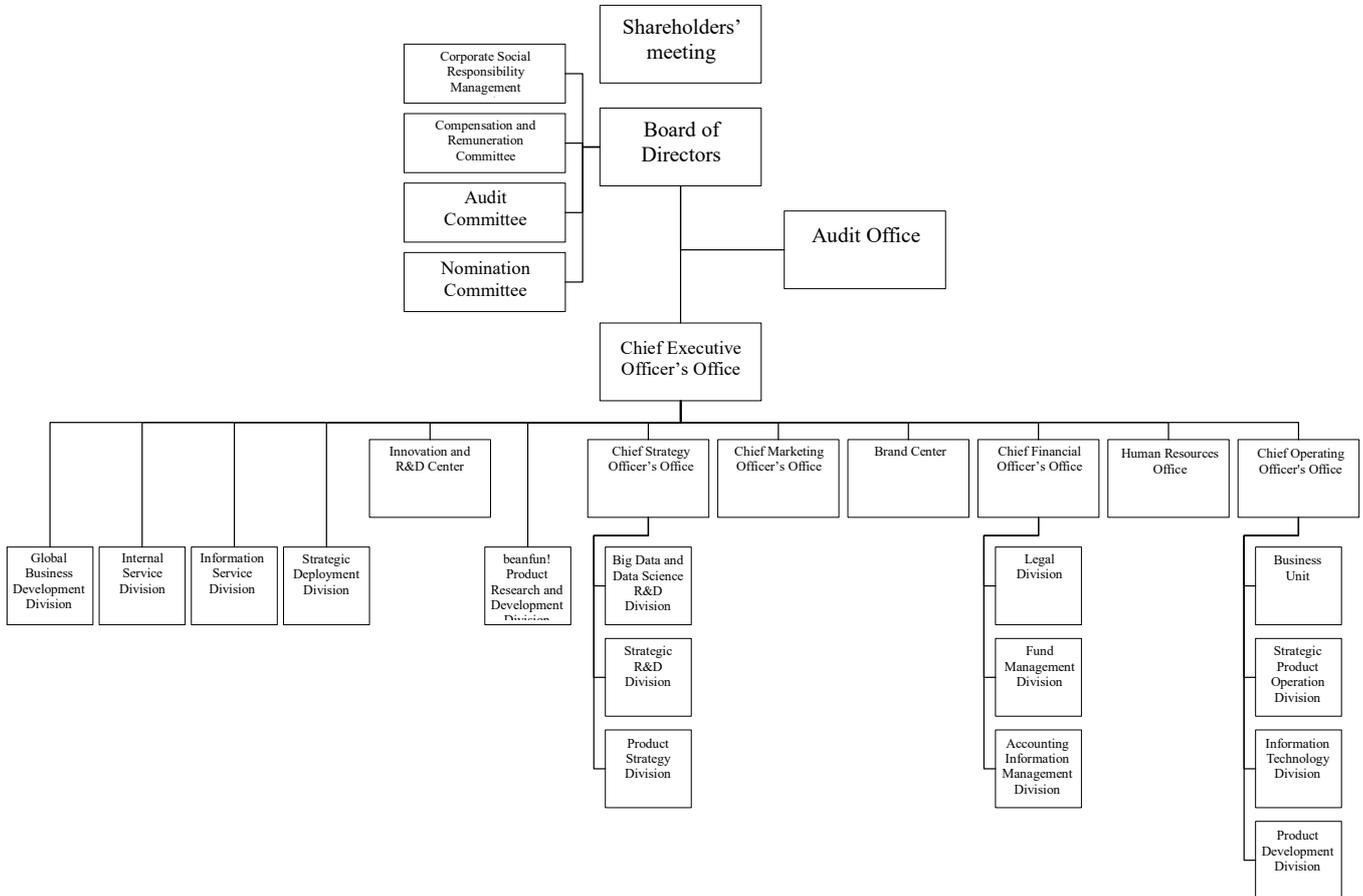
developed between leading Japanese game developer Cygames and our subsidiary Citail and World of Dragon Nest and another classic game from Eydentivity Games from South Korea started service in Taiwan, Hong Kong, and Macao.

- Established the brand-new Literature Star and Comics Star platforms to enter the electronic (digital) literature and comics markets, turning beanfun! into the unique platform app that offers electronic literature and comics contents in Taiwan. Integrated game, e-commerce, and payment services to complete the deployment for media production, OMO exhibition, and domestic and overseas channels to build an unprecedented content IP ecosystem for Taiwan's original works, create diversified touchpoints and commercialization mechanisms for works, and accelerate value creation for Taiwan's original contents.
-

# III. Corporate Governance Report

## I. Organization

### i. Organizational Structure



ii. Scope of services of major departments

Unit	Task and Responsibility
Chief Executive Officer's Office	Prepares the overall strategic goals of the Group and centrally manages and supervises the implementation of Group business as a whole.
Audit Office	Plans and implements the internal control system.
Chief Operating Officer's Office	Centrally plans and implements operations involving end-game and mobile-game products, membership expansion, and platform creation as well as supervise operations at respective departments.
Chief Financial Officer's Office	Optimizes the corporate financial structure, draws up corporate financial strategies, schedules corporate funds, determines investment direction, manages risks, processes accounts, and produces and analyzes financial and accounting statements and reports. The Legal Division is responsible for reviewing contracts and compliance.
Chief Strategy Officer's Office	Promotes horizontal integration of subsidiaries and develops big data application within the group. Guides focus projects between subsidiaries or the group and other companies and review project business strategies and monitors various group data for the reference of judging business strategies.
Human Resources Office	Plans and implements recruitment, educational trainings, compensation and welfare, and employee relations throughout the Group.
Brand Center	Communicates the essence of Gamania as a brand and reinforces brand depth. Takes charge of brand-related affairs such as brand identity, brand image, branding, branded goods, and Group cultural dissemination in order to maintain consistency of the brand internally and externally.
Chief Marketing Officer's Office	Takes charge of the Group's public relations, plans and implements the Group's annual public relations plan, holds luncheons with the media and press conferences, releases Group news and accepts interviews by the media, maintains media relations, monitors daily news, and manages crises.
Innovation and R&D Center	Helps the Group with the development and incubation of various mobile applications.
Strategic Deployment Division	Takes charge of related operational affairs between the Group and outside parties as part of strategic collaboration.
beanfun! Product Research and Development Division	Plans beanfun! app products and develops their features.
Information Service Division	Takes charge of integrating related application and development resources to coupled with the group's operation direction and helps define strategic development and technical research for new services.
Internal Service Division	Takes charge of planning fixed assets, purchases, contracts and documentation, and occupational safety, among other logistic and administrative resources, assisting in other services and measures such as employee business tours, employee cafeterias, and the fitness room, and centrally managing related properties such as the corporate building in Neihu.
Global Business Development Division	Searches for, approaches, and negotiates business development, collaborative opportunities with respective subsidiaries, gaming dealership and business to support with business operation, collects market and competition information, shares new trends, maintains relations with contractors and customers.

## II. Information of directors, supervisors, president, vice presidents, assistant vice presidents, and department and branch chiefs

### i. Directors

Position	Nationality or registered domicile	Name	Gender	Date Elected (Inaugurated)	Term in office	Initial date of inauguration	Shares held when elected		Shares held now		Shares held by spouse and minor child(ren)		Shares held in someone else's name		Background	Positions served at the Company and other companies at present	Other managers, directors, or supervisors who are the spouse or a relative within the second degree of kinship			Remarks
			Age				Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Position	Name	Relationship	
Chairman	R.O.C.	Liu, Po-Yuan	Male	2020.06.17	Three years	1995.04.01	19,372,202	11.04	17,491,305	9.97	0	0	13,600,000	7.75	Chairman and CEO of the Company Executive Manager of FULLJHN Machinery  Department of Mechanical Engineering, Hwa Hsia University of Technology	Refer to Note 1 for details	None			Refer to Note 2 for details
			51-60																	
Director	R.O.C.	Wanin International	-	2020.06.17	Three years	2017.06.08	15,101,000	8.6	15,101,000	8.6	0	0	0	0	-	-	None			None
	R.O.C.	Representative Hsiao, Cheng-Hao	Male												0	0				
Director	R.O.C.	Lin, Hsien-Ming	Male	2020.06.17	Three years	2020.06.17	0	0	0	0	0	0	0	0	President of ACER INCORPORATED  Bachelor of Electronic Computer and Control Engineering, National Chiao Tung University	Chairman and CSO of WISTRON CORPORATION Chairman of Wiwynn Corporation Chairman of WISTRON DIGITAL TECHNOLOGY HOLDING COMPANY Independent Director of TAIWAN IC PACKAGING CORPORATION Independent Director of ELAN MICROELECTRONICS CORPORATION Independent Director of Powerchip Semiconductor Manufacturing Corporation	None			None
			61-70																	

Position	Nationality or registered domicile	Name	Gender		Date Elected (Inaugurated)	Term in office	Initial date of inauguration	Shares held when elected		Shares held now		Shares held by spouse and minor child(ren)		Shares held in someone else's name		Background	Positions served at the Company and other companies at present	Other managers, directors, or supervisors who are the spouse or a relative within the second degree of kinship			Remarks
			Age					Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Position	Name	Relationship	
Director	R.O.C.	CLOUD COPIOUS INVESTMENT LIMITED	-		2020.06.17	Three years	2020.06.17	1,005	0	1,005	0	0	0	0	0	-	-	None	None		
	R.O.C.	Representative Chen, Shih-Ying	Male					0	0	0	0	0	0	0	0	0	0			0	0
Independent Director	R.O.C.	Sheng, Bao-Si	Male		2020.06.17	Three years	2017.06.08	0	0	0	0	0	0	0	0	Chairman and President of BORA PHARMACEUTICALS CO., LTD. Bachelor of Economics of University of California - Berkeley	Member of the Compensation and Remuneration Committee, Audit Committee, and Nomination Committee of Gamania Digital Entertainment Co., Ltd. Chairman and President of BORA PHARMACEUTICALS CO., LTD. Director of WELLPOOL CO., LTD. Chairman of UNION CHEMICAL & PHARMACEUTICAL CO., LTD. Director of Baolei Co. Ltd. Chairman of Bao En International Co., Ltd. Independent Director and Member of the Remuneration Committee and Audit Committee of BIONET Corporation Director of Rui Bao Xing Investment Co., Ltd. Chairman of Bora Health Inc. Chairman of Bora Pharmaceutical Laboratories Inc. Chairman of Jia Xi International Co., Ltd. Chairman of Bora Management Consulting Co., Ltd. Chairman of Bora Biotech Ltd. Person in charge of Bora Pharmaceuticals USA Inc. Person in charge of Bora Pharmaceuticals Services Inc. Independent Director of Chilisin Electronics Corp.	None	None		
																				41-50	
Independent Director	R.O.C.	Lin, Ruei-Yi	Male		2020.06.17	Three years	2017.06.08	0	0	0	0	0	0	0	0	President of SHUNG YE TRADING CO., LTD. Master of Business Administration of	Member of the Compensation and Remuneration Committee, Audit Committee, and Nomination Committee of Gamania Digital Entertainment Co., Ltd. Chairman of STARTRII CO., LTD.	None	None		

Position	Nationality or registered domicile	Name	Gender	Date Elected (Inaugurated)	Term in office	Initial date of inauguration	Shares held when elected		Shares held now		Shares held by spouse and minor child(ren)		Shares held in someone else's name		Background	Positions served at the Company and other companies at present	Other managers, directors, or supervisors who are the spouse or a relative within the second degree of kinship			Remarks	
			Age				Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Position	Name	Relationship		
			51-60																		
Independent Director	R.O.C.	Chen, Kuan-Pai	Male	2020.06.17	Three years	2020.06.17	0	0	0	0	0	0	0	0	George Washington University	Director of Shun Yi Investment Co., Ltd. Director of SHUNG YE TRADING CO., LTD. Director of Lien Chen Automotive Co., Ltd. Independent Director and Member of the Remuneration Committee and Audit Committee of Bora Pharmaceuticals				None	None
			51-60												Chairperson of Bai Chuan International Investment Co., Ltd. Chairman Master of University of Southern California	Member of the Compensation and Remuneration Committee, Audit Committee, and Nomination Committee of Gamania Digital Entertainment Co., Ltd. Chairman of Bai Chuan International Investment Co., Ltd. Director of Bora Pharmaceuticals				None	None

Note 1: Chairperson of Gamania Digital Entertainment Co., Ltd., Chairperson of Gamania Digital Entertainment (HK) Co., Ltd., Chairperson of Gamania Digital Entertainment (Beijing) Co., Ltd., Chairperson (corporate representative) of Foundation Digital Entertainment Co., Ltd., Director (corporate representative) of Taiwan Esports League Co., Ltd., Chairperson (corporate representative) of Digicentre Company Limited, Chairperson (corporate representative) of JollyBuy Digital Tech. Co., Ltd., Chairperson (corporate representative) of Two Tigers Co., Ltd., Chairperson of Gash Point (Japan) Co., Ltd., Director of Cash Point (Hong Kong) Company Limited, Chairperson of Cash Point (Korea) Co., Ltd., Director (corporate representative) of JSDWAY DIGITAL TECHNOLOGY CO., LTD., Chairperson (corporate representative) of INDILAND CO., LTD., Chairperson (corporate representative) of ANTS' POWER CO., LTD., Director (corporate representative) of PRI-ONE COMMERCIAL PRODUCTION CO., LTD., Chairperson (corporate representative) of COTURE NEW MEDIA CO., LTD., Chairperson (corporate representative) of MADSUGR DIGITAL TECHNOLOGY CO., LTD., Chairperson of Joymobee Entertainment Company Limited, Chairperson of Gamania Holdings Ltd., Chairperson (corporate representative) of Gamania International Holdings Ltd., Chairperson (corporate representative) of Gamania China Holdings Ltd., Chairperson of Gamania Sino Holdings Ltd., Chairperson (corporate representative) of GASH POINT CO., LTD., Chairperson (corporate representative) of Gamania Asia Investment Co., Ltd., Chairperson of Gamania Cheer Up Foundation, Chairperson (corporate representative) of CONETTER COMARKETING CO., LTD., Chairperson (corporate representative) of WEBACKERS CO., LTD., Chairperson of Xiang Sheng Investment Co., Ltd., Director of Madsugr Digital Technology (HK) Co., Ltd., Director of HaPod Digital Technology Co., Ltd, Chairperson (corporate representative) of Jollywiz Digital Technology Co., Ltd., Director of Achieve Made International (BVI), Director of Gungho Gamania Co., Limited, Chairperson (corporate representative) of BEANGO CO., LTD., Chairperson (corporate representative) of CIIRCO, INC., Director of CIIRCO (HK) Company Limited, Director (corporate representative) of 4-Way News, Chairperson (corporate representative) of The China Post, Director (corporate representative) of POLYSH CO., LTD., Director of DIGICENTRE(HK) COMPANT LIMITED, member of the Nomination Committee of Gamania Digital Entertainment Co., Ltd., Director (representative of corporate investor) of Union Splendid Management Co., Ltd., Supervisor of POLYSH Co., Ltd., Supervisor (representative of corporate investor) of Newbloom Venture Co., Ltd., and Chairperson (representative of corporate investor) of Bjolly Digital Corporation Ltd.

Note 2: If the chairperson and president or an equivalent role (highest-ranking officer) are the same person, the spouse of each other, or relatives of the first degree of kinship, state the reason, legitimacy, necessity, and countermeasures as below:

- i. Gamania is operated in a rapidly changing industry. With a macroscopic view, vision, and agility, Chairperson Liu, Po-Yuan sees through the industry's future and takes up the president post concurrently to enhance operational efficiency and decision-making in order to maximize value and benefit shareholders.
- ii. Our specific measures for strengthening corporate governance are as follows:
  1. We have established functional committees and selected outstanding talents in different fields to be independent directors and members to strengthen Board operation.
  2. Independent directors of the Company are also members of the Remuneration Committee, Audit Committee, Nomination Committee, and important internal meetings to strengthen corporate governance.

3. Each year we plan at least two sessions of continuing education for Board members to strengthen Board competency.
4. In 2019, the Board approved the establishment of the Corporate Social Responsibility Committee and voluntarily prepared the Corporate Social Responsibility Report to strengthen corporate governance.
5. Only the chairman and president are the same person in the Company. No other directors are also employees of the Company.

**Major shareholders of institutional shareholders**

Name of institutional shareholder	Major shareholders of institutional shareholders	Holding ratio
WANIN INTERNATIONAL CO., LTD.	Huang Xin Investment Co., Ltd.	44.08%
	Hsiao, Cheng-Hao	20.40%
	Li, Yu-Chi	9.96%
	Yu Xin Investment Co., Ltd.	8.18%
	FANTASY TECHNOLOGY CO., LTD.	5.55%
	JOYDEVELOPCY.,LTD.	2.43%
	Pu Yi Enterprise Co., Ltd.	1.52%
	Xun Yeh Investment Co., Ltd.	0.88%
	Te Kao Investment Co., Ltd.	0.82%
	Cheng Yuo Investment Co., Ltd.	0.75%
CLOUD COPIOUS INVESTMETN LIMITED	Tang, Jun-Jie	100%

**Major shareholders of major corporate shareholders:** The information of other corporate investors is not published and thus not disclosed.

**Disclosure of the expertise of directors and independence of independent directors**

Position	Name	Expertise and Experience											Fulfillment of Independence (Note)												Number of public companies holding independent directorship concurrently		
		Industry Experience						Professional Competence					1	2	3	4	5	6	7	8	9	10	11	12			
		Cultural & Creative	Information Technology	Finance	Biotechnology	Automotive	Law Firm	International Business	Research and development	Finance	Investment	Law														M&A	Risk Management
Chairman	Liu, Po-Yuan	•	•					•	•				•			•	•		•	•	•	•	•	•	•	0	
Director	Hsiao, Cheng-Hao, Representative of Wanin International	•	•					•	•				•	•	•	•	•	•	•	•	•	•	•	•	•	•	0
Director	Lin, Hsien-Ming		•					•	•		•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	3
Director	Chen, Shih-Ying, Representative of Cloud Copious Investment Ltd.					•					•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	2
Independent Director	Lin, Ruei-Yi				•		•		•				•	•	•	•	•	•	•	•	•	•	•	•	•	•	1
Independent Director	Sheng, Bao-Si	•			•		•		•			•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	2
Independent Director	Chen, Kuan-Pai			•			•		•	•			•	•	•	•	•	•	•	•	•	•	•	•	•	•	1

Notes:

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the company or its affiliates (except for independent directors of concurrently the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (3) Not holding more than 1% of the outstanding shares issued by the company or among the top 10 natural person shareholders by the person or his/her spouse or underage children, or in the name of a third party.
- (4) Not the spouse, the kindred at the second tier under the Civil Code or the direct kin within the third tier under the Civil Code of the managers stated in (1) or other roles stated in (2), (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder directly holding over 5% of the outstanding shares issued by the company, or a director, supervisor, or employee of a corporate shareholder who is among the top 5 shareholders, or a representative of a corporate shareholders appointed as the director or supervisor of the company according to Article 27, paragraph 1 or 2, Company Act (except for independent directors of concurrently the company and its parent company, subsidiaries, or the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (6) Not a director, supervisor, or employee of a company controlling over one half of the company's director seats or voting shares under one person (except for independent directors of the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (7) Not a director, supervisor, or employee of a company or institution whose chairperson, president, or equivalent role is the same person or the spouse of that of the Company (except for independent directors of concurrently the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (8) Not a director, supervisor, officer, or shareholder holding over 5% of the outstanding shares of a specific company or institution in a business or financial relationship with the company (except for a specific company or institution holding over 20% but under 50% of the company's outstanding shares, and independent directors of the company and its parent company, subsidiaries or the subsidiaries of the same parent company established in accordance with this Act or the local laws).
- (9) Not a professional or owner, partner, director, supervisor, officer, or the spouse of these roles of a sole proprietorship, partnership, company, or institution that audits or provides related business, legal, financial, accounting services or consultation with service fees accumulating below NT\$ 500,000 in the last two years for the company or its affiliates. This, however, does not apply to the Compensation and Remuneration Committee, the Public Acquisition Review Committee, or the Special Mergers and Acquisitions Committee fulfilling its duties in accordance with the Securities Transaction Act or the Business Mergers and Acquisitions Act, among others.
- (10) Not the spouse or kindred at the second tier under the Civil Code to any other director to the company.
- (11) Not under any of the categories stated in Article 30 of the Company Act.
- (12) Not being elected as a governmental investor, corporate investor, or their representatives under Article 27 of the Company Act.

### Board Diversity

- The current Board has seven directors, including three independent directors.
- We have established the Board diversity policy in our Corporate Governance Best Practice Principles to recruit outstanding entrepreneurs in different industries and well-experienced professionals in finance and business operations.
- We have established the nomination committee to establish the selection criteria and review process of directors and officers.
- All members of the Board are known for their background and expertise in business operations and management, rich industrial knowledge, leadership, and decision-making capability, which can give professional advice to the Company.
- Basic composition and diversity in industrial experience and expertise of the Board: 100%.
  - (1) Less than 2 directors are also employees of the Company.
  - (2) No independent directors hold their position for over three terms.
  - (3) All directors are ROC nationals.
  - (4) Directors distribute in all age groups.
  - (5) All directors have at least 10 years of experience in a particular industry and in at least three specialties.

Position	Name	Basic Composition									
		Nationality	Gender	Also an employee of the Company	Age			Seniority as an independent director			
					41-50	51-60	61-70	Fewer than 3 years	3-9 years	Over 9 years	
Chairman	Liu, Po-Yuan	Republic of China	Male	●		●					
Director	Hsiao, Cheng-Hao, Representative of Wanin International				●						
Director	Lin, Hsien-Ming							●			
Director	Chen, Shih-Ying, Representative of Cloud Copious Investment Ltd.						●				
Independent Director	Lin, Ruei-Yi								●		
Independent Director	Sheng, Bao-Si						●			●	
Independent Director	Chen, Kuan-Pai							●		●	

### **Board Independence**

- The current Board have 7 directors, including 3 independent directors accounting for about 40% of all directors.
- None of the conditions as stated in Article 26-3, paragraphs 3 and 4, Securities and Exchange Act is found on the current Board, and no director is the spouse or kindred of the second tier of others.

(II) President, vice presidents, assistant vice presidents, and department and branch heads

April 18, 2022

Unit: share

Position	Nationality	Name	Gender	Elected (Inaugurated) Date	Shares held		Shares held by spouse and minor child(ren)		Shares held in someone else's name		Main experience/education	Current positions at other companies	Managers who are the spouse or a relative within the second degree of kinship			Remarks
					Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Position	Name	Relationship	
Chief Executive Officer	R.O.C.	Liu, Po-Yuan	Male	1995.04.01	17,491,305	9.97	0	0	13,600,000	7.75	Executive Manager of FULLJIHN Machinery Department of Mechanical Engineering, Hwa Hsia University of Technology	Refer to Note 1 for details	None			Refer to Note 3 for details
Chief Financial Officer	R.O.C.	Su, Hsin-Hung	Male	2002.05.13	960,533	0.55	0	0	0	0	Underwriting Department of Yuanta Securities Master's Degree, Graduate School of Business Administration, University of Houston	Refer to Note 2 for details	None			None
Chief Auditor	R.O.C.	Wu, Chang-Hung	Male	2000.05.08	8,777	0.01	0	0	0	0	Assistant Specialist on Data Management, International Department of Fubon Bank Graduate School of Accounting, Eastern Michigan University	Supervisor of Gash Point Co., Ltd. Supervisor of GAMA PAY CO., LTD. Supervisor of NOWNEWS NETWORK CO., LTD.	None			None
Chief Operating Officer in Taiwan	R.O.C.	Chien, Chih-Hao	Male	2015.01.01	95,937	0.05	781	0	0	0	Head of Mobile Development Division of Gamania EMBA, Royal Roads University	None	None			None

Note 1: Chairperson of Gamania Digital Entertainment Co., Ltd., Chairperson of Gamania Digital Entertainment (HK) Co., Ltd., Chairperson of Gamania Digital Entertainment (Beijing) Co., Ltd., Chairperson (corporate representative) of Foundation Digital Entertainment Co., Ltd., Director (corporate representative) of Taiwan Esports League Co., Ltd., Chairperson (corporate representative) of Digicentre Company Limited, Chairperson (corporate representative) of JollyBuy Digital Tech. Co., Ltd., Chairperson (corporate representative) of Two Tigers Co., Ltd., Chairperson of Gash Point (Japan) Co., Ltd., Director of Cash Point (Hong Kong) Company Limited, Chairperson of Cash Point (Korea) Co., Ltd., Director (corporate representative) of JSDWAY DIGITAL TECHNOLOGY CO., LTD., Chairperson (corporate representative) of INDILAND CO., LTD., Chairperson (corporate representative) of ANTS' POWER CO., LTD., Director (corporate representative) of PRI-ONE COMMERCIAL PRODUCTION CO., LTD., Chairperson (corporate representative) of COTURE NEW MEDIA CO., LTD., Chairperson (corporate representative) of Madsugr Digital Technology Co., Ltd. Chairperson of Joymobee Entertainment Company

Limited, Chairperson of Gamania Holdings Ltd., Chairperson (corporate representative) of Gamania International Holdings Ltd., Chairperson (corporate representative) of Gamania China Holdings Ltd., Chairperson of Gamania Sino Holdings Ltd., Chairperson (corporate representative) of GASH POINT CO., LTD., Chairperson (corporate representative) of Gamania Asia Investment Co., Ltd., Chairperson of Gamania Cheer Up Foundation, Chairperson (corporate representative) of CONETTER COMARKETING CO., LTD., Chairperson (corporate representative) of WEBACKERS CO., LTD., Chairperson of Xiang Sheng Investment Co., Ltd., Director of Madsugr Digital Technology (HK) Co., Ltd., Director of HaPod Digital Technology Co., Ltd, Chairperson (corporate representative) of Jollywiz Digital Technology Co., Ltd., Director of Achieve Made International (BVI), Director of Gungho Gamania Co., Limited, Chairperson (corporate representative) of BEANGO CO., LTD., Chairperson (corporate representative) of CIIRCO, INC., Director of CIIRCO (HK) Company Limited, Director (corporate representative) of 4-Way News, Chairperson (corporate representative) of The China Post, Director (corporate representative) of POLYSH CO., LTD., Director of DIGICENTRE(HK) COMPANT LIMITED, member of the Nomination Committee of Gamania Digital Entertainment Co., Ltd., Director (representative of corporate investor) of Union Splendid Management Co., Ltd., Supervisor of POLYSH Co., Ltd., Supervisor (representative of corporate investor) of Newbloom Venture Co., Ltd., and Chairperson (representative of corporate investor) of Bjolly Digital Corporation Ltd.

Note 2: Director of Gamania Digital Entertainment (HK) Co., Ltd., Supervisor of Gamania Digital Entertainment (Beijing) Co., Ltd., Director of Achieve Made International (BVI), Supervisor of DIGICENTRE COMPANY LIMITED, Supervisor of Jollybuy Digital Technology Co., Ltd., Director of Gamania Cheer Up Foundation, Director of Joymobee Entertainment Company Limited, Supervisor of TWO TIGERS CO., LTD., Director (corporate representative) of Gash Point Co., Ltd., Director of Gash Point (Japan) Co., Ltd., Director of Gash Point (Hong Kong) Company Limited., Supervisor of Gash Point (Korea) Co.,Ltd., Director (corporate representative) of JSDWAY DIGITAL TECHNOLOGY CO., LTD., Supervisor of WEBACKERS CO., LTD., Supervisor of DIT, Supervisor of COTURE NEW MEDIA CO., LTD., Supervisor of MADSUGR DIGITAL TECHNOLOGY CO., LTD., Director (corporate representative) and President of GAMA PAY CO., LTD., Supervisor of CONETTER COMARKETING CO., LTD., Director (corporate representative) of Jollywiz Digital Technology Co., Ltd., Director (corporate representative) of Microprogram Information Co. Ltd., Director (corporate representative) of LifePlus Co., Ltd, Director (corporate representative) of NOWNEWS NETWORK CO., LTD., Director (corporate representative) of Gungho Gamania Co., Limited, Director (corporate representative) of CHINA POST, Director of Hyperg Smart Security Technology Pte. Ltd., Supervisor of WalkerMedia, Director (corporate representative) of Aotter Inc., Supervisor of CIIRCO, INC.

Note 3: When the chairman and president or someone charged with equivalent responsibilities (the highest-ranking manager) are the same person, are each other's spouse, or are relatives of the first degree of kinship, the reason, legitimacy, necessity, and countermeasures shall be stated below:

- (1) Gamania is operated in a rapidly changing industry. With a macroscopic view, vision, and agility, Chairperson Liu, Po-Yuan sees through the industry's future and takes up the president post concurrently to enhance operational efficiency and decision-making in order to maximize value and benefit shareholders.
- (2) Our specific measures for strengthening corporate governance are as follows:
  1. We have established functional committees and selected outstanding talents in different fields to be independent directors and members to strengthen Board operation.
  2. Independent directors of the Company are also members of the Remuneration Committee, Audit Committee, Nomination Committee, and important internal meetings to strengthen corporate governance.
  3. Each year we plan at least two sessions of continuing education for Board members to strengthen Board competency.
  4. In 2019, the Board approved the establishment of the Corporate Social Responsibility Committee and voluntarily prepared the Corporate Social Responsibility Report to strengthen corporate governance.
  5. Only the chairman and president are the same person in the Company. No other directors are also employees of the Company.

### III. Reward for directors, supervisors, president, and vice presidents in last year

#### i. Reward for general and independent directors

Unit: NTD thousand; 1,000 shares

Position	Name	Remuneration for directors								Ratio of the sum of A, B, C, and D to after-tax net profit (%)		Related remuneration to those who are also employees						Ratio of the sum of A, B, C, D, E, F, and G to after-tax net profit %		Claim of remuneration from re-invested businesses other than subsidiaries or the parent company		
		Reward (A)		Retirement and pension (B)		Remuneration for directors (C)		Operational expenditure (D)				Salary, bonus, and special expenditure (E)		Retirement and pension (F)		Remuneration for employees (G) (Note 1)						
		The Company	All companies included in the financial statement	The Company	All companies included in the financial statement	The Company	All companies included in the financial statement	The Company	All companies included in the financial statement	The Company	All companies included in the financial statement	The Company	All companies included in the financial statement	The Company	All companies included in the financial statement	Cash value	Stock value	Cash value	Stock value		The Company	All companies included in the financial statement
Chairman	Liu, Po-Yuan	0	0	0	0	7,799	7,799	80	80	0.90	0.90	35,009	35,009	0	0	54,166	0	0	0	11.12	11.12	0
Director	Wanin International Representative: Hsiao, Cheng-Hao	0	0	0	0	3,898	3,898	10	10	0.45	0.45	0	0	0	0	0	0	0	0	0.45	0.45	0
Director	Lin, Hsien-Ming	0	0	0	0	3,898	3,898	60	60	0.45	0.45	0	0	0	0	0	0	0	0	0.45	0.45	0
Director	CLOUD COPIOUS INVESTMETN LIMITED Representative: Chen, Shih-Ying	0	0	0	0	3,898	3,898	50	50	0.45	0.45	0	0	0	0	0	0	0	0	0.45	0.45	0
Independent Director	Sheng, Bao-Si	1,800	1,800	0	0	1,169	1,169	80	80	0.35	0.35	0	0	0	0	0	0	0	0	0.35	0.35	0
Independent Director	Lin, Ruei-Yi	1,800	1,800	0	0	1,169	1,169	80	80	0.35	0.35	0	0	0	0	0	0	0	0	0.35	0.35	0
Independent Director	Chen, Kuan-Pai	970	970	0	0	1,169	1,169	50	50	0.25	0.25	0	0	0	0	0	0	0	0	0.25	0.25	0

Note 1: The remuneration to employees is an estimate.

Note 2: The payment policy, system, criteria, and structure of remuneration for general and independent directors of the Company and the association between factors such as responsibilities assigned, risks, and time spent, among others, and the value of the rewards paid:

1. In accordance with the Company's Director's Reward and Reward Distribution Regulations, directors are rewarded based on the weighted ratio policy. Directors are given different weights in proportion to their contributions to the Company. Independent directors are rewarded based on their specific contributions to the Company.
2. In accordance with the Company's Director Reward and Reward Distribution Regulations, independent directors are rewarded based on the extent of their involvement in the Company's operations and value of their contribution, as well as the standard in the same industry at home and abroad. The Board is authorized to determine the reward.

Remuneration bracket table

Bracket by which remuneration is paid to individual directors of the Company	Director's Name			
	Sum of the first 4 types of rewards (A+B+C+D)		Sum of the first 7 types of rewards (A+B+C+D+E+F+G)	
	The Company	All companies reported in the financial statement (I)	The Company	All companies reported in the financial statement (J)
Below \$1,000,000.00				
\$1,000,000.00 (inclusive) ~ \$2,000,000.00 (exclusive)	-	-	-	-
\$2,000,000.00 (inclusive) ~ \$3,500,000.00 (exclusive)	Sheng, Bao-Si, Lin, Ruei-Yi, Chen, Kuan-Pai			
\$3,500,000.00 (inclusive) ~ \$5,000,000.00 (exclusive)	Representative of Wanin International: Hsiao, Cheng-Hao Lin, Hsien-Ming Representative of CLOUD COPIOUS INVESTMETN LIMITED.: Chen, Shih-Ying	Representative of Wanin International: Hsiao, Cheng-Hao Lin, Hsien-Ming Representative of CLOUD COPIOUS INVESTMETN LIMITED.: Chen, Shih-Ying	Representative of Wanin International: Hsiao, Cheng-Hao Lin, Hsien-Ming Representative of CLOUD COPIOUS INVESTMETN LIMITED.: Chen, Shih-Ying	Representative of Wanin International: Hsiao, Cheng-Hao Lin, Hsien-Ming Representative of CLOUD COPIOUS INVESTMETN LIMITED.: Chen, Shih-Ying
\$5,000,000.00 (inclusive) ~ \$10,000,000.00 (exclusive)	Liu, Po-Yuan	Liu, Po-Yuan	-	-
\$10,000,000.00 (inclusive) ~ \$15,000,000.00 (exclusive)	-	-	-	-
\$15,000,000.00 (inclusive) ~ \$30,000,000.00 (exclusive)	-	-	-	-
\$30,000,000.00 (inclusive) ~ \$50,000,000.00 (exclusive)	-	-	-	-
\$50,000,000.00 (inclusive) ~ \$100,000,000.00 (exclusive)	-	-	Liu, Po-Yuan	Liu, Po-Yuan
Above \$100,000,000.00	-	-	-	-
Total	7	7	7	7

ii. Reward for supervisors: We have no supervisors.

iii. Reward for President and Vice Presidents

Unit: NTD 1,000

Position	Name	Salary (A)		Pension (B) (Note 1)		Bonuses and Special Allowances (C)		Reward for Employees (D) (Note 2)				Ratio of the sum of A, B, C, and D to after-tax earnings (%)		Claim of remuneration from re- invested businesses other than subsidiaries or the parent company
		The Company	All companies included in the financial statement	The Company	All companies included in the financial statement	The Company	All companies included in the financial statement	The Company		All companies included in the financial statement		The Company	All companies included in the financial statement	
								Cash value	Stock value	Cash value	Stock value			
President	Liu, Po-Yuan													
Vice President	Su, Hsin- Hung	13,544	13,544	108	108	0	0	90,544	0	90,544	0	9.42	9.42	None

Note 1: The required amount to be set aside according to the Labor Standards Act for the Pension Fund (B).

Note 2: The remuneration to employees is an estimate.

Remuneration bracket table

Bracket by which remuneration is paid to individual President and Vice Presidents of the Company	Name of General Manager and Vice General Manager	
	The Company	All companies included in the financial statement
Below \$1,000,000.00	-	-
\$1,000,000.00 (inclusive) ~ \$2,000,000.00 (exclusive)	-	-
\$2,000,000.00 (inclusive) ~ \$3,500,000.00 (exclusive)	-	-
\$3,500,000.00 (inclusive) ~ \$5,000,000.00 (exclusive)	-	-
\$5,000,000.00 (inclusive) ~ \$10,000,000.00 (exclusive)		
\$10,000,000.00 (inclusive) ~ \$15,000,000.00 (exclusive)	Su, Hsin-Hung	Su, Hsin-Hung
\$15,000,000.00 (inclusive) ~ \$30,000,000.00 (exclusive)	-	-
\$30,000,000.00 (inclusive) ~ \$50,000,000.00 (exclusive)	-	-
\$50,000,000.00 (inclusive) ~ \$100,000,000.00 (exclusive)	Liu, Po-Yuan	Liu, Po-Yuan
Above \$100,000,000.00	-	-
Total	2	2

iv. Names of officers receiving rewards employee and the distribution:

Projected rewards for employees in 2021:

Unit: NTD 1,000

Position	Name	Value in stock	Value in cash	Total	Ratio of sum to after-tax net profit (%)
President	Liu, Po-Yuan	0	90,544	90,544	8.18
Vice President	Su, Hsin-Hung				

- v. TWSE/TPEX-listed companies with after-tax deficits as shown in the individual or consolidated financial statements in the last three fiscal years; or ranking in the last bracket during the corporate governance evaluation in the most recent year; or rejection for evaluation by the Corporate Governance Evaluation Committee for a request for change of trading method, suspension from trading, termination of listing, or other reasons in the most recent year and until the date of annual report publication shall disclose the reward of each of the five officers with the highest rewards: None.
- vi. Separately compare and describe the analysis of the proportion in the after-tax net profit of the total amount of rewards paid to the directors, supervisors, the president, and vice president(s) of the company by the company and all companies listed in the consolidated financial statement in the last two years; and describe the policy, criteria, and structure of reward payment, the procedures for determining the rewards, and the correlations between operational performance and future risks.
1. The structure of reward for directors of the Company is fixed: A specific proportion of annual pre-tax net profit.
  2. The structure of reward for the president and vice president(s) of the Company includes fixed items (such as salary and benefits as defined in the personnel management regulations) and variable items (such as bonus, employee reward (stock/cash), and employee stock option).
  3. The fixed items mentioned above shall maintain the Company's average competitiveness in the industry. For the variable items, on the other hand, corporate profitability and personal performance are considered as a whole. The performance is evaluated by the goal fulfillment rate, profitability, operational efficacy, contribution, and future potential as a whole. Related

goals and weights are to be defined after the overall economic and environmental changes, the internal operational plan, trends in the industry, and risks in the future are evaluated.

4. We have established the Remuneration Committee. The procedures for determining and reviewing the rewards are implemented in accordance with the relevant laws and regulations.

Analysis of the proportion in the after-tax net profit of the total amount of rewards paid to the directors, supervisors, the president, and vice president(s) of the company by the company and all companies listed in the consolidated financial statement in the last two years

Position	The Company		All companies included in the financial statement	
	2020	2021	2020	2021
Reward for President and Vice Presidents	16.05%	12.35%	16.05%	12.35%

## IV. Status of Corporate Governance

### i. Status of Board Operations

Seating and attendance of directors in the 6 meetings of the Board of Directors over the past year as of the date the Annual Report was printed are provided as follows:

Position	Name	Actual attendance (seated) frequency	Attendance through proxy	Actual attendance (seated)(%)	Remarks
Chairman	Liu, Po-Yuan	6	0	100	None
Director	Wanin International Representative: Hsiao, Cheng-Hao	1	5	17	
Director	Lin, Hsien-Ming	4	2	67	
Director	CLOUD COPIOUS INVESTMETN LIMITED Representative: Chen, Shih-Ying	6	0	100	
Independent Director	Sheng, Bao-Si	5	1	83	
Independent Director	Lin, Ruei-Yi	6	0	100	
Independent Director	Chen, Kuan-Pai	6	0	100	

Other details to be documented:

I. Does the operation of the Board of Directors involve (I) matters listed in Article 14-3 of the Securities Exchange Act. (II) Besides the foregoing, other resolutions reached in Board of Directors' meetings objected to or with reservations expressed by independent directors that are recorded or documented in written statements rectors in a written statement: No.

II. Recusal of directors upon conflicts of interest in proposals being discussed:

i. Implemented in accordance with Article 15 of the Company's Rules of Procedure for Meetings of the Board of Director: If a director or a legal person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective board meeting. When the relationship is likely to prejudice the interests of the company, the director shall not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

ii. Recusals from Board meetings due to the conflict of interests are as follows:

Date of the Board of Directors' Meeting	Name	Contents of the proposal	Reason for the recusal	Remarks
March 22, 2021	Liu, Po-Yuan	Proposal of the reward for officers	Director and Manager	Recusal from discussion and voting
March 22, 2021		Allocation of total amount of rewards for employees in 2020		
August 5, 2021		Assignment of treasury stock to managers		
August 5, 2021		Distribution of rewards for officer employees for 2020		

III. Information about the evaluation cycle and duration, and scope, approach, and content of the evaluation, among other information, of the reviews performed independently by the Board of Directors or peer reviews:

- i. The Company's Regulations for Performance Evaluation of Board of Directors have been approved by the Board. Accordingly, the board performance evaluation shall be completed before the end of the fiscal year and the results filed by the first quarter of the next fiscal year and submitted to the Board for reporting.
- ii. The evaluation of the Board's performance during January 1-December 31, 2021 was completed. It included the questionnaire self-assessment and the internal questionnaire survey (CEO's Office, HR Office, and Audit Office) on seven directors (including three independent directors).
- iii. The result of performance evaluation of the Board and functional committees in 2021 was "Excellence".
- iv. The results of performance evaluation will serve as a reference for the performance, reward, and second-term nomination of individual directors.

IV. Reinforced assessments of functional objectives of the Board of Directors and implementation status of the objectives of the specific year and the most recent year:

- i. Every year we amend and approve the Rules of Procedure for Meetings of Board of Directors at Board meetings to effectively build a board governance mechanism and optimize the supervision function.
- ii. We have established the Remuneration Committee to help the Board periodically evaluate and determine the reward for directors and officers and periodically review the policy, system, criteria, and structure of performance evaluation, salary, and reward of directors and officers.
- iii. We have established the Audit Committee to supervise the Company's fair presentation of financial statements; the appointment and dismissal, independence, and performance of

certified public accountants; effective implementation of internal control; legal compliance; and control of inherent or potential risks.

- iv. We have established the Nomination Committee to recommend eligible candidates for the Company's (also important subsidiaries) directors and senior officers, review by law the candidates recommended by shareholders or the Board in advance, and submit the review results and the reference list of candidates to the Board.

## ii. Status of Board Evaluation

Evaluation cycle	Evaluated period	Scope of evaluation	Evaluation method	Highlights of evaluation
Every year	January 1 through December 31, 2021	Board of Directors' meeting	Board self-assessment	<ul style="list-style-type: none"> <li>(1) Involvement in corporate operations</li> <li>(2) Improvement of the Board's decision-making quality</li> <li>(3) Composition and structure of the Board</li> <li>(4) Election and continuing education of directors</li> <li>(5) Internal control</li> </ul>
			Self-assessment of Board members	<ul style="list-style-type: none"> <li>(1) Alignment with the Company's goals and missions</li> <li>(2) Awareness of the duties of a director</li> <li>(3) Involvement in corporate operations</li> <li>(4) Management of internal relationship and communication</li> <li>(5) Director's expertise and continuing education</li> <li>(6) Internal control</li> </ul>
		Compensation and Remuneration Committee meeting Audit Committee meeting Nomination Committee meeting	Members' and internal self-assessments	<ul style="list-style-type: none"> <li>(1) Involvement in corporate operations</li> <li>(2) Awareness of the duties of functional committees</li> <li>(3) Decision-making quality of functional committees</li> <li>(4) Composition and election of members of functional committees</li> <li>(5) Internal control</li> </ul>

iii. Status of operations of the audit committee or supervisor involvement and status of Board operations

1. Status of operations of the Audit Committee

In the most recent year and until the date of annual report publication, the five committee meetings were held, and the attendance of committee members is as follows:

Position	Name	Actual attendance (seated) frequency	Actual seated rate (%)	Remarks
Convener	Lin, Ruei-Yi	5	100	None
Member	Sheng, Bao-Si	4	80	
Member	Chen, Kuan-Pai	5	100	

Other details to be documented:

- I. Objections, reservations, or material recommendations expressed by independent directors as members of the Audit Committee: None.
- II. Conditions as stated in Article 14-5 of the Securities and Exchange Act: None.
- III. Matters other than the abovementioned unapproved by members of the Audit Committee but passed by over two thirds of all directors: None.
- IV. The Audit Committee held committee meetings on 22 March 2021, 6 May 2021, 5 August 2020, 12 November 2021, and 10 March 2022 and discussed the following proposals:
  - Proposal: Approval of issuance of the Statement of Internal Control System based on the self-evaluation results of the internal control system during January 1-December 31, 2020.
  - Proposal: Approval of the Company's financial statements and reports of 2020.
  - Proposal: Approval of earnings distribution for 2020
  - Proposal: Approval of the highlights of the annual tasks of Audit Committee for 2021.
  - Proposal: Approval of the independence assessment of CPAs and their accounting firm for 2021.
  - Proposal: Approval of the Company's consolidated financial statement of 2021Q1.
  - Proposal: Approval of the amendment to the Company's accounting system.
  - Proposal: Approval of the amendment to the Company's internal control system and Rules for Implementation of Internal Audit.
  - Proposal: Approval of the Company's consolidated financial statement of 2021Q2.
  - Proposal: Approval of the Company's consolidated financial statement of 2021Q3.
  - Proposal: Approval of the provision of endorsements and guarantees for subsidiaries.
  - Proposal: Approval of the Plan to Improve the Company's Capability of Financial Statement Production
  - Proposal: Approval of issuance of the Statement of Internal Control System based on the self-evaluation results of the internal control system during January 1-December 31, 2021.
  - Proposal: Amendments to the amendment to the Company's "Procedures for Acquisition or Disposal of Assets."
  - Proposal: Approval of the amendment to the Company's internal control system.
  - Approval of the amendment to Company' Rules for Implementation of Internal Audit.
  - Proposal: Approval of the Company's financial statements and reports of 2021.

Proposal: Approval of earnings distribution for 2021.  
 Proposal: Approval of the independence assessment of CPAs and their accounting firm for 2022.

Proposal: Highlights of the annual tasks of Audit Committee for 2022.

Proposal: Approval of the Company's cash capital reduction.

All proposals mentioned above were approved by the Committee.

V. When there is avoidance of conflicts of interest by an independent director, specify the name of that independent director, the involved proposal(s), the cause(s) of the avoidance of conflicts of interest, and the participation in voting of that independent director: None.

VI. Communication between independent directors and the chief internal auditor.

- i. Each month the internal audit unit submits an audit report to independent directors for review and communicate and discuss with them immediately on questions about the report. Each year the internal audit unit also holds the corporate governance meeting to communicate with independent directors and CPAs. After the Audit Committee is established, the audit unit reports to independent directors orally at the Audit Committee meeting based on the needs of specific proposals.
- ii. In ordinary times, independent directors and the internal audit unit communicate by email, phone, or interview as necessary.

2. The communication between independent directors and the chief internal auditor is good and summarized as follows:

Date of meeting	Nature of meeting	Focus of the communication	Opinions from independent directors
2021/3/22	Corporate governance meeting	<ol style="list-style-type: none"> <li>1. The chief internal auditor reported and communicated the performance of internal audits in 2020.</li> <li>2. The chief internal auditor reported and communicated the internal audits planned for 2021.</li> </ol>	None
2021/3/22	Audit Committee	<ol style="list-style-type: none"> <li>1. Report on the implementation of internal audits.</li> <li>2. Report on the Statement of Internal Control System.</li> </ol>	None
2021/8/5	Audit Committee	Amendment to the Company's internal control system and Rules for Implementation of Internal Audit.	None
2022/3/10	Corporate governance meeting	<ol style="list-style-type: none"> <li>1. The chief internal auditor reported and communicated the performance of internal audits in 2021.</li> <li>2. The chief internal auditor reported and communicated the internal audits planned for 2022.</li> </ol>	None
2022/3/10	Audit Committee	<ol style="list-style-type: none"> <li>1. Report on the implementation of internal audits.</li> <li>2. Report on the Statement of Internal Control System.</li> <li>3. Amendment to the Company's internal control system and Rules for Implementation of Internal Audit.</li> </ol>	None

3. Communication between independent directors and CPAs

- (1) Each quarter CPAs communicate the audit or review results of the financial statements of the quarter and the requirements of the relevant laws and regulations at the Audit Committee meeting.
- (2) In ordinary times, independent directors and CPAs communicate with one another by email, phone, or interview as necessary.
- (3) Communication between independent directors and CPAs is good and summarized as follows:

Date of meeting	Nature of meeting	Focus of the communication	Opinions from independent directors
2021/3/22	Corporate governance meeting	<ol style="list-style-type: none"> <li>1. CPAs fully communicated the audit results and key audit items of the 2020 financial statements.</li> <li>2. CPAs discussed and communicated the independence and regulatory updates.</li> </ol>	None
2021/3/22	Audit Committee meeting	<ol style="list-style-type: none"> <li>1. Report on the implementation of the “Plan to Improve the Company’s Capability of Financial Statement Production”.</li> <li>2. CPAs explained the 2020 Consolidated Financial Statement.</li> <li>3. Discussed and communicated the highlights of the Audit Committee tasks for 2021.</li> <li>4. Discussed the independence of the CPAs and their accounting for 2021.</li> </ol>	None
2021/5/6	Audit Committee meeting	CPAs explained the Company’s consolidated financial statement of 2021Q1.	None
2021/8/5	Audit Committee meeting	<ol style="list-style-type: none"> <li>1. Issuance of the unqualified opinion report for the Company’s financial statements of Q1-Q3 in the future.</li> <li>2. CPAs explained the Company’s consolidated financial statement of 2021Q2.</li> </ol>	None
2021/11/12	Audit Committee meeting	<ol style="list-style-type: none"> <li>1. CPAs explained the Company’s consolidated financial statement of 2021Q3.</li> <li>2. The Plan to Improve the Company’s Capability of Financial Statement Production.</li> </ol>	None
2022/3/10	Corporate governance meeting	<ol style="list-style-type: none"> <li>1. CPAs fully communicated the audit results and key audit items of the 2021 financial statements.</li> <li>2. CPAs discussed and communicated the independence and regulatory updates.</li> </ol>	None
2022/3/10	Audit Committee meeting	<ol style="list-style-type: none"> <li>1. Report on the implementation of the “Plan to Improve the Company’s Capability of Financial Statement Production”.</li> <li>2. CPAs explained the 2021 Consolidated Financial Statement.</li> <li>3. Discussed and communicated the highlights of the Audit Committee tasks for 2022.</li> <li>4. Discussed the independence of the CPAs and their accounting firm for 2022.</li> </ol>	None

4. Supervisors’ involvement in Board operations: This Company does not have supervisors.

iv. Differences of corporate governments from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons

Evaluation item	Operation			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
I. Did the company establish and disclose its governance best practice principles in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has established and disclosed them.	No difference
II. Structure of shareholdings and shareholder’s equity				
i. Did the company establish and implement internal procedures for addressing shareholder recommendations, questions, disputes, and litigious activities?	V		i. The Company has set up the Investor Relations Department and has someone to take charge of addressing suggestions provided by or disputes involving shareholders.	No difference
ii. Did the company keep an up-to-date list of its dominant shareholders and the parties with ultimate control over its dominant shareholders?	V		ii. There are exclusive unit and people to take charge.	
iii. Did the company establish and implement a risk control mechanism and firewall between its affiliates?	V		iii. For the internal control system of the Company, there are the “Parent/Subsidiary and Affiliate Management Guidelines” and the “Operating Procedure for Transactions Involving Specific Companies, Group Businesses, and Related Parties” to govern financial and operational activities with its affiliates and “supervision and management of subsidiaries” is in place for the sound risk	

Evaluation item	Operation			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
iv. Did the company establish internal rules to prevent insider trading of securities with undisclosed information?	V		control mechanism and firewall with the affiliates. iv. The Company has defined its Ethical Code of Conduct to govern the behavior of related people and applicable details and information have been disclosed on the Company's website.	
III. Composition and duties of the board of directors i. Did the company establish and implement a diversity policy and defined management goals? ii. Did the Company voluntarily establish by law other functional committees in addition to a remuneration committee and an audit committee? iii. Did the company establish regulations and methods to evaluate the performance of the board of directors and evaluate its performance on an annual basis? Did the company report the evaluation results reported to the board of directors and use them as a reference for the reward and nomination for re-election of individual directors?	V  V V  V		i. <ul style="list-style-type: none"> <li>●We have established a diversity policy for board composition in the Corporate Governance Best Practice Principles to recruit outstanding entrepreneurs in different industries and well-experienced professionals in finance and business operations. We have also established a nomination committee and the criteria and review process for selecting directors and officers.</li> <li>●The current Board has 7 directors in total (including 3 independent directors). No independent directors hold their position for over three terms to ensure absolute independence.</li> <li>●All members of the Board are known for their background and expertise in business operations and management, rich industrial knowledge, leadership, and decision-making capability, which can give professional advice to the Company.</li> <li>●Basic composition and diversity in industrial experience</li> </ul>	No difference.

Evaluation item	Operation			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons																																																																																								
	Yes	No	Summary																																																																																									
iv. Did the Company evaluate the independence of certified public accountants regularly?			<p>and expertise of the Board: 100%.</p> <p>(1) Less than 2 directors are also employees of the Company.</p> <p>(2) No independent directors hold their position for over three terms.</p> <p>(3) All directors are ROC nationals.</p> <p>(4) Directors distribute in all age groups.</p> <p>(5) All directors have at least 10 years of experience in a particular industry and in at least three specialties.</p> <table border="1"> <thead> <tr> <th rowspan="2">Position</th> <th rowspan="2">Name</th> <th colspan="8">Diversified professionalism</th> </tr> <tr> <th>Making judgment about operations</th> <th>Accounting and financial analyses</th> <th>Operational management</th> <th>Crisis management</th> <th>Industrial knowledge</th> <th>International market views</th> <th>Leadership</th> <th>Decision-making</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Liu, Po-Yuan</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> </tr> <tr> <td>Director</td> <td>Hsiao, Cheng-Hao, Representative of Wanin International</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> </tr> <tr> <td>Director</td> <td>Lin, Hsien-Ming</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> </tr> <tr> <td>Director</td> <td>CLOUD COPIOUS INVESTMETN LIMITED Representative: Chen, Shih-Ying</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> </tr> <tr> <td>Independent Director</td> <td>Lin, Ruei-Yi</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> </tr> <tr> <td>Independent Director</td> <td>Sheng, Bao-Si</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> </tr> <tr> <td>Independent Director</td> <td>Chen, Kuan-Pai</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> <td>•</td> </tr> </tbody> </table>	Position	Name	Diversified professionalism								Making judgment about operations	Accounting and financial analyses	Operational management	Crisis management	Industrial knowledge	International market views	Leadership	Decision-making	Chairman	Liu, Po-Yuan	•	•	•	•	•	•	•	•	Director	Hsiao, Cheng-Hao, Representative of Wanin International	•	•	•	•	•	•	•	•	Director	Lin, Hsien-Ming	•	•	•	•	•	•	•	•	Director	CLOUD COPIOUS INVESTMETN LIMITED Representative: Chen, Shih-Ying	•	•	•	•	•	•	•	•	Independent Director	Lin, Ruei-Yi	•	•	•	•	•	•	•	•	Independent Director	Sheng, Bao-Si	•	•	•	•	•	•	•	•	Independent Director	Chen, Kuan-Pai	•	•	•	•	•	•	•	•	
Position	Name	Diversified professionalism																																																																																										
		Making judgment about operations	Accounting and financial analyses	Operational management	Crisis management	Industrial knowledge	International market views	Leadership	Decision-making																																																																																			
Chairman	Liu, Po-Yuan	•	•	•	•	•	•	•	•																																																																																			
Director	Hsiao, Cheng-Hao, Representative of Wanin International	•	•	•	•	•	•	•	•																																																																																			
Director	Lin, Hsien-Ming	•	•	•	•	•	•	•	•																																																																																			
Director	CLOUD COPIOUS INVESTMETN LIMITED Representative: Chen, Shih-Ying	•	•	•	•	•	•	•	•																																																																																			
Independent Director	Lin, Ruei-Yi	•	•	•	•	•	•	•	•																																																																																			
Independent Director	Sheng, Bao-Si	•	•	•	•	•	•	•	•																																																																																			
Independent Director	Chen, Kuan-Pai	•	•	•	•	•	•	•	•																																																																																			

Evaluation item	Operation			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<ul style="list-style-type: none"> <li>ii. On March 7, 2019 the Board approved the voluntary establishment of a functional committee (Corporate Social Responsibility Committee), already renamed ESG Committee. On December 24, 2020 the Board approved the voluntary establishment of a functional committee (Nomination Committee).</li> <li>iii. We have established regulations and methods to evaluate Board performance and evaluate its performance on an annual basis to provide a reference for the reward and nomination for re-election of individual directors.</li> <li>iv. We evaluate the independence of CPAs regularly and report the results to the Audit Committee and Board for resolution.</li> </ul>	
IV. Did a public company deploy a sufficient quantity of eligible governance personnel and appoint a chief governance officer to take charge of company's governance affairs (including, but not limited to, providing directors and supervisors with the data required for business operations, assisting directors and supervisors in legal compliance, handling affairs in relation to holding a board meeting or a general meeting of shareholders, and keeping minutes for board meetings and general meetings of shareholders)?	V		The Company has set up responsible people to take charge of corporate governance-related affairs. The Board of Directors also designated in 2020 that the Company's Vice President and Chief Financial Officer Su, Hsin-Hung to serve as the head of corporate governance and to take charge of corporate governance-related affairs, including organizing meetings of the Board of Directors, the Audit Committee, and the Compensation and Remuneration Committee, and shareholders' meetings, helping directors to take office and receive continuing education, providing materials required for directors to perform their duties, and helping the directors comply with laws and regulations, etc.	No difference.

Evaluation item	Operation			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
V. Did the company establish channels for communication with stakeholders (including, but not limited to, shareholders, employees, customers, and suppliers), set up a stakeholder section on the corporate website, and properly address material the CSR issues that concern shareholders?	V		The Company has set up related departments and communication channels in honor of its corporate social responsibilities.	No difference.
VI. Did the company designate a professional stock affairs agent to handle shareholder affairs?	V		We have designated KGI Securities Co., Ltd. as out stock affairs agent.	No difference.
VII. Disclosure of information				
i. Did the company set up a website to disclose its financial and governance information?	V		The Company has set up its corporate website and disclose the information as required.	No difference.
ii. Did the company adopt other means to disclose information (such as setting up an English website, designating personnel to gather and disclose organizational information, effectively implementing the spokesperson system, and posting investor conferences on the corporate website)?	V		We have set up a corporate website in Chinese and English versions, designated responsible personnel gather and disclose information about the Company, enforced the spokesperson system, and posted investor conference on the corporate website.	No difference.
iii. Did the company publish and report the annual financial statements within two months after the end of a fiscal year, and publish and declare in advance the financial statements of Q1, Q2, and Q3		V	We have published and reported the annual financial statements and the financial statements for Q1, Q2, and Q3, and the status of monthly operations by the required deadline.	No difference.

Evaluation item	Operation			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
and status of monthly operations by the required deadline?				
VIII. Is there any other important information (including, but not limited to, employee rights and interests, employee care, investor relations, supplier relations, shareholder rights, continuing education for directors and supervisors, the status of implementation of the risk management policy and risk measurement measures, the status of implementation of the customer policy, and the purchase of liability insurance for directors and supervisors), that will help stakeholders understand governance practices at the Company?	V		<p>All of the Company's employees are covered by Labor Insurance, National Health Insurance, and Group Insurance and are entitled to benefits under each of the programs. Meanwhile, there are the Employee Welfare Committee and the Pension Fund Supervisory Committee in place to set aside the employee welfare fund and the pension fund as required by law, to hold employee communication meetings periodically, to set up the daycare center for employees' children, and to prepare details about distribution of bonus to employees so that the Company can share its profits with all employees. People with disabilities are hired and the charity foundation is established to encourage young people to work hard to realize their dreams in honor of corporate social responsibilities. Meanwhile, industrial workshops organized by the competent authority are proactively participated in and investor conferences are held from time to time. The Company also has the Investor Relations Department and website to provide related information for investors' reference.</p> <p>Operation at the Board of Directors:</p> <ol style="list-style-type: none"> <li>1. Directors of the Company unfailingly recused themselves from proposals having a conflict of interest with them.</li> <li>2. We have established the Rules of Procedure for Meetings of Shareholders and implemented them unfailingly.</li> <li>3. We have established the Rules of Procedure for Meetings of</li> </ol>	No difference.

Evaluation item	Operation			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons																					
	Yes	No	Summary																						
			<p>Board of Directors and implemented them unfailingly.</p> <p>4. We have purchased liability insurance for directors, and the meeting of shareholders has approved the inclusion of the liability insurance for supervisors in the Articles of Incorporation and report to the Board after the insurance's renewal or change.</p> <p>5. Except for absences due to unexpected or important work-related affairs, all directors participated in the supervision and discussion of the related proposals throughout each board meeting.</p> <p>6. Continuing education for directors in 2021</p> <table border="1"> <thead> <tr> <th>Position</th> <th>Name</th> <th>Continuation Date</th> <th>Organizer</th> <th>Course title</th> <th>Hours involved</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Chairman</td> <td rowspan="2">Liu, Po-Yuan</td> <td>2021.05.06</td> <td rowspan="2">Securities and Futures Institute</td> <td>ESG/CSR and sustainable governance: A big trend</td> <td>3</td> </tr> <tr> <td>2021.11.12</td> <td>Supervising enterprise risk management and crisis handling for directors and supervisors</td> <td>3</td> </tr> <tr> <td>Director</td> <td>Lin, Hsien-Ming</td> <td>2021.07.02</td> <td>Securities and Futures Institute</td> <td>Corporate governance and securities laws and regulations</td> <td>3</td> </tr> </tbody> </table>	Position	Name	Continuation Date	Organizer	Course title	Hours involved	Chairman	Liu, Po-Yuan	2021.05.06	Securities and Futures Institute	ESG/CSR and sustainable governance: A big trend	3	2021.11.12	Supervising enterprise risk management and crisis handling for directors and supervisors	3	Director	Lin, Hsien-Ming	2021.07.02	Securities and Futures Institute	Corporate governance and securities laws and regulations	3	
Position	Name	Continuation Date	Organizer	Course title	Hours involved																				
Chairman	Liu, Po-Yuan	2021.05.06	Securities and Futures Institute	ESG/CSR and sustainable governance: A big trend	3																				
		2021.11.12		Supervising enterprise risk management and crisis handling for directors and supervisors	3																				
Director	Lin, Hsien-Ming	2021.07.02	Securities and Futures Institute	Corporate governance and securities laws and regulations	3																				

Evaluation item	Operation			Summary	Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons																											
	Yes	No																														
				<table border="1"> <tr> <td></td> <td></td> <td>2021.10.29</td> <td>Taiwan Corporate Governance Association</td> <td>Business operations and management strategies for public opinions, news, and crises</td> <td>3</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>On Corporate Governance 3.0 Roadmap and directorial responsibilities</td> <td>3</td> </tr> <tr> <td rowspan="4">Director</td> <td rowspan="4">Representative of Cloud Copious Investment Limited Chen, Shih-Ying</td> <td>2021.05.06</td> <td rowspan="4">Securities and Futures Institute</td> <td>ESG/CSR and sustainable governance: A big trend</td> <td>3</td> </tr> <tr> <td>2021.11.12</td> <td>Supervising enterprise risk management and crisis handling for directors and supervisors</td> <td>3</td> </tr> <tr> <td>2021.12.23</td> <td>Important laws and regulations for cross-strait investments, joint ventures, and M&amp;A</td> <td>3</td> </tr> <tr> <td>2021.12.23</td> <td>Trend of M&amp;A development and case study: The perspective</td> <td>3</td> </tr> </table>			2021.10.29	Taiwan Corporate Governance Association	Business operations and management strategies for public opinions, news, and crises	3					On Corporate Governance 3.0 Roadmap and directorial responsibilities	3	Director	Representative of Cloud Copious Investment Limited Chen, Shih-Ying	2021.05.06	Securities and Futures Institute	ESG/CSR and sustainable governance: A big trend	3	2021.11.12	Supervising enterprise risk management and crisis handling for directors and supervisors	3	2021.12.23	Important laws and regulations for cross-strait investments, joint ventures, and M&A	3	2021.12.23	Trend of M&A development and case study: The perspective	3	
		2021.10.29	Taiwan Corporate Governance Association	Business operations and management strategies for public opinions, news, and crises	3																											
				On Corporate Governance 3.0 Roadmap and directorial responsibilities	3																											
Director	Representative of Cloud Copious Investment Limited Chen, Shih-Ying	2021.05.06	Securities and Futures Institute	ESG/CSR and sustainable governance: A big trend	3																											
		2021.11.12		Supervising enterprise risk management and crisis handling for directors and supervisors	3																											
		2021.12.23		Important laws and regulations for cross-strait investments, joint ventures, and M&A	3																											
		2021.12.23		Trend of M&A development and case study: The perspective	3																											

Evaluation item	Operation						Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons	
	Yes	No	Summary					
						of directors and supervisors		
			Independent Director	Lin, Ruei-Yi	2021.05.06	Securities and Futures Institute	ESG/CSR and sustainable governance: A big trend	3
					2021.11.12		Supervising enterprise risk management and crisis handling for directors and supervisors	3
			Independent Director	Sheng, Bao-Si	2021.05.06	Securities and Futures Institute	ESG/CSR and sustainable governance: A big trend	3
					2021.11.24		Taiwan Institute of Directors	Family fortune succession: Sustainable business operations
			Independent Director	Chen, Kuan-Pai	2021.05.06	Securities and Futures Institute	ESG/CSR and sustainable governance: A big trend	3
					2021.08.31 2021.09.01		Taipei Exchange	2021 Sustainability Through ESG
<p>IX. Status of improvement and the prioritized improvements with reference to the Corporate Governance Evaluation results in the previous year: Through continual improvement corporate governance, we were rated the top 6-20% among TPEX-listed companies at the 7th Corporate Governance Evaluation.</p>								

v. Composition, duties, and operations of the Remuneration Committee

We established the Remuneration Committee on December 12, 2011.

According to the Committee's articles of organization, the committee will have three members, including one convener, appointed by resolution of the Board. The duties of the committee include: 1. Establish and periodically review the policy, system, standard, and structure of the performance evaluation, salary, and reward of directors and officers. 2. Periodically evaluate and determine the salary and reward of directors and officers and submit the recommendations to the Board for discussion.

1. Expertise and experience of members of the Remuneration Committee

March 31, 2022

Status	Qualification	Name	Expertise and Experience	Fulfillment of Independence	Number of other public offering companies with membership in their Compensation and Remuneration Committee
Independent Director	Lin, Ruei-Yi		All members are independent directors. Please refer to Disclosure of Information on the Expertise of Directors and Independence of Independent Directors in page 25 of the Annual Report for the qualifications, experience, and fulfillment of independence.		1
Independent Director	Sheng, Bao-Si			1	
Independent Director	Chen, Kuan-Pai			1	

2. Operational Status of the Compensation and Remuneration Committee

- (1) The Remuneration Committee has 3 members in total.
- (2) Term of current members: From June 17, 2020 to June 16, 2023. In the most recent year and until the date of annual report publication, the Committee held four committee meetings. The member attendance and proposals discussed are as follows:

Position	Name	Attendance in person	Attendance through proxy	Ratio of attendance in person (%)	Remarks
Convener	Sheng, Bao-Si	3	1	75	None
Member	Lin, Ruei-Yi	4	0	100	None
Member	Chen, Kuan-Pai	4	0	100	None

Other details to be documented:

1. The Remuneration Committee held committee meetings on 22 March 2021, 5 August 2020, 12 November 2021, and 10 March 2022 and discussed the following proposals:
  - (1) Approval of the amendment to the Articles of Organization of Remuneration Committee.
  - (2) Approval of the amendment to the Director Reward and Reward Distribution Regulations.
  - (3) Approval of the amendment to the Officer Reward Distribution Regulations.
  - (4) Approval of the distribution of rewards for directors and employees for 2020 and 2021.
  - (5) Approval of the distribution of rewards for directors and officer-employees for 2020 and 2021.
  - All proposals mentioned above were approved by the Committee.
2. Advice of the Remuneration Committee rejected or revised by the Board: None.
3. Resolutions of the Remuneration Committee with objections or reservations by members expressed in records or stated in writing: None.

vi. Composition, duties, and operations of the Nomination Committee

We established the Nomination Committee on December 24, 2020.

According to the Committee's articles of organization, the committee will be formed by four members, including the chairperson and three directors, including one convener and over one half of members being independent directors. The duties of the committee include: 1. Establish and periodically review the number and qualifications of directors and senior officers. 2. Recommend eligible candidates for the Company's (also important subsidiaries) directors and senior officers, review by law the candidates recommended by shareholders or the Board in advance, and submit the review results and the reference list of candidates to the Board.

1. Expertise and experience of members of the Nomination Committee  
March 31, 2022

Qualification		Expertise and Experience	Fulfillment of Independence
Status	Name		
Convener	Liu, Po-Yuan	All members are directors and independent directors. Please refer to Disclosure of Information on the Expertise of Directors and Independence of Independent Directors in page 25 of the Annual Report for the qualifications, experience, and fulfillment of independence.	
Member	Lin, Ruei-Yi		
Member	Sheng, Bao-Si		
Member	Chen, Kuan-Pai		

2. Status of operations of the Nomination Committee

- (1) The Nomination Committee has 4 members in total.
- (2) Term of current members: From December 24, 2020 to June 16, 2023. In the most recent year and until the date of annual report publication, the Committee held four committee meetings. The member attendance and proposals discussed are as follows:

Position	Name	Attendance in person	Attendance through proxy	Ratio of attendance in person (%)	Remarks
Convener	Liu, Po-Yuan	4	0	100	None
Member	Lin, Ruei-Yi	4	0	75	None
Member	Sheng, Bao-Si	3	1	100	None
Member	Chen, Kuan-Pai	4	0	100	None

Other details to be documented:

1. The Nomination Committee held committee meetings on 22 March 2021, 5 August 2020, 12 November 2021, and 10 March 2022 and discussed the following proposals:
  - (1) Approval of establishment of the “Regulations for Nomination and Qualification Review of Directors and Senior Officers”.
  - (2) Approval of the qualification review of president for subsidiary GAMA PAY Co., Ltd.
  - (3) Approval of the qualification review of the Company’s chief R&D officer.
  - (4) Approval of the qualification review of directors and senior officers.
    - All proposals mentioned above were approved by the Committee.
2. Advice of the Nomination Committee rejected or revised by the Board: None.
3. Resolutions of the Nomination Committee with objections or reservations by members expressed in records or stated in writing: None.

vii. Status of sustainable development promotion and status and causes of inconsistency with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Objective	Status of Implementation			Status and causes of inconsistency with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Did the company implement a governance framework and establish a full- (part-) time unit for sustainable development, with senior management authorized by the Board to handle the related matters? And what is the status of Board supervision?	V		<p>1. We have established a full-time unit for sustainable development. To strengthen and implement CSR and sustainable development, the Board established the CSR Management Committee on March 7, 2019 and renamed it the ESG Committee and established the Office of Sustainability Planning in 2021.</p> <p>2. Board authorization and supervision:</p> <p>(1) To implement sustainable development strategies and enhance operational efficiency, the Board approved the establishment of the Office of Sustainability Planning under the ESG Committee on November 12, 2021 to promote and integrate all ESG task forces.</p> <p>(2) The Office of Sustainability Planning reports the status of ESG implementation to the Board at least once a year. (November 12, 2021)</p> <p>(3) The Board grants full authorization and give guidance to all sustainable development strategies proposed by the</p>	No difference

Objective	Status of Implementation			Status and causes of inconsistency with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			ESG Committee and periodically review their status and achievements of implementation.	
II. Did the company assess by materiality the risks of environmental, social, and governance issues relating to corporate operations and establish related policies or strategies for risk management?	V		<ol style="list-style-type: none"> <li>1. Boundaries of risk assessment In consideration of the financial materiality and industrial connection, the boundaries of risk assessment cover this Company and the subsidiaries listed in Chapter 1 of the 2020 ESG Report (pp. 6-7), emphasizing business locations in Taiwan with a consolidated revenue accounting for up to 90% of the total.</li> <li>2. Strategies and standards of risk assessment for related material issues ESG task forces propose to the ESG Committee and the Board strategies and action plans based on the Company's sustainable development strategies and by integrating the industry's characteristics and international sustainable issues.</li> </ol>	No difference
III. Environmental issues i. Did the company establish environmental management systems appropriate to the characteristics of its industry?	V		We value environmental protection issues. Besides establishing and implementing green procurement and energy management, we also progressively implement GHG inventory and verification.	No difference

Objective	Status of Implementation			Status and causes of inconsistency with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
ii. Did the company make efforts to enhance energy efficiency and use recycled materials to reduce environmental impacts and burdens?	V		We are in an industry that does not produce hazardous waste or air pollution. However, as the construction and operation of data centers need to consume a high volume of electricity, we have built the energy monitoring and management system at the headquarters building. The system is composed of three interconnected aspects: design, operation, and improvement and analysis of energy conservation.	No difference
iii. Did the company assess the present and future potential risks and opportunities of climate change and take the relevant countermeasures?	V		We have assessed the Company's present and future potential risks and opportunities of climate change.	No difference
iv. Did the company produce statistics on the GHG emissions, water consumption, and the total weight of waste in the last two years and establish policies to reduce GHG emissions and water consumption or other waste management policies?	V		We have disclosed the GHG emissions, water consumption, and the total weight of waste in the last two years and their management policies.	No difference
IV. Social issues i. Did the company establish related management policies and procedures in accordance with the related laws and regulations and the International Bill of Human Rights?	V		We have established the relevant regulations and organized education and training in accordance with the 17 Sustainable Development Goals of the United Nations and in conformity with the internationally recognized standards including the UN Universal Declaration of Human Rights (UDHR), UN Global	No difference

Objective	Status of Implementation			Status and causes of inconsistency with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			Compact (UNGC), United Nations Guiding Principles on Business and Human Rights (UNGPs), and International Labour Organisation (ILO).	
ii. Did the company establish and implement reasonable employee welfare measures (including remuneration, leave, and other benefits) and appropriately reflect its operational performance or achievements in the employee's remuneration?	V		We have established the relevant employee welfare measures and reflect our operational performance or achievements in the employee's remuneration.	No difference
iii. Did the company provide employees with a safe and healthy work environment and arrange regular safety and health education for employees?	V		<ol style="list-style-type: none"> <li>1. Besides establishing the Safe Working Rules, we perform work environment monitoring and organize education and training on occupational safety every six months to ensure employee workplace safety.</li> <li>2. In terms of employee health, we run an in-house fitness center, hire professional coaches, and offer yoga, aerobic sport, and circuit training courses every day for employees to choose.</li> <li>3. Additionally, we arrange annual health checkups and quarterly on-site health consultation services for employees in excess of the regulatory requirements. Currently, we are progressively replacing office desks with standing desks for employees to adjust desk height according to their sitting postures to solve their</li> </ol>	No difference

Objective	Status of Implementation			Status and causes of inconsistency with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			<p>musculoskeletal problems in order to build a healthy and sound workplace environment.</p> <p>4. We were certified for the Taiwan i Sport mark by the Sports Administration, MOE, for 2016-2023.</p>	
iv. Did the company establish effective career development and training programs for employees?	V		<p>We provide a well-equipped learning environment and a well-planned education and training framework covering orientation training for new employees, professional development training, and hierarchical training (Gamanian). Every year we organize talks and irregular seminars (Gamanian Classroom, Gamanian Content) supported with e-learning (Gamanian Resource) to implement education and training. We also fund employees to take external training courses. In 2021 a total of 171 employee training courses were offered, a total of 206 classes up to 10,457.7 hours were organized in-house for 6,063 persons. The total annual training expenses totaled NTD 1,680,949.</p>	No difference
v. Did the company handle customer health and safety, customer privacy, marketing and labeling issues relating to products and services in compliance with the relevant laws and regulations and international standards and establish policies and grievance procedures to	V		<p>1. We have established and implemented mechanisms and processes relevant to our services based on the nature of business of individual products in accordance with the legal requirements and international standards to ensure protection for the rights and interests of consumers or customers.</p>	No difference

Objective	Status of Implementation			Status and causes of inconsistency with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
protect the rights and interests of consumers or customers?			2. Our call center also offers 24x7 services round the year. In response to different product needs, we have also arranged various service channels (helplines, guestbooks, instant messengers, smart chatbot, and others).	
vi. Did the company establish a supplier management policy to request suppliers to comply with the relevant standards in environmental protection, occupational safety and health, and labor human rights? And what is the status of policy implementation?	V		We designate the Internal Service Division to promote and implement the related affairs and have established the supplier management policy.	No difference
V. Did the company prepare and publish such reports as the sustainability report in accordance with the internationally accepted reporting standards or guidelines to disclose the company's non-financial information? Are there opinions from a third-party qualification unit to validate or guarantee the said reports?	V		<p>1. We have prepared our ESG reports in accordance with the GRI Standards and have the report assured by a third-party verification body. Additionally, we publish report-related information over the MOPS at the same time.</p> <p>2. Verification Body</p> <ul style="list-style-type: none"> <li>● Annual Reports of 2018 and 2019 were verified by Ernst &amp; Young Global Limited</li> <li>● Annual Report 2020 Non-delegated assurance</li> <li>● Items and scope of verification and reference standards:</li> <li>● Download ESG reports over the years at <a href="https://esg.gamania.com/">https://esg.gamania.com/</a></li> </ul>	No difference

Objective	Status of Implementation			Status and causes of inconsistency with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
VI. If the company has established its own Sustainable Development Best Practice Principles with reference to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please state the differences from its own CSR best practice principles: No difference.				
VII. Other important information that helps understand the promotion of sustainable development:				
<ul style="list-style-type: none"> <li>i. Industrial safety, environmental protection, safety and health re important to us. Hence, responsible units are designated to promote and implement HSE.</li> <li>ii. We create many job opportunities and are rated the Top 100 Most Admired Companies of the Next Generation. Besides establishing the employee (staff) welfare committee, we also adopt the pension system; organize various employee training courses, employee travels, and employee group insurance; and arrange periodic health checkups to show our concerns about labor-management harmony.</li> <li>iii. The employee welfare committee proactively engages in and convenes employees to engage in charitable sales and activities to help social welfare groups.</li> <li>iv. After setting up the Gamania Cheer Up Foundation in April 2007, we have since expressing care for young people and encouraging them to go for their dreams, we also organize various public interest projects.</li> <li>v. Please visit the following websites for more information:  <a href="https://ir.gamania.com/">https://ir.gamania.com/</a>  <a href="https://esg.gamania.com/">https://esg.gamania.com/</a></li> </ul>				

viii. Performance in ethical corporate management and differences from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:

Assessed Item	Operation			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
<p>I. Establishing ethical corporate management policies and programs</p> <p>i. Did the company establish policies for ethical corporate management approved by the board of directors and state such policies and practices in its regulations and external documents and in the commitment made by the board of directors and senior management to actively implement such policies?</p> <p>ii. Did the company establish an assessment mechanism of risk from unethical behavior to regularly analyze and assess business activities with higher risk of involvement in unethical behavior and preventive programs for unethical behaviors containing at least the preventive measures stated in Article 7, paragraph 2, “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies”?</p> <p>iii. Did the company define operating procedures, guidelines for conduct, and penalties and grievance systems of breaching in programs for preventing unethical behavior, and implement and periodically review and revise them?</p>	<p>√</p> <p>√</p> <p>√</p>		<p>(1) We have established regulations and policies related to ethical corporate management that have been approved by the Board. Both the Board and management adhere to the principle of ethical corporate management to maximize interests for shareholders.</p> <p>(2) We have established the CEO’s Office under the Board to promote ethical corporate management and establish, implement, and supervise policies for ethical corporate management and programs to prevent unethical behavior. The CEO Office regularly reports to the Board of the performance in ethical corporate management and discloses the relevant regulations and information on the corporate website.</p> <p>(3) We have established the CEO’s Office under the Board to promote ethical corporate management and establish, implement, and supervise policies for ethical corporate management and programs to prevent unethical behavior. The CEO Office</p>	No difference

Assessed Item	Operation			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			regularly reports to the Board of the performance in ethical corporate management and discloses the relevant regulations and information on the corporate website.	
<p>II. Implementation of ethical corporate management</p> <p>i. Did the company assess the ethical records of its counterparts and explicitly include clauses on ethical behavior in transaction contracts?</p> <p>ii. Did the company establish under the board of directors a responsible unit to implement ethical corporate management and report regularly (at least once a year) to the board of directors the status of implementation and supervision of the ethical management policy and programs for preventing unethical behavior?</p> <p>iii. Did the company establish and implement a policy to prevent conflicts of interest and provide suitable channels for reporting such conflicts?</p> <p>iv. Did the company establish an effective accounting system and an internal control system for the internal audit unit to perform periodic audits or hire a CPA to perform the audit?</p>	<p>V</p> <p>V</p> <p>V</p> <p>V</p>		<p>(1) We have established mechanisms to assess customers and suppliers and defined the rights and obligations of both parties and the non-disclosure agreements in business contracts signed with them.</p> <p>(2) We have established the CEO's Office under the Board to plan and publicize ethical corporate management and report to the board of directors at least once a year the status of implementation and supervision of the ethical management policy and programs for preventing unethical behavior.</p> <p>(3) We have established the already has the Regulations for Avoidance of Conflicts of Personal Interest of Employees, and employees can report any conflict of interest to the superior.</p> <p>(4) Each year the Audit Office draws up routine, extraordinary, targeted, and unannounced audit programs and reports the audit performance to the Board.</p>	No difference

Assessed Item	Operation			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
v. Did the Company regularly organize internal and external education and training activities for ethical corporate management?	V		(5) We regularly organize internal and external education and training for ethical corporate management.	
III. Operation of the whistleblower system i. Did the Company establish explicit whistleblower and reward schemes and convenient reporting channels and assign appropriate personnel to investigate the target of a whistleblower report? ii. Did the company establish standard operating procedures for investigation, post-investigation measures, and related mechanisms to ensure the confidentiality of a whistleblower complaint? iii. Did the company establish measures to protect whistleblowers against improper treatment?	V  V  V		We have established the Procedures for Ethical Management and Code of Conduct, with contents covering complete whistle-blowing measures, standard operating procedures for report investigation, confidentiality mechanism, and whistleblower protection measures. The Audit Office under the Board and HR Office plan and implement the whistle-blowing systems for addressing external and internal reports respectively. If a report is confirmed by the investigation, the responsible unit shall report to the Board the report contents, actions taken, and subsequent reviews, and corrective action.	No difference
IV. Enhancement of information disclosure i. Did the company disclose its ethical corporate management best practice principles and their effectiveness on the corporate website and the MOPS?	V		We have disclosed the ethical corporate management best practice principles and effectiveness of implementation on the corporate website and MOPS.	No difference
V. If the Company has established its own ethical corporate management best practice principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies”, please state the status of operation and differences: No difference.				
VI. Other important information that helps understand the operation of the company’s ethical corporate management: None.				

- ix. If the company has established the corporate governance best practice principles and related regulations, please disclose the methods to access them.
- x. Other important information that helps understanding the status of implementation of corporate governance can be disclosed at the same time.

Gamania has been devoted to corporate governance over the long term and hopes to create maximum shareholder equity and sustainable corporate operation by enhancing the function of the Board of Directors, establishing functional committees, strengthening communications with stakeholders, and reinforcing information disclosure, among others.

1. Voluntary establishment of the Nomination Committee

In the fifth meeting of the Board of Directors of the tenth intake on December 24, 2020, establishment of the Nomination Committee was approved. The Committee consists of four members in total that are the Company's Chairman and all independent directors.

(1) Committee members and expertise

All Committee members are known for their background and expertise in business operations and management, rich industrial knowledge, leadership, and decision-making capability. They outstanding entrepreneurs in different industries and well-experienced professionals in finance and business operations.

Position	Name	Diversified professionalism							
		Making judgment about operations	Accounting and financial analyses	Operational management	Crisis management	Industrial knowledge	International market views	Leadership	Decision-making
Member (Convener)	Liu, Po-Yuan	•	•	•	•	•	•	•	•
Member	Lin, Ruei-Yi	•	•	•	•	•	•	•	•
Member	Sheng, Bao-Si	•	•	•	•	•	•	•	•
Member	Chen, Kuan-Pai	•	•	•	•	•	•	•	•

(2) Duties of committee

To propose a list of suitable candidates for the director or high-ranking managerial openings to the Board of Directors (including those of subsidiaries) and review in advance the candidates recommended by shareholders or the Board of Directors by law and submit the review results and the reference list of candidates to the Board of Directors. While proposing the list of independent director candidates, attention shall be paid to the experience, professionalism, integrity, and fulfillment of the Securities and Exchange Act, Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and applicable laws and regulations regarding the criteria of independent directors of each candidate and the developments of the Company and the long-term interest of shareholders shall be the primary considerations.

(3) Performance in 2021: Please refer to the “Composition, duties, and operations of the Nomination Committee” in the Annual Report.

2. Establishment of Chief Corporate Governance Officer

At the 4th meeting of the 10th Board on November 11, 2020, the establishment of the chief corporate governance officer (CCGO) was approved. Chief Financial Officer Su, Hsin-Hung will concurrently be the CCGO. Su has over 3 years of experience as a supervisor of stock affairs and corporate governance of public companies.

(1) Duties of CCGO

To take care of corporate governance-related affairs, including matters related to the organization of shareholders’ meetings and the meetings of the Board of Directors, the Audit Committee, the Compensation and Remuneration Committee, the Nomination Committee and related functional committees, helping directors to take office and comply with laws and regulations, providing directors with materials required for them to perform tasks, and other matters defined by law, in the Articles of Incorporation, or in contracts, etc.

(2) Business Performance in 2021

◆To prepare the agenda for a shareholders’ meeting, a Board of Directors’ meeting, or a meeting of each of the functional committees, provide the agenda and related attachments by the statutory deadline, and communicate with the Board of Directors members or the members of each of the said committees in advance and prepare meeting minutes-related documentation.

Name of Meeting	Shareholders' meeting	Board of Directors' meeting	Audit Committee meeting	Compensation and Remuneration Committee meeting
Frequency	1	5	4	3

#### Important resolutions of the meeting of shareholders

- Approval of the financial statements and reports for 2020.
- Approval of the earnings distribution for 2020.

#### Important Board resolutions

- Approval of the issuance of the Statement of Internal Control System based on the self-evaluation results of the internal control system for 2020.
- Approval of the Company's 2020 statements and reports
- Approval of the Company's consolidated financial statement for 2021Q1
- Approval of the Company's consolidated financial statement for 2021Q2
- Approval of the Company's business plan and annual budget for 2021
- Approval of the reward for directors and officers in 2021 recommended by the Remuneration Committee.
- Approval of the rewards for directors and employees in 2020
- Approval of the earnings distribution for 2020
- Approval of the matters related to the annual general meeting of shareholders of 2021.
- Approval of the date change of the annual general meeting of shareholders of 2021.
- Approval of the independence assessment of the CPAs and their accounting firm of 2021.
- Approval of the capital increase of subsidiaries Indiland Co., Ltd., Jollybuy Digital Technology Co., Ltd., and Ciirco, Inc.
- Approval of participation in the capital increase of GungHo Gamania Co., Limited.
- Approval of donation for the Gamania Cheer Up Foundation.
- Approval of the amendment to the Company's accounting system.
- Approval of the amendment to the Company's internal control system and Rules for Implementation of Internal Audit.

- Approval of the amendment to the Officer Reward Distribution Regulations.
- Approval of distribution of rewards for directors and officer-employees for 2020.
- Approval of the determination of the Ex-dividend base date for the Company

#### Important resolutions of Audit Committee

- Approval of issuance of the unqualified opinion report for the Company's financial statements of Q1-Q3 in the future.
- Approval of the consolidated financial statement of 2020 and quarterly financial statements of 2021Q1-2021Q3
- Approval of the amendment to the Rules for Income Recognition and addition of the Management of Gambling Offence in Criminal Code and Anti-Money Laundering.
- Approval of the amendment to the Company's internal control system and Rules for Implementation of Internal Audit.
- Approval of the independence assessment of CPAs and their accounting firm.
- All proposals were fully discussed and advised by committee members with over 80% attendance.

#### Important resolutions of Remuneration Committee

- Approval of including independent directors in earnings distribution to balance responsibility, contribution, and salary of independent directors.
- Review and adjustment of reward for officers based on performance and special contribution to ensure the conformity to the Regulations of Reward Distribution for Officers to enhance market competitiveness and retain important talents.  
The pay adjustment, reward allocation, and the Company's overall pay raise and reward system were fully discussed and advised by members with over 80% attendance.
- ◆ Reviewed the important information to be released after the Board of Directors' meeting and the shareholders' meeting to ensure its legitimacy and accuracy of its content and to protect the rights of investors.
- ◆ Cooperated with the competent authority in the latter's revision of

policies or laws or regulations by revising applicable regulations on corporate governance in real time and to submit it to the Board of Directors.

- ◆ Planned the annual Board of Directors continuing education courses that help reinforce its function.

Date	Training agency	Description	Hours involved
2021.05.06	Securities and Futures Institute	ESG/CSR and sustainable governance: A big trend	3 hours
2021.11.12	Securities and Futures Institute	Supervising enterprise risk management and crisis handling for directors and supervisors	3 hours

- ◆ Provided related financial or operational information of the Company needed by directors and to keep optimal communications between directors and the management.
- ◆ Arranged communication meetings for independent directors with chief internal auditor and CPAs to facilitate independent directors to carry out their duties.
- ◆ Please refer to the Corporate Governance and Communication with Independent Directors under the Investor Relations of the Company's corporate website for a summary of communication meetings.
- ◆ Optimized the terms and conditions of the liability insurance policy for the directors and officers and reported to the Board.
- ◆ The ESG Committee reported the annual accomplishments to the Board.
- ◆ The ethical corporate management unit reported the annual accomplishments to the Board.
- ◆ Planned the 2021 Board performance evaluation and expanded evaluation to various functional committees to practice corporate governance.
- ◆ The IP management unit reported the annual accomplishments to the Board to practice the Group's IP management policy.
- ◆ Continuously promoted paperless meetings Board meetings and meetings of functional committees for in-depth control of confidential documents.
- ◆ Rated the top 6-20% among TPEX-listed companies at the 7th Corporate Governance Evaluation.

(3) Continuing education for CCGO

- ◆ In accordance with Article 24, paragraph 2, Articles of Organization of the Board of Directors: First-time chief corporate governance officers (CCGO) shall complete 18 hours of continuing education within one year after inauguration and 12 hours of continuing education each year in subsequent years.
- ◆ The CCGO appointed on November 11, 2020 completed the required length of continuing education.

## xi. Performance of the internal control system

### 1. Statement of Internal Control

Date: March 10, 2022

With regards to the results of the 2021 self-evaluation of the internal control system, we hereby declare as follows:

- I. We acknowledge and understand that it is the responsibility of the Board of Directors and officers to establish, implement, and maintain an internal control system, and we have established such system. The purpose of the system is to reasonably ensure the achievement of various objectives, including operational efficiency and effectiveness (including profitability, business performance and the security of assets), the reliability, timeliness and transparency of information disclosed, and compliance with relevant guidelines as well as relevant laws and regulations.
- II. There is a limitation inherent to each internal control system, however perfect the design is. As such, an effective internal control system can only fairly ensure the achievement of the aforementioned three goals. Furthermore, the effectiveness of an internal control system may variate as the macro environment and situation change. There is a self-surveillance mechanism, however, built inside the internal control system of the Company that helps the Company take a corrective action against deficiencies confirmed.
- III. Referring to the criteria for determining the effectiveness of an internal control system as specified in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (the “Criteria”), we judge the effectiveness of design and implementation of our internal audit system. The items adopted in the Governing Regulations for determining the internal control system are the five constitutional elements of the internal control system divided according to the management and control process: 1. control environment, 2. risk assessment, 3. control process, 4. information and communication, and 5. supervision. Each element further encompasses several items. Please refer to "Governing Regulations" for details.
- IV. We have evaluated the effectiveness of design and implementation of our internal control system with the such criteria.
- V. With respect to the findings of the above evaluation, we hold that the design and implementation of our internal control system (including the supervision and management of subsidiaries) by December 31, 2021 were effective to achieve the above goals in terms of the effect and efficiency of operations; the reliability, timeliness, and transparency of financial reporting; and the achievement of legal compliance.
- VI. This Statement shall form an integral part of the annual report and the prospectus on this Company and will be disclosed to the public. If the aforesaid published contents are found to be false, or fraudulent in any way, the Company and its management shall be legally liable in accordance with Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
- VII. This Statement of declaration was approved unanimously by the Board at the meeting on March 10, 2022 in the presence of seven directors attending the meeting.

Gamania Digital Entertainment Co., Ltd.

Chairperson: Liu, Po-Yuan

President: Liu, Po-Yuan

2. The company auditing its internal control system by a CPA shall disclose the CPA audit report: NA.

xii. If punishment by law of the company and its employees or sanctions for noncompliance with the internal control regulations of the company and its employees in the most recent year and until the date of annual report publication with results that may cause significant impacts to the rights and interests of shareholders or the stock price, state the content of punishments/sanctions, major defects, and improvements: NA.

xiii. Important resolutions of the meeting of shareholders and the Board in most recent year and until the date annual report publication

1. Important resolutions of the meeting of shareholders in 2021

Date of meeting	Summary of important proposals	Implementation status
2021.08.05	Ratification of the financial statements and reports for 2020.	The proposal was approved in the shareholders' meeting as is.
	Ratification of the earnings distribution for 2020.	The proposal was approved as is at the meeting of shareholders, and the distribution of cash dividends was completed on July 27, 2021.

2. Important resolutions of the Board

Important resolutions of the Board in 2021 and until the date the annual report publication is summarized as follows:

Date	Important decision
2021.03.22	<ul style="list-style-type: none"> <li>● Approval of the Company's 2020 financial statements and reports.</li> <li>● Approval of the Company's 2020 earnings distribution in cash dividends.</li> <li>● Approval of the distribution of reward for directors and employees.</li> <li>● Approval of the call for 2020 annual general meeting of shareholders.</li> </ul>
2021.05.06	<ul style="list-style-type: none"> <li>● Approval of participation in the capital increase of GungHo Gamania Co., Limited.</li> </ul>
2021.07.19	<ul style="list-style-type: none"> <li>● Approval of the date change of the annual general meeting of shareholders of 2021.</li> </ul>
2021.08.05	<ul style="list-style-type: none"> <li>● Approval of the Company's consolidated financial statement for 2021Q2.</li> <li>● Approval of the amendment to the Company's accounting system.</li> <li>● Approval of the amendment to the Company's internal control system and Rules for Implementation of Internal Audit.</li> <li>● Approval of the amendment to the Officer Reward Distribution Regulations.</li> </ul>

Date	Important decision
	<ul style="list-style-type: none"> <li>● Approval of distribution of rewards for directors and officer-employees for 2020.</li> <li>● Approval of determination of the ex-dividend base date.</li> </ul>
2021.11.12	<ul style="list-style-type: none"> <li>● Approval of the Company's consolidated financial statement for 2021Q3.</li> <li>● Approval of the amendment to the Articles of Organization of CSR Committee.</li> <li>● Approval of the amendment to the Procedures for Ethical Management and Code of Conduct.</li> <li>● Approval of the amendment to the Regulations for Handling Reports of Unethical Behavior.</li> <li>● Approval of the amendment to the Code of Ethical Conduct.</li> <li>● Approval of the amendment to the Officer Reward Distribution Regulations.</li> <li>● Approval of the Company's 2022 Annual Audit Program.</li> <li>● Approval of the Plan to Improve the Company's Capability of Financial Statement Production</li> <li>● Approval of 2021 Board Performance Evaluation</li> <li>● Approval of investment in the follow-on offering of GAMA PAY Co., Ltd.</li> <li>● Approval of establishment of HaoJi Video Co., Ltd. through joint-venturing.</li> <li>● Approval of disposal of the shares of IKALA GLOBAL ONLINE CORP.</li> <li>● Approval of the personnel change of CRDO.</li> </ul>
2022.03.10	<ul style="list-style-type: none"> <li>● Approval of issuance of the Statement of Internal Control System based on the self-evaluation results of the internal control system during January 1-December 31, 2021.</li> <li>● Approval of amendment to the Company's Articles of Incorporation.</li> <li>● Approval of amendment to the Company's Procedures for Acquisition and Disposal of Assets.</li> <li>● Approval of the amendment to the Company's internal control system.</li> <li>● Approval of the amendment to the Company's Rules for Implementation of Internal Audits.</li> <li>● Approval of the amendment to the Articles of Organization of ESG Committee.</li> <li>● Approval of the Company's 2021 financial statements and reports.</li> <li>● Approval of the rewards for directors and employees in 2021.</li> <li>● Approval of earnings distribution for 2021.</li> <li>● Approval of the independence assessment of CPAs and their accounting firm for 2022.</li> <li>● Approval of the reward for directors and officers in 2022 recommended by the Remuneration Committee.</li> <li>● Approval of the Company's business plan and annual budget for 2022.</li> <li>● Approval of the matters related to the annual general meeting of shareholders of 2022.</li> <li>● Approval of application for bank credits.</li> <li>● Approval for ratification of the share disposal of LifePlus Co., Ltd.</li> <li>● Approval of the capital increase of subsidiary Jollybuy Digital Technology Co., Ltd.</li> </ul>

Date	Important decision
	<ul style="list-style-type: none"> <li>• Approval of the capital increase of subsidiary NOWNEWS Network Co., Ltd.</li> <li>• Approval of donation for the Gamania Cheer Up Foundation.</li> </ul>

- xiv. Major contents of different opinions of directors or supervisors on important resolutions expressed on records or in writing in the most recent year and until the date of annual report publication: None.
- xv. Summary of the resignation or dismissal of the company's chairperson, president, chief accounting officer, chief finance officer, chief internal auditor, chief corporate governance officer, and chief R&D officer in the most reason years and until the date of annual report publication: None
- xvi. Status of certification designated by competent authorities of the Company and personnel related to financial information transparency

Name of certificate	Number of people
Internal Auditor Certificate	1
Basic Internal Corporate Control Skills Qualification Certificate	2
Trust and Investment Underwriter	1
Shareholder Service Professionalism Qualification Certificate	2
Professional Trust Business Provider Qualification Certificate	1
Certification in Risk Management Assurance (CRMA)	1
Brokerage Senior Dealer Qualification Certificate	1
Brokerage Dealer Certificate of Successful Completion	1
Brokerage Dealer Qualification Certificate	1

## V. Accountant Audit Fee Information

Currency: NTD\$1,000

Name of the Accounting Firm	Name of the CPA	Duration of the audit	Audit public expenditure	Non-audit public expenditure	Total	Notes
PwC Taiwan	Lin, Yi-Fan	2021/1/1~2021/12/31	3,875	690	4,565	Description of Non-audit public expenditures: Audit services related to business tax for dual-
	Yen, Yu-Fun	2021/1/1~2021/12/31				

						status business entities applying the direct deduction method and profit-seeking enterprise income tax.
--	--	--	--	--	--	---

- i. Disclose the amount of audit fees before and after a CPA firm change and the reasons when the audit fee in the year of change is lesser than before: None
- ii. Disclose the amount, proportion, reasons when the audit fee is over 10% less than the previous: None

## VI. Information of CPA change

If the Company replaced the CPAs in the past two years and thereafter, the following information shall be disclosed:

- i. About former CPAs

Date of Replacement	February 27, 2020		
Reason for Replacement and Description	To go with the internal organizational adjustment of PwC Taiwan		
Explain if the appointee or accountant is terminated or does not accept the appointment	Client	CPA	Authorizer
	Status		
	Spontaneous termination of appointment	Lin, Yi-Fan, Pan, Hui-Ling	None
	Does not accept (continue with) appointment	None	None
Opinions expressed in audit reports other than unqualified opinions issued within the most recent two years and the reason	None		
Different opinions from those of the publisher	Yes		Accounting principles or practice
			Disclosure of financial statements
			Scope of inspection or steps
			Others
	None		√
		Description	

Other Matters (Those that should be disclosed as indicated in Article 10 Subparagraph 6 Items 1-4 to 1-7 of these Guidelines)	None
---	------

ii. About Succeeding CPAs

Name of Accounting Firm	PwC Taiwan
Name of CPA	Lin, Yi-Fan, Yen, Yu-Fun
Date of Authorization	February 27, 2020
Consultations and findings about opinions possibly signed off on the accounting approach of specific transactions and financial statements prior to authorization.	None
Written opinions of succeeding CPAs that differ from those of former CPAs	None

iii. Replies of former CPAs to Article 10, paragraph 6, subparagraph 1 and subparagraph 2, item 3 of the Guidelines: Not applicable.

iv. Independence evaluation of CPAs

We created the CPA independence evaluation sheet with reference to the “integrity, impartiality, and independence” as stated in Professional Ethics for Certified Public Accountant Bulletin No. 10 to evaluate the independence, professionalism, and suitability of CPAs, if they are related parties to or having business or financial interest with the Company. The evaluation sheet has been reviewed by the Company’s supervisors. In addition, the Company obtains the Independence Declaration issued by the accounting firm, too.

Reviewed and approved by the 20th meeting of the 10th Board on March 22, 2021. The evaluation revealed that CPA Lin, Yi-Fan and CPA Yen, Yu-Fun of PwC Taiwan both meet the Company’s independence evaluation criteria and can serve as the CPAs of the Company.

**VII. When the chairperson, president, or chief finance or accounting officer of the company has worked for the CPA’s firm or its affiliates in the most recent year, disclose the name,**

**job title, and the term of service of such roles: None.**

**VIII. Transfer of shares and change in stock pledge of directors, supervisors, officers, and shareholders holding over 10% of shares in the most recent year and until the date of annual report publication**

Unit: Thousand shares

Position	Name	2021		2022 As of March 31	
		Increase/ Decrease in the number of shares held	Increase/ Decrease in the number of shares pledged	Increase/ Decrease in the number of shares held	Increase/ Decrease in the number of shares pledged
Chairman	Liu, Po-Yuan	-	400	(2,800)	(3,010)
Director	Wanin International Representative: Hsiao, Cheng-Hao	-	-	-	-
Director	Lin, Hsien-Ming	-	-	-	-
Director	Cloud Copious Investmetn Limited Representative: Chen, Shih-Ying	-	-	-	-
Independent Director	Sheng, Bao-Si	-	-	-	-
Independent Director	Lin, Ruei-Yi	-	-	-	-
Independent Director	Chen, Kuan-Pai	-	-	-	-
Manager	Su, Hsin-Hung	(61)	-	-	-
Manager	Wu, Chang-Hung	-	-	-	-
Manager	Chien, Chih-Hao	-	-	-	-

Information on the transfer of equity: No transfer of equity to a related party occurred among the directors, supervisors, managers, and shareholders with a holding ratio exceeding 10% of the Company.

Information on the pledge of equity: No pledge of equity to a related party occurred among the directors, supervisors, managers, and shareholders with a holding ratio exceeding 10% of the Company.

## IX. Information of the top ten shareholders who are related parties or spouses, relatives in the 2nd degree of kinship to each other

April 18, 2022

Name	Shares held in person		Shares held by spouse and minor child(ren)		Shares held in the name of others		Company name or name and relationships of the top ten shareholders who are related parties or spouses, relatives in the 2nd degree of kinship to each other		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Liu, Po-Yuan	17,491,305	9.97%	-	-	-	-	Xiang Sheng Investment Co., Ltd.,	Person in charge	-
Wanin International Co., Ltd.	15,101,000	8.60%	-	-	-	-	-	-	-
Representative: Hsiao, Cheng-Hao	0	0	-	-	-	-	-	-	-
Xiangsheng Investment Co., Ltd.	13,600,000	7.75%	-	-	-	-	Liu, Po-Yuan	Person in charge	-
Representative: Liu, Po-Yuan	17,491,305	9.97%	-	-	-	-	-	-	-
Joy Develop Co., Ltd. Taiwan Branch	9,882,000	5.63%	-	-	-	-	-	-	-
Lawsuit and non-lawsuit representative: Wang, Jun-Ming	0	0	-	-	-	-	-	-	-
Morgan Stanley & Co. International PLC in the trusteeship of HSBC (Taiwan)	3,564,000	2.03%	-	-	-	-	-	-	-
Account of Polunin Emerging Markets Fund Company in the trusteeship of Citibank	3,367,100	1.92%	-	-	-	-	-	-	-
Investment Account of Xingtian Technology Co., Ltd., in the trusteeship of KGI	2,800,000	1.60%	-	-	-	-	-	-	-

Bank Co., Ltd.									
Jakedi Emerging Market Small Cap Equity Fund in the trusteeship of HSBC	2,114,000	1.20%	-	-	-	-	-	-	-
Investment Account of Vanguard Emerging Markets Stock Index Fund in the trusteeship of JPMorgan Chase	1,871,916	1.07%	-	-	-	-	-	-	-
Liu, Tie-Cheng	1,664,411	0.95%	-	-	-	-	Liu, Po-Yuan	Son	-

**X. The shareholding of the same investee of the company and its directors, supervisors, officers, and companies under direct or indirect control, and the consolidated shareholding of them.**

March 31, 2022 Unit: Share; %

Re-invested business (Note)	Investment of the Company		Directors, supervisors, managers, and directly or indirectly controlled businesses		Comprehensive investment	
	Number of shares	Holding ratio	Number of shares	Holding ratio	Number of shares	Holding ratio
Gamania Holdings Ltd.	46,278	100.00%	-	-	46,278	100.00%
Foundation Digital Entertainment Co., Ltd.	317	100.00%	-	-	317	100.00%
Digicentre Company Limited	16,016	67.48%	-	-	16,016	67.48%
Jollybuy Digital Technology Co., Ltd.	29,300	97.67%	-	-	29,300	97.97%
Two Tigers Co., Ltd.	627	51.00%	-	-	627	51.00%
Gash Point Co., Ltd.	13,500	90.00%	602	4.01%	14,102	94.01%
Indiland Co., Ltd.	2,050	100.00%	-	-	2,050	100.00%
Dit Startup Co., Ltd.	3,997	33.03%	-	-	3,997	33.03%
Ants' Power Co., Ltd.	1,000	100.00%	-	-	1,000	100.00%
Coture New Media Co., Ltd.	1,315	93.08%	-	-	1,315	93.08%
Madsugr Digital Technology Co., Ltd.	4,590	51.00%	-	-	4,590	51.00%
Webackers Co., Ltd.	374	93.38%	-	-	374	93.38%
Nownews Network Co., Ltd.	36,948	78.97%	515	1.10%	37,463	80.07%
Gamania Asia Investment Co., Ltd.	18,900	100.00%	-	-	18,900	100.00%
Beango Co., Ltd.	400	100.00%	-	-	400	100.00%
Gama Pay Co., Ltd.	55,786	69.74%	16,982	21.23%	72,768	90.97%
Ciirco, Inc.	8,991	99.90%	-	-	8,991	99.90%
4-Way News	190	38.00%	-	-	190	38.00%
Walkermedia Co., Ltd.	3,000	30.00%	-	-	3,000	30.00%

(Note): It is the long-term investment of the Company using the equity method.

## IV. Fundraising

### I. Capital and Shares

#### i. Source of capital stock

April 18, 2022 Unit: NTD 1,000; thousand shares

MM/YYYY	Issue price	Approved capital stock		Paid-in capital stock		Remarks		
		Number of shares	Value	Number of shares	Value	Source of capital stock	Using properties other than cash to write off the stock value	Others
1995/06	10	500	5,000	500	5,000	Establishment		Note 1
1998/04	10	1,000	10,000	1,000	10,000	Capital increase in cash \$5,000		Note 2
1999/10	10	17,000	170,000	5,000	50,000	Capital increase in cash \$40,000		Note 3
2000/05	10	60,000	600,000	28,057	280,570	Capital increase in cash \$200,000 Earnings transferred capital increase \$ 27,500 Employee bonus transferred capital increase \$ 3,070		Note 4
2001/03	10	60,000	600,000	52,813	528,130	Capital increase in cash \$247,560		Note 5
2001/08	10	60,000	600,000	56,920	569,200	Earnings transferred capital increase \$ 36,970 Employee bonus transferred capital increase \$ 4,100		Note 6
2002/07	10	110,000	1,100,000	88,027	880,270	Earnings transferred capital increase \$ 227,680 Capital reserve transferred capital increase \$56,920 Employee bonus transferred capital increase \$ 26,470		Note 7
2002/11	10	110,000	1,100,000	108,027	1,080,270	Capital increase in cash \$200,000		Note 8
2003/07	10	250,000	2,500,000	158,799	1,587,997	Earnings transferred capital increase \$ 410,503 Employee bonus transferred capital increase \$ 97,224		Note 9
2004/10	10	250,000	2,500,000	153,990	1,539,897	Treasury stock-based capital reduction \$48,100		Note 10
2005/04	10	250,000	2,500,000	152,918	1,529,177	Treasury stock-based capital reduction \$10,720		Note 11
2005/09	10	250,000	2,500,000	151,879	1,518,787	Treasury stock-based capital reduction \$10,390		Note 12
2006/03	10	250,000	2,500,000	146,879	1,468,787	Treasury stock-based capital reduction \$50,000		Note 13
2007/09	10	250,000	2,500,000	152,869	1,528,694	Earnings transferred capital increase \$ 38,188 Employee bonus transferred capital increase \$ 21,719	-	Note 14
2007/10	10	250,000	2,500,000	153,067	1,530,677	Employee share subscription warrant conversion \$1,983		Note 15
2008/10	10	250,000	2,500,000	158,782	1,587,827	Earnings transferred capital increase \$ 7,061 Employee bonus transferred capital increase \$ 50,088		Note 16
2009/05	10	250,000	2,500,000	158,905	1,589,058	Employee share subscription warrant conversion \$1,231		Note 17
2009/11	10	250,000	2,500,000	160,495	1,604,950	Employee share subscription warrant conversion \$15,892		Note 18
2009/04	10	250,000	2,500,000	161,738	1,617,387	Employee share subscription warrant conversion \$12,436		Note 19
2009/05	10	250,000	2,500,000	165,637	1,656,376	Employee share subscription warrant conversion \$38,988		Note 20
2009/11	10	250,000	2,500,000	165,702	1,657,020	Employee share subscription warrant conversion \$644		Note 21
2010/04	10	250,000	2,500,000	166,320	1,663,206	Employee share subscription warrant conversion \$6,186		Note 22
2010/05	10	250,000	2,500,000	168,128	1,681,282	Employee share subscription warrant conversion \$18,076		Note 23
2010/06	10	250,000	2,500,000	156,288	1,562,882	Treasury stock-based capital reduction \$118,400		Note 24
2010/09	10	250,000	2,500,000	156,401	1,564,011	Employee share subscription warrant conversion \$1,128		Note 25
2010/11	10	250,000	2,500,000	156,751	1,567,515	Employee share subscription warrant conversion \$3,504		Note 26
2011/04	10	250,000	2,500,000	156,754	1,567,543	Employee share subscription warrant conversion \$28		Note 27
2011/06	10	250,000	2,500,000	156,812	1,568,125	Employee share subscription warrant conversion \$582		Note 28
2012/11	10	250,000	2,500,000	156,868	1,568,684	Employee share subscription warrant conversion \$559		Note 29
2013/05	10	250,000	2,500,000	156,883	1,568,833	Employee share subscription		Note 30

						warrant conversion \$149	
2013/06	10	250,000	2,500,000	157,097	1,570,975	Employee share subscription warrant conversion \$2,142	Note 31
2013/09	10	250,000	2,500,000	157,113	1,571,132	Employee share subscription warrant conversion \$157	Note 32
2013/12	10	250,000	2,500,000	157,311	1,573,117	Employee share subscription warrant conversion \$1,985	Note 33
2014/04	10	250,000	2,500,000	157,594	1,575,936	Employee share subscription warrant conversion \$2,819	Note 34
2017/11	10	250,000	2,500,000	168,537	1,685,372	Corporate bone conversion \$109,436	Note 35
2018/02	10	250,000	2,500,000	175,028	1,750,281	Corporate bone conversion \$64,909	Note 36
2018/05	10	250,000	2,500,000	175,427	1,754,270	Corporate bone conversion \$3,989	Note 37
2018/08	10	250,000	2,500,000	175,493	1,754,935	Corporate bone conversion \$665	Note 38

Note 1: Approval No.: (1995) Jian (4) No. 86819 dated June 12, 1995  
Note 2: Approval No.: (1998) Jian (3) Geng No. 14362 dated April 3, 1998  
Note 3: Approval No.: Jing (1999) Zhong No. 88972957 dated October 27, 1999  
Note 4: Approval No.: (2000) Tai-Cai-Zheng (I) No. 29638 dated April 14, 2000  
Note 5: Approval No.: (2000) Tai-Cai-Zheng (I) No. 77120 dated September 11, 2000  
Note 6: Approval No.: (2001) Tai-Cai-Zheng (I) No. 142580 dated July 3, 2001  
Note 7: Approval No.: Tai-Cai-Zheng (I) No. 0910132738 dated June 17, 2002  
Note 8: Approval No.: Tai-Cai-Zheng (I) No. 0910147223 dated September 3, 2002  
Note 9: Approval No.: Tai-Cai-Zheng (I) No. 0920122373 dated May 21, 2003  
Note 10: Approval No.: Jing-Shou-Shang No. 09301198100 dated October 21, 2004  
Note 11: Approval No.: Jing-Shou-Shang No. 09401063160 dated April 18, 2005  
Note 12: Approval No.: Jing-Shou-Shang No. 09401193330 dated September 30, 2005  
Note 13: Approval No.: Jing-Shou-Shang No. 09501048910 dated March 22, 2006  
Note 14: Approval No.: Jing-Shou-Shang No. 09601222410 dated September 10, 2007  
Note 15: Approval No.: Jing-Shou-Shang No. 09601266570 dated October 30, 2007  
Note 16: Approval No.: Jing-Shou-Shang No. 09701264660 dated October 15, 2008  
Note 17: Approval No.: Jing-Shou-Shang No. 09801097160 dated May 15, 2009  
Note 18: Approval No.: Jing-Shou-Shang No. 09801271060 dated November 23, 2009  
Note 19: Approval No.: Jing-Shou-Shang No. 09901072040 dated April 15, 2010

Note 20: Approval No.: Jing-Shou-Shang No. 09901109060 dated May 28, 2010  
Note 21: Approval No.: Jing-Shou-Shang No. 09901260820 dated November 22, 2010  
Note 22: Approval No.: Jing-Shou-Shang No. 10001070290 dated April 11, 2011  
Note 23: Approval No.: Jing-Shou-Shang No. 10001096330 dated May 16, 2011  
Note 24: Approval No.: Jing-Shou-Shang No. 10001121560 dated June 16, 2011  
Note 25: Approval No.: Jing-Shou-Shang No. 10001218040 dated September 19, 2011  
Note 26: Approval No.: Jing-Shou-Shang No. 10001258190 dated November 11, 2011  
Note 27: Approval No.: Jing-Shou-Shang No. 10101062780 dated April 10, 2012  
Note 28: Approval No.: Jing-Shou-Shang No. 10101107630 dated June 13, 2012  
Note 29: Approval No.: Jing-Shou-Shang No. 10101237660 dated November 15, 2012  
Note 30: Approval No.: Jing-Shou-Shang No. 10201077710 dated May 3, 2013  
Note 31: Approval No.: Jing-Shou-Shang No. 10201104100 dated June 5, 2013  
Note 32: Approval No.: Jing-Shou-Shang No. 10201184280 dated September 6, 2013  
Note 33: Approval No.: Jing-Shou-Shang No. 10201255760 dated December 18, 2013  
Note 34: Approval No.: Jing-Shou-Shang No. 10301065780 dated April 16, 2014  
Note 35: Approval No.: Jing-Shou-Shang No. 10601159640 dated November 20, 2017  
Note 36: Approval No.: Jing-Shou-Shang No. 10701015940 dated February 9, 2018  
Note 37: Approval No.: Jing-Shou-Shang No. 10701055860 dated May 25, 2018  
Note 38: Approval No.: Jing-Shou-Shang No. 10701110500 dated August 27, 2018

April 18, 2022 Unit: share

Type of share	Approved capital stock			Remarks
	Shares already issued	Shares yet to be issued	Total	
Registered common stock	175,493,573	74,506,427	250,000,000	Main Board stock

Information on shelf registration: None

## ii. Shareholder structure

April 18, 2022

Shareholder structure Quantity	Government agency	Financial institutions	Other corporations	Individuals	Foreign institution and alien	Total
	Number of people	0	2	175	42,613	180
Number of shares held	0	1,210,000	33,461,629	93,616,797	47,205,147	175,493,573
Holding ratio (%)	0	0.69	19.07	53.35	26.89	100

## iii. Distribution of Shares

### Distribution of Shares

Denomination of \$10 per share

April 18, 2022

Shareholding classification	Number of shareholders	Number of shares held	Holding ratio (%)
1-999	21,016	720,993	0.41
1,000-5,000	19,270	34,917,470	19.90
5,001-10,000	1,584	12,788,941	7.29
10,001-15,000	385	4,948,832	2.82
15,001-20,000	241	4,466,054	2.54
20,001-30,000	170	4,365,082	2.49
30,001-40,000	71	2,604,369	1.48
40,001-50,000	57	2,647,542	1.51
50,001-100,000	82	5,518,458	3.14
100,001-200,000	39	5,031,193	2.87
200,001-400,000	20	5,362,790	3.06
400,001-600,000	8	3,824,500	2.18
600,001-800,000	6	3,969,280	2.26
800,001-1,000,000	3	2,774,533	1.58
Above 1,000,001	18	81,553,536	46.47
Total	42,970	175,493,573	100.00

Preferred stock: None

iv. Name of major shareholders

April 18, 2021

Name of major shareholder	Number of shares held (share)	Holding ratio (%)
Liu, Po-Yuan	17,491,305	9.97
WANIN INTERNATIONAL CO., LTD.	15,101,000	8.60
Xiangsheng Investment Co., Ltd.	13,600,000	7.75
JOY DEVELOP CO., LTD., Taiwan Branch	9,882,000	5.63
Morgan Stanley & Co. International PLC in the trusteeship of HSBC (Taiwan)	3,564,000	2.03
Account of Polunin Emerging Markets Fund Company in the trusteeship of Citibank	3,367,100	1.92
Xingtian Technology Co., Ltd., in the trusteeship of KGI Bank Co., Ltd.	2,800,000	1.60
Jakedi Emerging Market Small Cap Equity Fund in the trusteeship of HSBC	2,114,000	1.20
Investment Account of Vanguard Emerging Markets Stock Index Fund in the trusteeship of JPMorgan Chase	1,871,916	1.07
Liu, Tie-Cheng	1,664,411	0.95

v. Price per share, net worth, earnings and dividend in the last two years

Item		Year			
		2020	2021	The current year up to March 31, 2022	
Market value per share	Maximum	82.30	73.80	73.30	
	Minimum	37.10	53.80	59.40	
	Average	61.93	62.74	66.10	
Net value per share	Before distribution	28.40	30.82	33.78	
	After distribution	28.40	30.82	33.78	
Earnings per share	Weighted average number of shares	174,474	175,494	175,494	
	Earnings per share	5.00	6.30	2.97	
Dividend per share	Cash dividend		4.00	5.00	-
	Free share assignment	Stock Dividends Appropriated from Retained Earnings	-	-	-
		Stock Dividends Appropriated from Additional Paid-In Capital	-	-	-
	Accumulated unpaid dividend		-	-	-
Analysis of return on	Price to earnings ratio	12.39	9.96	22.26	
	Price to dividend ratio	15.48	12.55	-	

investment	Cash dividend yield	6.46%	7.97%	-
------------	---------------------	-------	-------	---

Note: As f the date this Annual Report was printed, materials from the latest quarter that have been audited (reviewed and approved) by the CPAs were yet to be received.

vi. Dividend policy and implementation

1. Dividend policy:

In accordance with our Articles of Incorporation, before deducting rewards for employees and directors, 10-15% of the net income before taxes of the year should be appropriated as the reward for employees and not more than 2% the reward for directors. The Company shall appropriate for write-off the loss carried forward, if applicable. The policy on the distribution of dividends is as follows:

(1) Principles for distribution of dividends:

The Company distributes dividends applying the robust balance principle, with normalization of the corporate financial structure and accommodation of operational growth potential as the top principle. Dividends are distributed at a ratio of no less than 10% of the earnings of the specific year.

(2) Procedures for distribution of dividends

The procedure for distributing dividends of the Company is based on the requirements of the Company Act. Each year, the Board of Directors takes into consideration the profitability of the Company and its future operational demand while preparing the proposal on distribution of earnings and the proposal is to be approved through the general shareholders' meeting before it is implemented.

(3) Methods of distribution of dividends

How dividends are distributed takes reference of the profitability, financial structure, and future developments of the Company, among other factors, and at least 10% of the dividends distributed in the specific year will be set aside to pay cash dividends. The Board of Directors, however, may adjust it reflective of the overall operational status and fund planning and submit it during the shareholders' meeting for a decision.

2. Distribution of dividends proposed at the present meeting of shareholders

Dividends at NT\$ 5 per share was approved at the Board meeting on March 10, 2022.

3. Expected significant changes in the dividend policy: None.

vii. Effect on business performance and earnings per share of any stock dividend distribution proposed or adopted at the present meeting of shareholders: No stock dividend.

viii. Reward for employees, directors, and supervisors

1. Proportion or range for employees, directors, and supervisors as stated in the Company's Articles of Incorporation:
  - (1) 10-15% as rewards for employees
  - (2) Not more than 2% as rewards for directors
2. Accounting measure for handling differences between the estimation basis of the estimated rewards for employees, directors, and supervisors in current period, the basis for the calculation of stock dividends for employees, and the actual distribution amount from the estimated amount:

The amount of rewards for directors reduced by NTD 463,756 against the expenses recognized in 2021. The difference will be listed as the loss or gain for 2022.
3. Reward distribution approved by the Board

The amounts approved as rewards for directors and employees at Board meeting on March 10, 2022:

  - (1) Rewards for directors: NTD 32,600,000
  - (2) Rewards for employees: NTD 163,299,140
4. The actual amount of the 2020 rewards distributed to employees and directors in 2021 is the same as the amount approved the Board.

ix. Status of repurchasing own shares: None

**II. Issuance of corporate bonds: None.**

**III. Issuance of preferred Stock: None.**

**IV. Issuance of global depositary receipt: None.**

**V. Status of employee share subscription warrants: None.**

**VI. The status of new restricted employee shares: None.**

**VII. Issuance of new shares in connection with M&A or with acquisitions of shares of other companies: None.**

**VIII. Performance of capital utilization plan: None.**

## V. Operational highlights

### I. Contents of business

#### i. Scope of business

##### 1. Major scope of business

- (1) Trading in all kinds of computer hardware and software.
- (2) Design, planning, trading, agency and distribution of various industrial and commercial machinery and equipment.
- (3) Output of machinery and equipment across the plant.
- (4) General import and export trade (excluding licensing).
- (5) Bidding and quotation for products on behalf of domestic and foreign manufacturers.
- (6) General advertising services.
- (7) Television program production.
- (8) Broadcasting and television program distribution.
- (9) Broadcasting and television commercial.
- (10) Agency services.
- (11) Data storage media units manufacturing.
- (12) Software design services.
- (13) Magazine (periodical) publishing.
- (14) All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

##### 2. Scope of business by the proportion

Unit: NTD 1,000

Product \ Year	2020		2021	
	Value	%	Value	%
Gaming and point storage income	8,552,139	82%	9,385,778	83%
Labor and other operating income	1,890,903	18%	1,986,699	17%
Total	10,443,042	100%	11,372,477	100%

Source: 2021 consolidated financial statement audited and certified by CPAs.

##### 3. Current Products (Services) of the Company

- (1) Games: The games provided by the Group include online games “MapleStory”, “Lineage Remastered”, “Counter-Strike Online”, and “Dragon Nest” and mobile games “Lineage M”, “Summons Boards”, “Cross Gate M”, and “The Legendary Moonlight Sculptor”, among others.
- (2) e-Commerce: The Group’s “Jollybuy Digital” is the first of its kind to focus

on Anime, Comics, and Games (ACG) and is devoted to creating an entertaining e-commerce platform. Gaming and socializing upgrade the shopping fun. AI data are applied to improve the operational performance of partner stores and to make trading more convenient and shopping more fun.

- (3) e-Payment: The Group's GAMA PAY combines the Group and its cross-disciplinary partners and turns online digital content-based transactions offline (Online to Offline). The scope of service covers food, clothing, housing, transportation, education, and entertainment to build convenient and safe payment applications that better meet the spending needs of the digital generation. Young and gaming populations are prioritized. Meanwhile, the stores are offered the best solution to cash flows, membership management, and ticketing. "GASH" point service not only enables players to make payments but also provides them with comprehensive digital entertainment contents. The quality and powerful features make it possible for digital players around the world to travel freely in the infinite wide-range digital entertainment world through the GASH platform.
- (4) Media: The Group's "CONETTER" is known for its in-depth original digital solid foundation. The needs of network users are explored at a depth. Meanwhile, the organizational capability of the Group makes rapid streamlining of network resources possible. It becomes a marketing A Team in streamlining media resources and helping customers echo with consumers of the digital generation that is heard on the market, creating synergistic effects! "ANTS", with its many years of experience in customer service and sound customer service mechanism as well as flexible professional organization and deployment, renders benefits such as brand formation and product promotion through social media-based marketing to provide customers with powerful backup and support in real time.
- (5) Others: The Group's "DIGICENTRE" is an expert in cloud data and information security that combines cloud depot, information security service, and mobile safety in one. With its technical experience accumulated over the years, domestic and international customers are offered tailored services and solutions in terms of information security, system integration, and IDC/NOC/SOC.
- (6) Mobile platform: Beanfun! is a comprehensive mobile living platform that combines games, entertainment points, payment, e-commerce, and

IM in one and also consumption coupons. With simple personalized interfaces, it further enriches life. One can shop in a group through chatting, adding more fun to communication and allowing the “multi-functional radar” to remain on at any time anywhere for a simple yet enriched web-based life.

4. New products (services) to be developed

Through constant collaboration with world-leading game developers, we will launch quality game contents and introduce big games with elaborate and unique contents based on market orientation and gamer demands to boost game operations with heavyweight IPs. We will also make fuller and more diversified deployment for the beanfun! ecosystem, constantly develop and connect with new contents and services, and fulfill user demands through in-depth development of ACGN e-commerce and diversification of the application scenarios of Gama Pay, the e-payment service under Gamania, to seize market of Taiwan’s mobile life portal app.

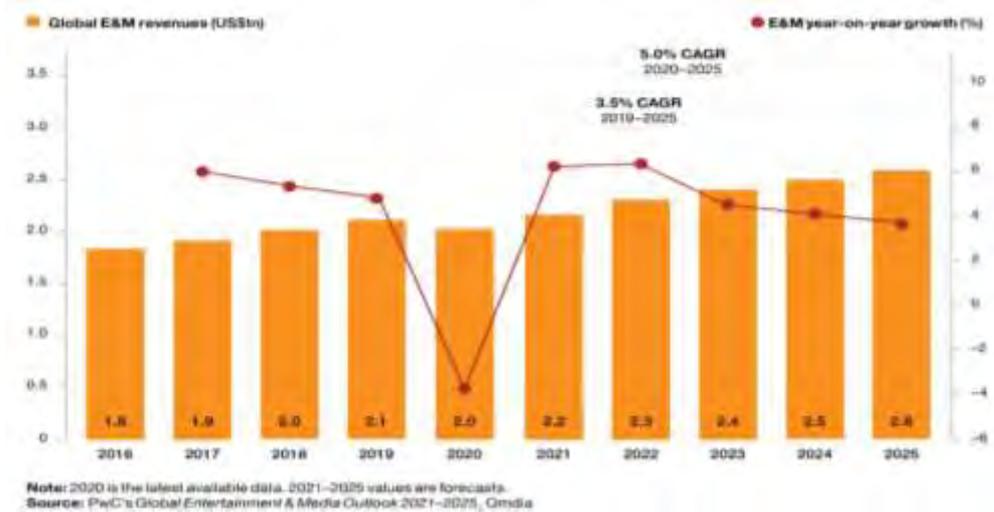
ii. Industry overview

1. Current status and development

According to the PwC Global Entertainment & Media Outlook 2021-2025 by PricewaterhouseCoopers (PwC), besides causing a significant decline to the global entertainment and media (E&M) industry in 2020, the pandemic continues to affect economic activities and lifestyles worldwide. Thanks to the development of a new lifestyle to co-exist with COVID-19 in 2021, progressive, limited entertainment has revived, with the market bouncing back to a worth of US\$ 2.2 trillion (approx. NT\$ 61 trillion), as shown in the chart below. Looking out to the long-term trend, the global E&M industry continues to grow hot to a scale of about US\$ 2.6 trillion (approx. NT\$ 72 trillion). Overall, the compound annual growth rate (CAGR) of the 2020-2025 revenues of the global E&M industry is about 5%. The pandemic broke out in 2021 has changed the behavior of consumers and accelerated the digital transformation of governments and businesses to advance the digital revolution. This may also bring forth a turning point to the industry’s ecosystem that would take years to break through. Digitalization will be a key momentum to shape all industries. It is expected that the entertainment and media industry in the future will turn distant, virtual, streamed, and personalized and become even more home-centered, creating even greater digital business opportunities.

## Scale of E&M Revenues 2016-2025

Source: PWC (2021)



With respect to the 2021 Taiwan Digital Content Industry Yearbook published in October 2021 by the Ministry of Economic Affairs (MOEA), at the dawn of the digital economy era, the core sub-sectors in the projection model of production value of the Taiwan's digital content industry were adjusted to digital games, animations, digital publishing, e-learning, and motion-sensing technology in 2018. Additionally, the launch of the Integrated and International Intelligent Learning Industry Program by the Industrial Development Bureau (IDB), MOEA, will also changed the production mode of production value for the e-learning industry. Estimates show that the total production value of Taiwan's digital content industry in 2020 increased by 4.9% over 2019 to NT\$ 267.8 billion. In terms of the share of sub-sectors, as e-learning includes the estimates of system integration software, hardware equipment, and infrastructure in the construction of the overall learning environment, it has the highest share among all digital content industries. Additionally, although COVID-19 boosted the demand for digital games and digital publishing in 2020, negative growth is seen in the computer animation industry which highly relies on outsourcing and the motion-sensing technology solutions that are mostly used in theme parks as a result of clustering restriction. Although rises and falls are seen in the 2020 production value of the sub-sectors of Taiwan's digital content industry, it is still necessary to constantly observe the effect of integration with other industries for digital transformation in the post-COVID-19 era.

## Structure of Product Value of Taiwan's Digital Content Industry 2015 - 2020

Unit: NT\$ 100 million

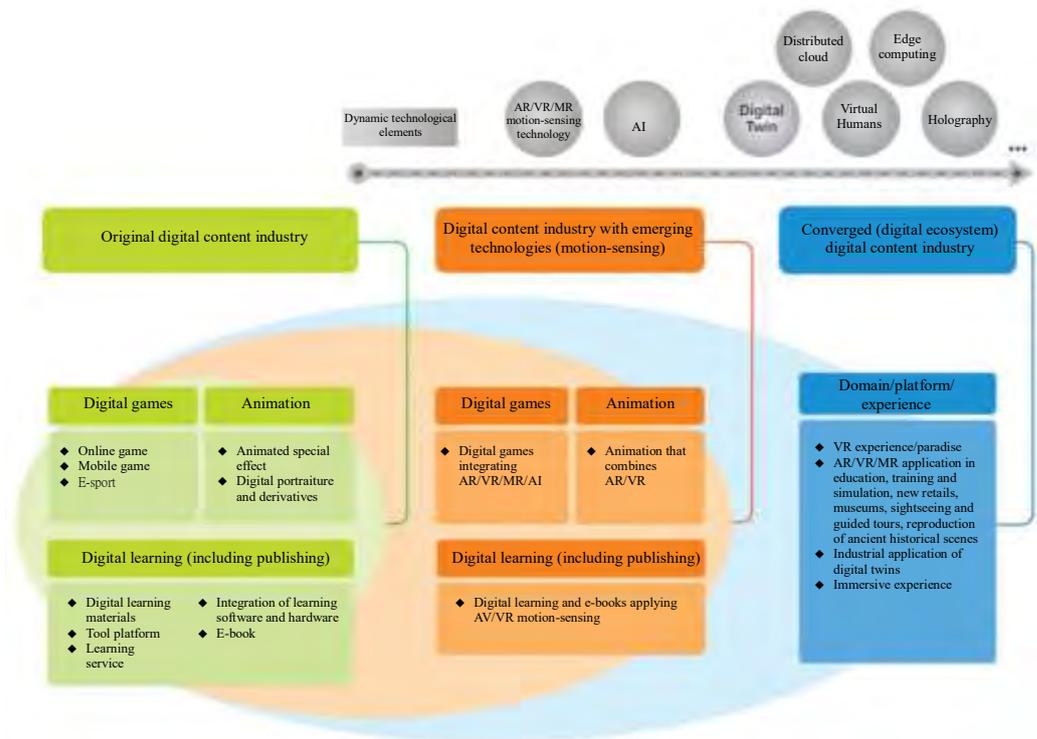
Digital content industry/Year	2015	2016	2017	2018	2019	2020
Digital games	532	572	531	587	622	670
Animation	70	75	76	79	87	69
e-Learning (project method was changed from 2018)	903	1,102	1,323	1,269	1,336	1,427
Digital publishing	383	385	375	386	391	400
Motion-sensing technology	-	70	84	94	117	112
Overall production value	1,888	2,204	2,389	2,415	2,553	2,678

Source: Taiwan Digital Content Industry Yearbook (2021)

### 2. Correlations of the up-, mid-, and down-stream of the industry

According to the latest 2021 Taiwan Digital Content Industry Yearbook, the discussions shall cover three levels. At level one, the original three major core industries are maintained: 1. Digital games, mobile games, e-sports. 2. Animation: animated special effects, digital portraiture, and derivatives. 3. Digital learning: digital materials, tool platforms, learning service, integration of learning software and hardware, e-books. At the second level, it is the digital content industry that combines emerging technologies (motion-sensing) and new technological elements, including AR/VR/MR, AI, and blockchain. The discussion at level three continues to address the development of emerging digital technologies. The ongoing evolution of technology contents shows the ecosystem of digitization. During the pandemic, data of the Internet of Behaviors (IoB) are collected to influence human behaviors with the epidemic control data. In the converged digital content industry, field, platform, and experience are the interfaces for demonstration and application, including VR experience/paradise, application of AR/VR/MR to education, training and simulation, new retailing, museums, travel guide, and reconstruction of historical scenes. The pandemic has accelerated the digitization of engagement in digital twin applications by users and businesses to boost the industrial application of digital twins: immersive experience or multi-experience, total experience, human experience platforms. The dynamic evolution of emerging technological trends (as shown below), such as some technological elements that affect the development of the digital content industries, such as digital twins, virtual humans, virtual YouTubers, holography, and even edge computing, distributed clouds.

## The latest scope of the digital content industry in Taiwan 2021



Source: Taiwan Digital Content Industry Yearbook (2021) ; Chung-Hua Institution for Economic Research.

### 3. Development trends and competitions of products and services

(1) Various heavyweight games and market diversification: We have been cultivating the game market in Taiwan, Hong Kong, and Macao for over 25 years and built an integrated, full-featured powerful team combining operations, marketing, customer service, and advertising. Besides starting the online game era in Taiwan with Lineage launched in 2000, we also made videogames an all-out fashion with the free MapleStory New launched in 2005. Games with richer contents and more comprehensive styles have been launched in recent years, including first-person shooter (FPS), role-playing game (RPG), real-time Strategy (RTS), action game (AG), adventure game (AVG), simulation game (SIM), sports game (SPG), puzzle game (PUZ), casual/education simulation (EDU), and others, and are run for the long run. Although there are many new game businesses in Taiwan, various classic Gamania games never fail. The heavyweight IP mobile game “Lineage M” was introduced at the end of 2017 and set multiple records in the history of mobile games of Taiwan. Various collaborative events have been introduced with subsidiaries, too, to provide players with more diversified services. MapleStory New, a

classic Gamania game, has created new milestones in recent years. Besides cultivating new users from younger age groups, the team lifted the brand status to the “trend maker of PC games” in 2021 to constantly raise the user confidence index, revenues hit a new high, including monthly, quarterly, annual revenues. In the future, we will continue to demonstrate our robust local operation power to integrate cross-industry resources in order to fulfill the gamer’s demand for new gaming experience.

- (2) New business opportunities for e-commerce: JollyBuy Digital, a Gamania business and Taiwan’s first ACGN entertainment e-commerce platform, cultivates new domains in e-commerce through the shopping guide of beanfun!, the membership advantage of Gamania, and the interactive consumption model integrating e-commerce and games. In 2020, MOEA selected JollyBuy Digital to help shops and individuals to run online shops under the Retailers Digital Transformation Stimulus Program by introducing more preferential plans for digital transformation to retailers in order to relieve their pressure in business operations during the pandemic. In 2021 we introduced Taiwan’s first online mystery box marketing model to bring new business opportunities with brand-new buying experience.
- (3) A bigger picture of m-payment: To accelerate the popularization of mobile payment (m-payment) in Taiwan, the government has actively introduced related solutions, aiming to push m-payment popularity to 90% by 2025. A big progress has been seen in recent years, with a growth of over 70% in 2021. Gama Pay, a Gamania business, engages in active cooperation with various retailing channels to achieve 100% O2O payment app. In 2020, cooperation with Taiwan’s four leading convenience store chains was completed to significantly strengthen the buying power of the beanfun! ecosystem. In 2021, Gama Pay started the cross-institution transfer service in response to the amendment to the Act Governing Electronic Payment Institutions and engaged in service innovation to provide members with convenient, efficient, and comprehensive consumption experience.
- (4) Accurate capture of digital marketing trends: CONETTER, a Gamania business, provides partners with comprehensive integrated marketing services by mining the demands of internet users with the solid digital media foundation established over the years and sharing the results of big data analysis based on Gamania’s rich network resources. Furthermore,

by linking multiple media, CONETTER maximizes the effectiveness of customer marketing to successfully help various online products and services, such as games, entertainment, and e-commerce, to enter Taiwan's market smoothly.

iii. Technology and R&D overview:

Research and development expenses and technologies or products successfully developed in the most recent year and up to the date the annual report was printed.

Year	Research and development expenditure	Research and development accomplishments
2021	NTD 390,814 thousand	<ol style="list-style-type: none"> <li>1. Completion of the planning and development of STARO1.1.</li> <li>2. Feedback on AI object image transformation data learning and qualification power</li> <li>3. Development of Alpha Plus, a mobile game based on the character Little Maruko-chan.</li> <li>4. Development of mobile game A (game play version).</li> <li>5. Development of mobile game B (game play version).</li> <li>6. Completed the point-of-purchase function to provide consumers with more convenient point-of-purchase services.</li> <li>7. Completed the point collection function to provide business entities with specific point collection activities and related rewards.</li> </ol>
2022Q1	NTD 84,213 thousand	<ol style="list-style-type: none"> <li>1. Adjustment and new function design of STARO2.0.</li> <li>2. Set up the Fun Market website to meet customer demands for digital collectibles.</li> </ol>

iv. Long-term and short-term business development plans

1. Medium- and long-term business development plans

The Group will continue to grow towards being a comprehensive web-based enterprise. In the future, besides growing further each of its businesses, including gaming, payment, e-commerce, media, and digital business solutions

for diversified deployment, the operations will be focused on beanfun! Respective businesses will be integrated and connected with one another to ensure comprehensive in-depth daily utilization, to turn around user experience, to innovate on the backbone of the Group, to render synergistic effects throughout the Group, and to become a comprehensive web-based enterprise while creating a wonderful smart new life.

2. Short-term business development plan

- (1) Heavyweight IP-driven game operations: Introduce quality game contents through a market-oriented, gamer-demand-focus, product-segmentation strategy.
- (2) Cultivating ACGN e-commerce market: While the self-care industry has become the hand that rocks online shopping, JollyBuy Digital, a Gamania business, will continue to enhance the consumption model that combines shopping with game interaction, develop differentiated business models specific to digitization, accelerate the big data application within the group’s ecosystem resources, realize real-time personalized product recommendation, and further increase the business momentum of beanfun!.
- (3) Deploying scenarios for m-payment application: Gama Pay, a Gamania business, will find worldwide partners from, develop services for, and diversify application scenarios in channels for young and game consumers to constantly broaden the key channels that favor users, strengthen the launching capability of the beanfun! ecosystem, while building a quick, convenient, and safe payment tool at the same time.
- (4) Boosting beanfun! market share for stronger influence on mobile life: We launch the beanfun! app, a mobile life portal, to demonstrate our transformation into an internet business. The continuously accumulating energy and member volume become the niche for stabilizing the growth of beanfun!. beanfun! will constantly develop and connect with new contents and services to cultivate user needs in order to seize the market of Taiwan’s mobile life portal.

## II. Market and sales overview

### i Market analysis

#### 1. Sales regions and market share of major products and services

Unit: NTD 1,000

Year	2020	2021

Item	Value	Value	Value	%
Taiwan	8,720,101	84%	9,659,101	85%
Asia and others	1,722,941	16%	1,713,376	15%
Total	10,443,042	100%	11,372,477	100%

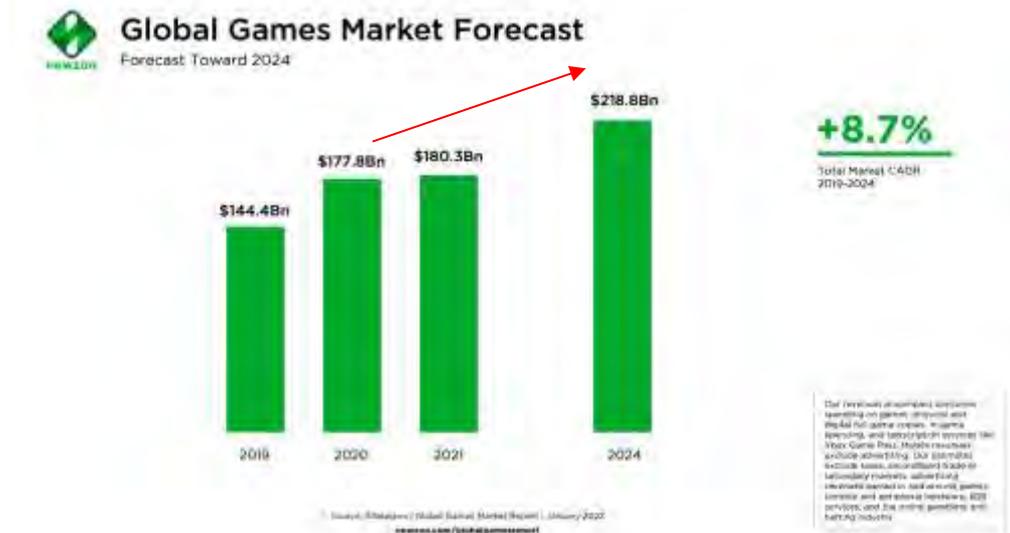
Source: 2021 consolidated financial statement audited and certified by CPAs.

Gamania is a pioneer in the gaming industry of Taiwan. It started the era of online games in 2000 and introduced the first fee collection model featuring free download of the tools in 2005. All have been trend-setting and received well among the consumers. Gamania has also been listed as one of the “Top 100 Companies for the Young Generation” for consecutive years. The Gamania Group, not only demonstrating robust capabilities in the gaming field, has also been proactively transforming itself. In 2019, it built the first local mobile life portal “beanfun!” in Taiwan that combines games, points, media, mobile payment, and e-commerce in one while trying to become the first comprehensive web-based enterprise in Taiwan.

## 2. Future market supply and demand and growth

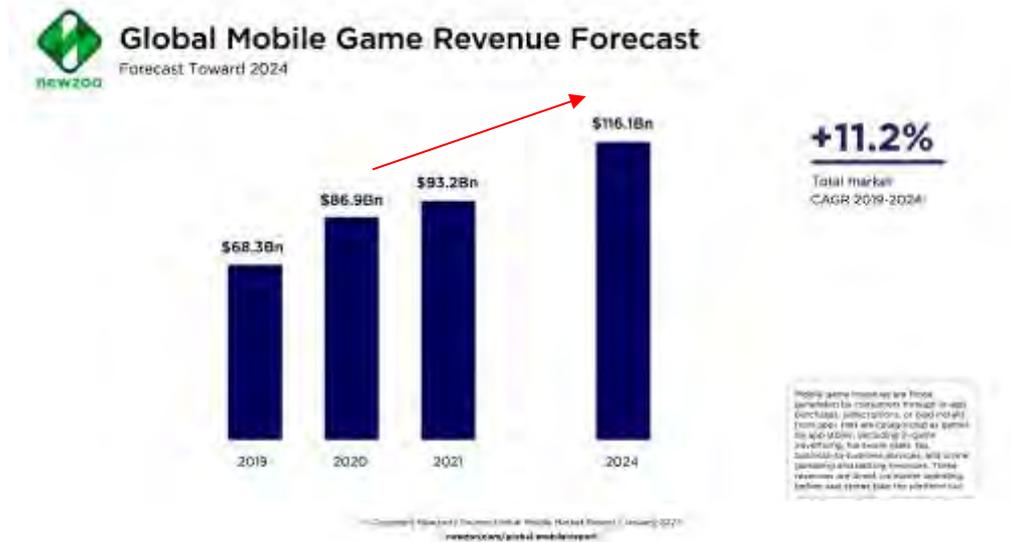
(1) Games market: The estimates of Newzoo, a global market research institution, show that the global games market scale in 2021 was US\$ 180.3 billion, including mobile games at US\$ 93.2 billion, accounting for over 50% of the total. Mobile games are still the fastest-growing at a CGAR of 11.2% to US\$ 116.1 billion in 2024. In 2024, the global game revenue will increase to US\$ 218.8 billion, and the CGAR between 2019 and 2024 will be up to 8.7%. According to the PwC Taiwan Entertainment & Media Outlook 2021-2025 by PricewaterhouseCoopers (PwC), the overall scale of Taiwan’s games market will increase from US\$ 2.58 billion in 2021 to US\$ 3.01 billion in 2025, where mobile games will account for nearly 60% of the overall market. The report further pointed out that the scale of Taiwan’s games market in 2020 was big enough to be the world’s top 10, and it is expected to grow steadily to maintain global leadership.

## Global Games Scale Forecast 2019-2024



Source: Newzoo (2021)

## Global Mobile Game Revenue Forecast 2019-2024



Source: Newzoo (2021)

## 2021 Global Games Market Per Device & Segment With Year-on-Year Growth Rates



Source: Newzoo (2021)

## Taiwan Games Market 2016-2025

Unit: USD millions	2016	2017	2018	2019	2020E	2021F	2022F	2023F	2024F	2025F	2016-25 CAGR
<b>Social media/Casual games</b>	<b>863</b>	<b>955</b>	<b>1,017</b>	<b>1,265</b>	<b>1,440</b>	<b>1,572</b>	<b>1,670</b>	<b>1,753</b>	<b>1,833</b>	<b>1,907</b>	<b>5.8%</b>
App	776	873	940	1,194	1,373	1,509	1,610	1,697	1,781	1,857	6.2%
Browser	86	82	77	71	66	63	59	56	53	50	-5.8%
<b>Traditional computer games</b>	<b>790</b>	<b>833</b>	<b>863</b>	<b>893</b>	<b>940</b>	<b>996</b>	<b>1,017</b>	<b>1,041</b>	<b>1,066</b>	<b>1,091</b>	<b>3.0%</b>
Home game consoles	235	240	245	246	255	265	269	271	272	272	1.0%
- Digital	41	48	55	62	69	74	77	80	82	85	4.2%
- Online/intra-game micro-transaction	1	1	1	2	2	2	2	3	3	3	10.7%
- Physical games	193	191	186	184	186	189	190	189	187	184	-0.4%
Computer games	555	594	616	645	682	731	746	770	793	819	3.7%
- Digital	19	20	20	21	22	24	24	25	26	26	3.9%
- Online/intra-game micro-transaction	535	573	597	623	659	707	723	744	767	792	3.7%
- Physical games	1	1	1	1	1	1	0	0	0	0	-44.6%
<b>Gaming advertisement</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>15</b>	<b>15</b>	<b>16</b>	<b>2.8%</b>
<b>Overall revenue</b>	<b>1,563</b>	<b>1,600</b>	<b>1,692</b>	<b>2,171</b>	<b>2,394</b>	<b>2,562</b>	<b>2,701</b>	<b>2,809</b>	<b>2,914</b>	<b>3,013</b>	<b>4.7%</b>

Note: The e-sports data in Taiwan was unavailable.

Source: PwC Global Entertainment & Media Outlook 2021-2025, Omdia

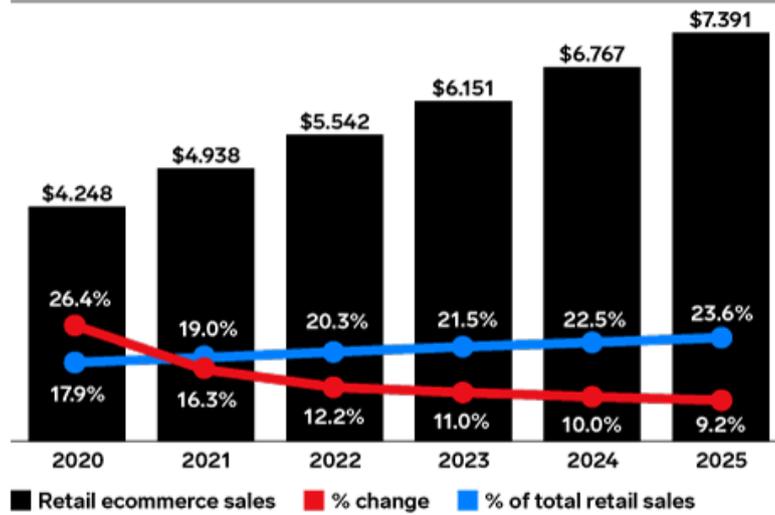
Source: PWC (2021)

- (2) E-commerce: According to eMarketer, an international institution, the global market scale of e-commerce grows rapidly by 16.3% to US\$ 4.9 trillion, and 2025 scale is projected at US\$ 7.4 trillion. According to the Department of Statistics, MOEA, the 2021 revenue of Taiwan's retail sale via mail order houses or via internet industry reached NT\$ 285.4

billion, with an annual growth of 18% and the fastest-growing over last decade.

Retail Ecommerce Sales Worldwide, 2020-2025

**Retail Ecommerce Sales Worldwide, 2020-2025**  
trillions, % change, and % of total retail sales



*Note: includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice good sales*

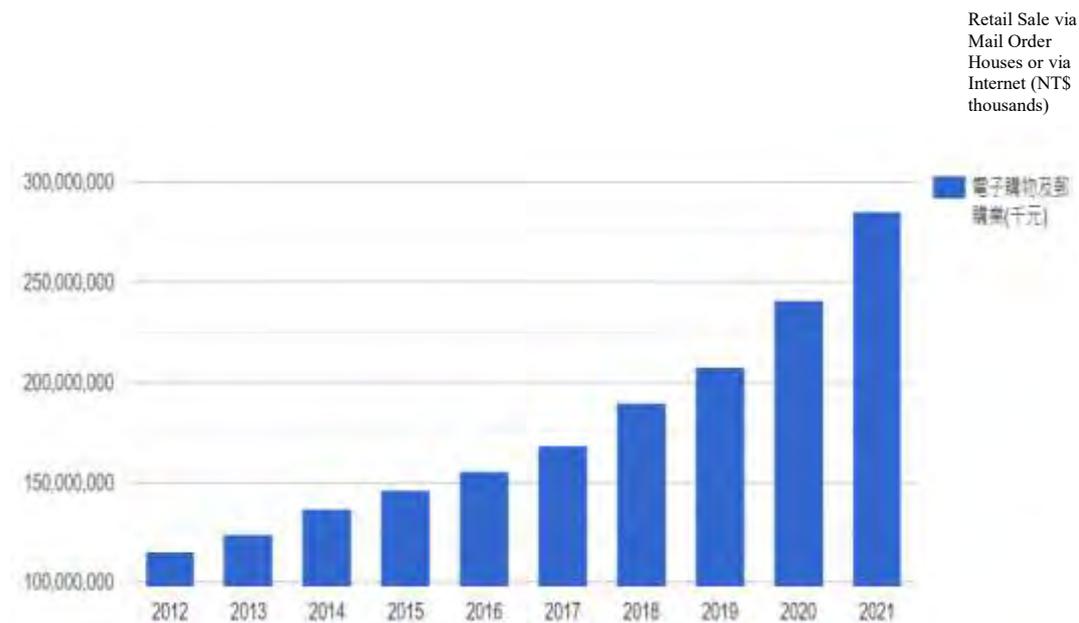
Source: eMarketer, Jan 2022

272408

eMarketer | InsiderIntelligence.com

Source: eMarketer (2021)

## Taiwan e-shopping and mail order industry market size 2012~2021



Source: Department of Statistics, MOEA.

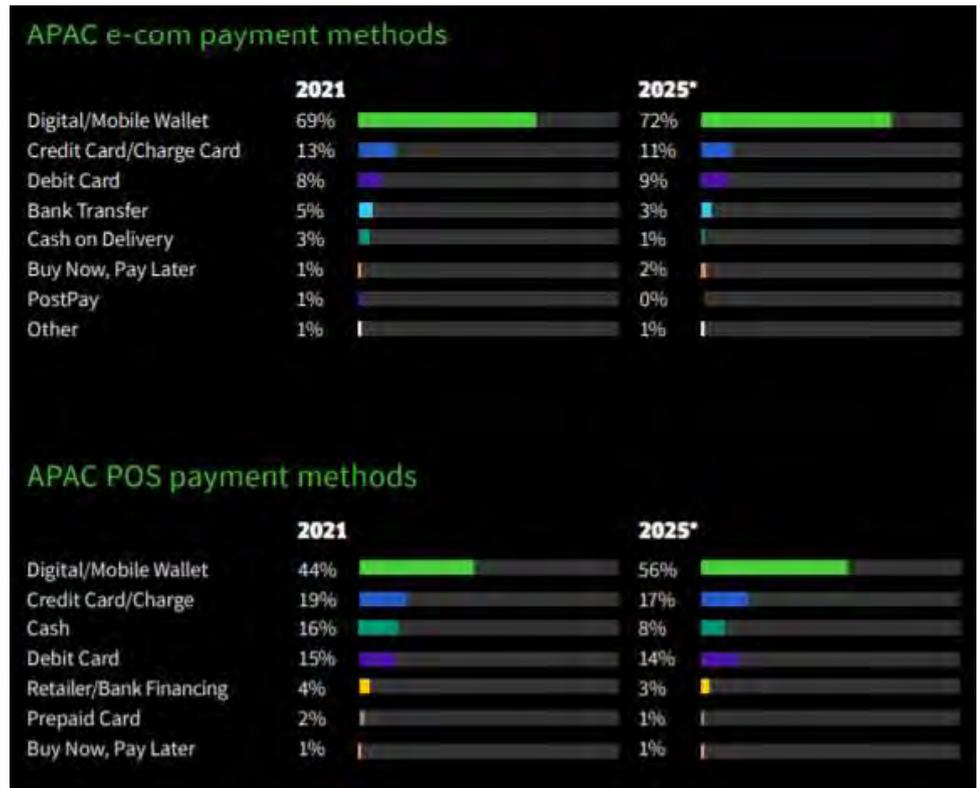
- (3) Mobile payment: According to Worldpay, an international institution, the proportion of m-payment use in online and offline sales was 49% and 29% respectively in 2021 and is expected to increase to 53% and 39% respectively in 2025. The ratios of online and offline mobile payments in the Asia-Pacific region were, respectively, 69% and 44%, in 2021 and they are expected to grow further to 72% and 56%, respectively in 2025, turning it to be the region with the highest ratios of mobile payments in the world. According to MIC, III, based on the commonly used payment methods in Taiwan in 2021H2, m-payment was nearly 70% (69%) for the first time, nearing the most commonly used credit cards (74%) and cash (71%) and becoming the only one of the four major payment tools with a growth for three consecutive years and a gap from credit cards reducing from 26% in 2019 to 5% in 2021. This suggests that the pandemic has accelerated the development of the m-payment habit in consumers. Additionally, MIC also found that the preference to m-payment has increased significantly from 37% in 2020 to 50% in 2021, while the preference to credit cards has reduced from 35% to 26% in the same period, showing that the preference gap has been reducing rapidly by 24% within one year after the golden cross in 2020.

## Global Payment Methods Analysis 2021-2025



Source: Worldpay (2021)

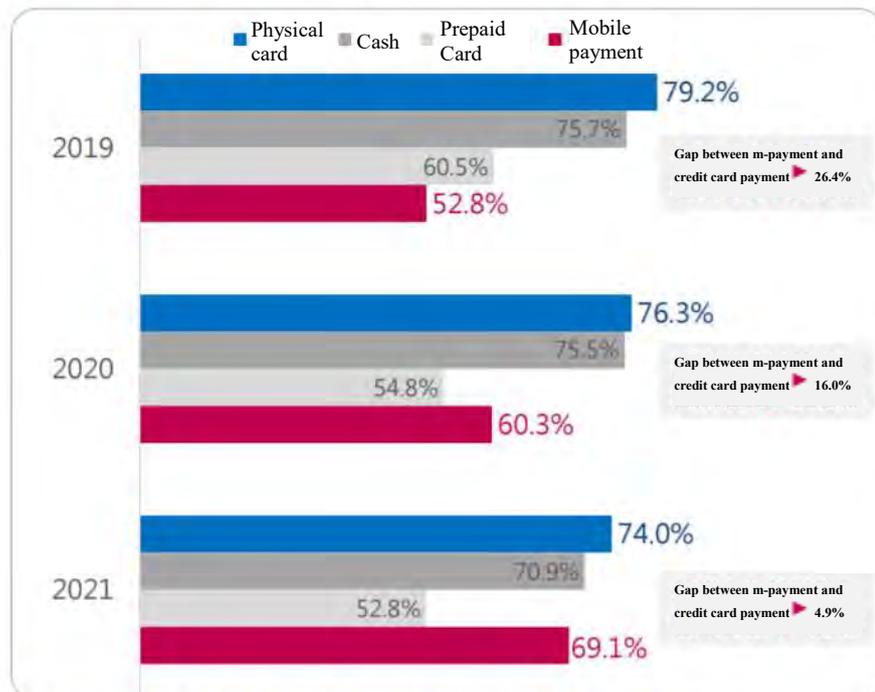
## Asia-Pacific Payment Methods Analysis 2021-2025



Source: Worldpay (2021)

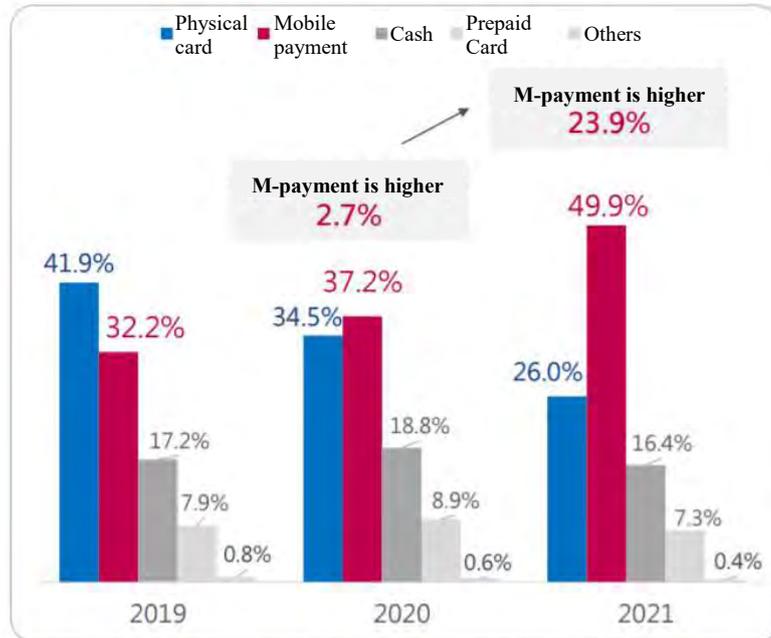
## Payment Method Survey of Taiwanese Consumers 2019-2021

Common payment tools of **consumers** (unlimited answers)



Note: Valid responses totaled 534 in 2019, 2,500 in 2020, and 5,000 in 2021.  
Source: MIC (Nov 2021)

Preferred payment tools of **consumers** among the following options (single answer)

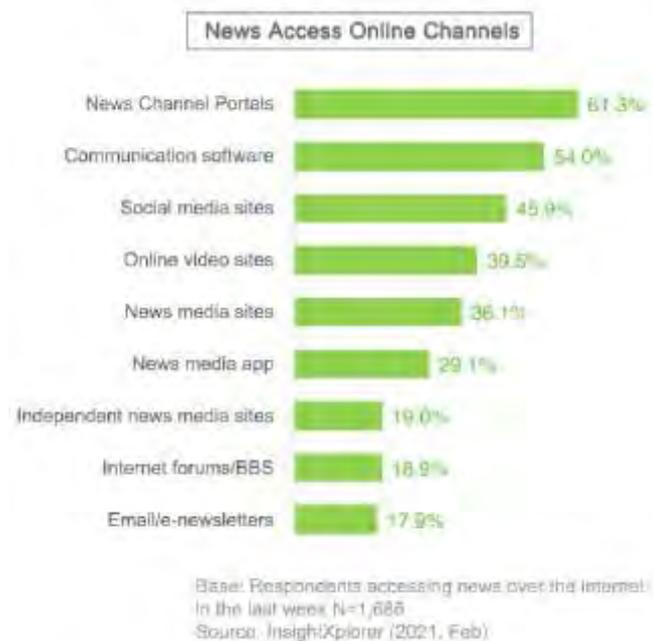
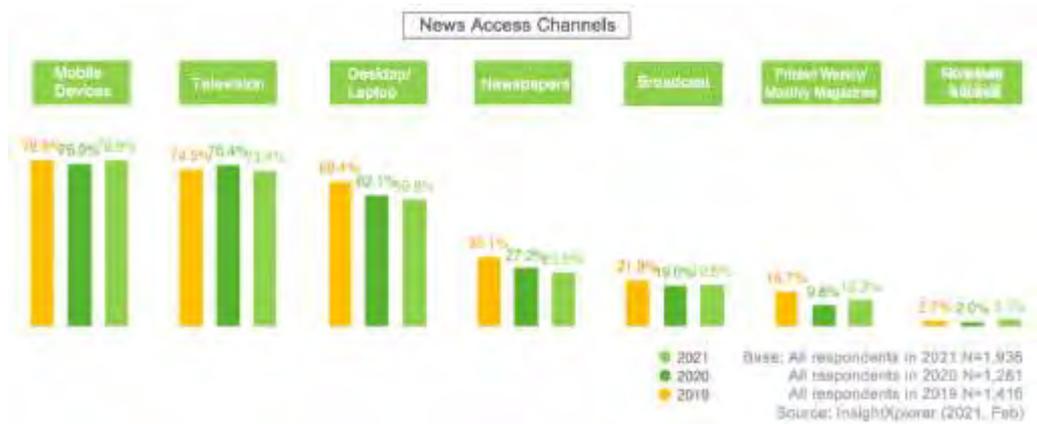


Note: Valid responses were 534 in 2019, 2,500 in 2020, and 5,000 in 2021.  
Source: MIC (Nov 2021)

Source: MIC (2021)

- (4) Media market: According to InsightXplorer, mobile devices are one of the major tools for accessing news, maintaining a rate over 70% in the last three years. The top three channels for accessing news from are news channel portals (61.3%), communication software (54%), and social media sites (45.9%). These results show that people have considerably a high dependency on online media when internet usage is highly popular. Hence, related services such as online media will surely bring essential influence and thereby attract many enterprises to enter the market in order to build a comprehensive network ecosystem.

#### News Access Channels in Taiwan



Source: InsightXplorer (2021)

3. Competitive niche and favorable and unfavorable factors for future development and countermeasures

Gamania has been running the games business for 25 years and become the world leader of pioneering models. In 2000, we started Taiwan’s online game fashion with our flagship game Lineage. In 2005, we successfully expanded the categories of gamers with MapleStory through a new approach featuring free operations, customer positioning, and special marketing. In 2014, we launched the free server version of the evergreen online game Lineage, which attracted the registration of over one million members, a new record high. In 2017, the heavyweight mobile game Lineage M created numbers of records in Taiwan’s mobile game records. According to App Annie, an international survey institution, Lineage M has been the best-selling mobile game in Taiwan for four consecutive years. All of the above are examples of Gamania’s

innovative and flexible strategies. Gamania thinks outside the box and takes the lead to address demand on the market and the needs of users to be a brave breakthrough pioneer. Its brand new creativity is its main competitive advantage.

We also fearlessly started a transformation to expand to the e-payment, e-commerce, media, and digital commerce sectors to actively transform into an internet business with an omni-ecosystem. The transformation includes: teaming up with international game developers to introduce heavyweight new games for gamers to enjoy unique new gaming experience; capturing the business opportunities in entertainment e-commerce through JollyBuy Digital targeted at the ACGN groups to create an interactive shopping model by integrating with games; fully penetrating into the consumption of all parts of the daily life--food, clothing, housing, transportation, education, and entertainment--with Gama Pay to develop convenient and safe payment services closer to the consumption needs of the digital generation through O2O connection; and demonstrating influence in respective areas through the media business by mining the needs of internet users through CONETTER with rich experience in native digital foundation developed over a dozen years to quickly link up network resources to increase the share of voice for partners. In the future, the Gamania Group will focus its developments on AI, Big Data, and platforms and will connect its four major businesses, namely game, payment, e-commerce, and media, together starting with its game users and put them together on the beanfun! platform. The hope is to form an ecosystem featuring mutual assistance and sharing of resources with beanfun! in the center.

ii Important uses and production processes of major products

1. Important uses of major products

We mainly offer gaming service and expand to different business types including e-commerce, payment, media, and mobile life platform to create a comprehensive smart lifestyle for consumers.

2. Production processes of major products: This is not applicable because we do not engage manufacturing.

iii Supply of major materials: This is not applicable because we do not engage manufacturing.

iv List of major suppliers and customers in the last two years

- Names of suppliers with a total purchase over 10% and the purchase amounts and proportion in any of one of the last two years, and state the reasons for increase or decrease.

	2020				2021				2021 up to the end of the previous quarter			
Item	Name	Value	Percentage in the net purchases throughout the year (%)	Relationship with the issuer	Name	Value	Percentage in the net purchases throughout the year (%)	Relationship with the issuer	Name	Value	Percentage in the net purchases of the current year up to the end of the first quarter (%)	Relationship with the issuer
1	P04	1,579,746	24.29	P04	P04	1,637,373	25.17	None	P04	846,300	44.19	None
2	P01	890,238	13.69	P01	P01	1,190,124	18.30	None	P01	275,318	14.37	None
	Other	4,034,697	62.02	Other	Other	3,676,565	56.53		Other	2,709,038	41.44	
	Net purchases	6,504,681	100.00	Net purchases	Net purchases	6,504,062	100.00		Net purchases	1,915,328	100.00	

- Names of customers with a total sale over 10% and the sales amounts and proportion in any of one of the last two years, and state the reasons for increase or decrease.

	2020				2021				2022 until the end of the previous quarter			
Item	Name	Value	Percentage in the net sales throughout the year (%)	Relationship with the issuer	Name	Value	Percentage in the net sales throughout the year (%)	Relationship with the issuer	Name	Value	Percentage in the net sales of the current year up to the end of the first quarter (%)	Relationship with the issuer
1	S23	2,907,748	27.99	None	S23	2,337,612	20.37	None	S23	473,839	14.23	None
	-	-	-	-	-	-	-	-	-	-	-	-
	Other	7,481,369	72.01		Other	9,139,992	79.63		Other	2,856,908	85.77	
	Net sales	10,389,117	100.00		Net sales	11,477,604	100.00		Net sales	3,330,747	100.00	

v Production volume/value over the last two years

**Production volumes/values over the past two years**

Unit: NTD thousand

Year		2021			2020		
		Throughput	Production volume	Production value	Throughput	Production volume	Production value
Main product (or department)	Production volume/value						
	Online game	-	-	-	-	-	-
	Labor	-	-	-	-	-	-
	Other	-	-	-	-	-	-
	Total	-	-	-	-	-	-

Note: Not applicable because of the nature of the industry.

vi Sales volume/value in the last two years

**Sales volumes/values in the past two years**

Unit: NTD thousand

Year		2021				2020			
		Importation		Exportation		Importation		Exportation	
Main product (or department)	Sales volume/value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
	Online game	-	-	-	-	-	-	-	-
	Labor	-	-	-	-	-	-	-	-
	Other	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-

Note: Not applicable because of the nature of the industry.

### III. Employees

Year		2020	2021	until March 31, 2022
Number of employees	Manager	170	179	176
	Research and development	113	125	127
	Management and distribution	688	780	725
	Total	971	1084	1028
Mean age		35.02	35.66	35.79
Mean years in service		5.16	5.43	5.50
Ratio of education distribution	Post-graduate School	0.00%	0.18%	0.10%
	Graduate School	12.92%	15.50%	16.34%
	University (College)	68.51%	69.01%	68.00%
	Junior College	13.62%	9.13%	9.24%
	High School and Below	4.95%	6.18%	6.32%

### IV. Information of expenditure on environmental protection

Any losses (including compensations and violations of environmental protection laws found in environmental audits with information regarding the date of sanctions, ticket number, regulations breached, contents of breach, and contents of sanction) due to pollution in the most recent year and until the date of annual report publication, and disclose the estimated amount at present and in the future and countermeasures: None

### V. Labor-management relations

#### i. Employee welfare measures

1. Group insurance: We arrange group insurance for all employees, with coverage including life, accident and injury, hospitalization and medical care, cancer, and accident medical, and others.
2. Employee healthcare program: Employees are entitled to one health checkup at a contract hospital or checkup institution.
3. Cafeteria and leisure center: We have a cafeteria in-house for employees to enjoy food with daily free points and a free fitness center for employees to

exercise round the clock.

4. Employee benefits: All Gamania employees are entitled to have their children studying at the Company's affiliated kindergarten and partial sponsorship, staff discounts for online game points, free parking, Gamania branded merchandise, unlimited spontaneous leave, 3 days of paid employee travel leave, paid birthday leave, 8 days of paid pregnancy checkup for female employees, 8 days of paid paternity leave and 5 days of pregnancy checkup accompaniment leave for male employees and maternity leave up to eight days, paid epidemic care leave, paid COVID-19 vaccination leave, and other benefits including department reunion allowance, employee travel allowance, employee club allowance, festival and birthday cash gifts, wedding allowance, funeral allowance, hospitalization consolation fund, birth allowance, emergency assistance aid, home cleaning allowance, and others.
5. Employee assistance program (EPA): Free psychological counseling for employees and discounts for psychological counseling for relatives within third degree of kinship.

ii. Continuing education and training for employees

We offer employees a well-equipped learning environment and a well-planned education and training framework covering orientation training for new employees, professional development training, and hierarchical training (Gamanian). Every year we organize talks and irregular seminars (Gamania Classroom, Gamania Content) supported with e-learning (Gamania Resources) to implement education and training. We also fund employees to take external training courses.

In 2021 a total of 171 employee training courses were offered, a total of 206 classes up to 10457.7 hours were organized in-house for 6,063 persons. The total annual training expenses totaled NTD 1,680,949.

Description	Number of courses	No. of classes opened per course	Headcount of trainees	Trainee-hours	Expense
Organized by the Company - classroom course	52	121	2455	6697.5	Hierarchical 830,236 Talks 127,050
Organized by the Company - online course	72	85	3549	3053.3	0

Organized by an external institution - external training course	47	57	59	706.9	723,663
Total	171	263	6063	10457.7	1,680,949

### iii. Retirement system and effectiveness

1. We have established and implement the Employee Retirement Regulations in accordance with the Labor Standards Act the Labor Pension Act.
2. Pension contribution: From July 1, 2005, we established the Pension Contribution Regulations according to the Labor Pension Act for ROC employees. The Company sets aside 6% of the monthly salary to be the labor pension for the personal accounts of employees with the Labor Insurance Bureau in accordance with the labor pension system defined in the Labor Pension Act that employees choose to apply. The payment of the pension fund can be done on a monthly basis or in a lump sum according to the amount in the personal retirement account of each employee and the accumulated income. The employee pension reserve set aside by the Company is under the supervision of the Committee formed jointly by employees and the Company. Employees may not account for less than two-thirds of the total members of the Committee.
3. Employees may apply for voluntary retirement under any one of the following circumstances: (1) having worked at least 15 years and are at least 55 years old, (2) they have worked for at least 25 years; or (3) they have worked for at least 10 years and are 60 years old or older. For spontaneous retirement, the employee shall submit the "Employee Retirement Application Form" one month prior to the scheduled date of retirement. Once it is approved by the supervisor with decision-making power, it will be processed by the Human Resources Unit. Employees applicable under the new system who are 60 years old or older and have worked for at least 15 years may apply with the Labor Insurance Bureau and claim the pension fund on a monthly basis. For those who have not worked for 15 years, the pension fund shall be claimed in a lump sum.

### iv. Labor-management agreement: None.

### v. Measures to protect the rights and interests of employees

1. Workplace environment protection

- (1) Besides holding fire drills and fire prevention workshops each year and awareness education for new employees, we draw up fire prevention plans, form firefighting task forces, and arrange practical training for the use of firefighting equipment to ensure fire prevention and thereby protect employee safety. Fire drills and demonstrations take place from time to time as required by the Fire Department, too, to further perfect fire prevention in the workplace.
  - (2) We replace the filters of water fountains in the office area each quarter and test water quality and clean the water storage tanks each year to maintain the quality of drinking water and protect the health of employees.
  - (3) Besides pest control against mosquitoes, cockroaches, and rodents each month, we also implement control against vector-borne diseases in the office area each quarter to keep the workplace environment clean and hygienic.
  - (4) Carpets are cleaned extensively periodically each year to ensure a comfortable workplace environment.
  - (5) Besides cleaning the air-conditioning systems are periodically each year, we also replace the filters of the energy recovery ventilators (ERV) periodically to ensure the workplace air quality.
  - (6) Cleaners are arranged to clean the office area and restrooms regularly every day to keep the workplace comfortable.
2. Personal safety protection
- (1) Each year employees are entitled to one complete and comprehensive health checkup to protect their health.
  - (2) Full-time in-house nurses are hired to take care of employees.
  - (3) A cafeteria and a fitness room are established at the GAMA Island with in-house chefs and fitness coaches to provide employees with total health solutions from diet to exercise.
  - (4) Medical specialists are arranged to provide on-site consultation for health-related issues for employees to ease their doubts in health.
  - (5) Labor Insurance, National Health Insurance, group insurance, and liability insurance coverage is provided. Additionally, travel insurance is arranged for employees on a business trip to provide employees with more bodily and health coverage when they are working hard for the Company.
  - (6) The safety and spatial management department is established provide 24-hour workplace environment surveillance for employees to work in a safe and worry-free environment. Security guards control access around the clock and make the rounds through floors regularly to check blind spots that cannot be picked up by surveillance cameras.
  - (7) The whole building is exclusively used by the Company, and access control is applied to ensure privilege-based access control.

- vi. Losses arising from labor-management disputes (including the violation of the Labor Standards Act found in labor inspections, with information regarding the date of sanction, ticket number, regulations breached, contents of breach, and contents of sanction) in the most recent year and until the date of annual report publication, and the estimated amounts that may occurred at present and in the future and countermeasures.

The Company has been valuing employee welfare and the labor-management relations have been quite harmonious; no labor-management disputes have occurred. The same principle will continue to be followed in the future for more robust and harmonious labor-management relations, which is believed to be able to eliminate labor-management issues. Therefore, no losses have been incurred because of labor-management disputes.

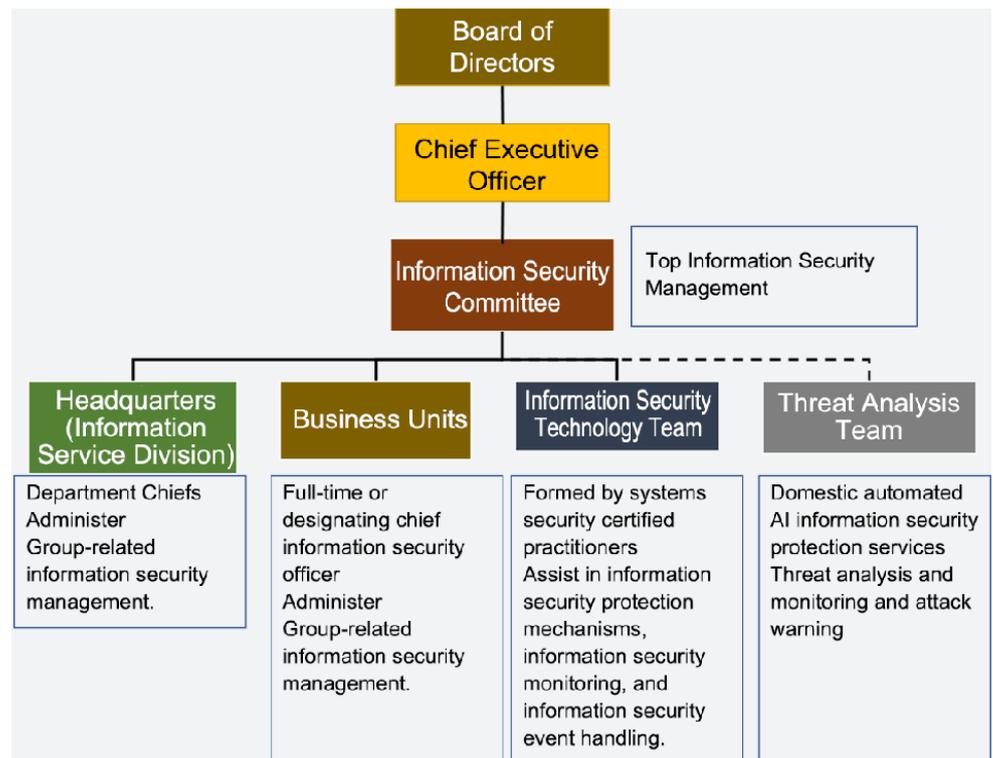
## **VI. Cybersecurity management**

### **i. Framework of cybersecurity risk management**

The framework of cybersecurity risk management aims to (1) provide appropriate management for the cybersecurity risks in operations, (2) encourage the management and operational teams to understand the impact of risk exposure, (3) realize better business resilience and legal compliance, and (4) provide strict decision-making and planning processes. Cybersecurity risk management is a continuous process for analyzing cybersecurity risks in operations and assessing risk impacts and establishing appropriate protection mechanisms, monitoring measures, and responses to minimize losses and maximize profit for corporate operations.

Based on the Company's business goals and strategies and in compliance with the relevant regulatory requirements, the cybersecurity risk management framework (as shown below) establishes corresponding cybersecurity policies, deploys cybersecurity protection, fixes vulnerabilities and loopholes, captures abnormal information, and addresses emergency events to optimize cybersecurity management and ensure service and business continuity through the risk management cycle.

Under the framework of the risk management cycle featuring risk assessment, policy amendment, protection deployment, risk monitoring, and security reinforcement, we constantly keep up with information security trends and make rolling review of the current management and protection practices in response to changes in the information service, macro environment, legitimacy, and various impacts in different time-space to ensure appropriate risk control for information system operations and network services.



## ii. Cybersecurity policy

The management goals in the cybersecurity policy include: (1) maintain the operation continuity of all information systems, (2) prevent hackers and virus from intrusion and damage, (3) prevent man-induced or willful improper and illegal uses, (4) prevent confidential and sensitive information from breaching, (5) prevent human negligence and accidents, and (5) maintain operational environment security, with specific contents as follows:

### 1. Organization and division of responsibility

Coordinate and consult policy planning and resources dispatch for information security and handle information security management within the Company. Establish the Information Security Committee under headquarters chaired by the CEO with members from all departments to hold meetings regularly and administer matters related to information services within headquarters.

### 2. Management, education, and training for personnel

- (1) Security assessment and competence shall be appropriate to the maintenance and management of the business information systems/networks.
- (2) Employees shall follow the job specifications and related information security regulations and shall not leak trade secrets in custody or use them improperly.

- (3) Arrange periodic training appropriate information security for employees to understand the importance of information security and all kinds of security risk to enhance the employees' awareness of information security.
3. Management of computer systems
  - (1) Operating procedures and regulations for computer systems are established to ensure the employee's correct and secure operation and use of computers. Necessary virus protection and threat monitoring mechanisms are built, procedures for handling information security incidents are established, and division of responsibility is defined to ensure proper management and responses to any information security incidents.
  - (2) Comply with the relevant regulatory requirements and conform to the regulations of the relevant licensing agreements for the operating systems and applications installed and used on computer systems. Maintain data protection and make backup of important data, software periodically to ensure routine operational security management.
  - (3) Ensure the security of electronic data interchange and the methods of sender and recipient authentication to ensure data integrity, availability, and confidentiality.
4. Management of networks
  - (1) Operational environments shall be built in accordance with the planning of secure network architecture and necessary protection and anomaly monitoring mechanisms shall be deployed with respect to the operational risk assessment to ensure the security of network data transmission, protection of network connections, and prevent unauthorized system access.
  - (2) Appropriate security protection (e.g., SPF, spam, etc.) shall be equipped on the email system to lower the risk of malicious and phishing emails and spam, maintain the credit ratings of the email service.
  - (3) Warning systems shall be established for network and system administrators to be alerted of specific network security incidents to facilitate taking effective prevention and thereby reduce network security incidents.
5. Management of system access

Establish secure and appropriate specific privileged access control and general user access control for information systems, adopt the periodic change of complex passwords, and implement high-strength user

authentication to prevent credential stuffing attacks and unintended use.

6. Development, maintenance, and management of system

Business units shall determine the security requirements of development and online maintenance and operation of application systems based on the requirements as found in the risk assessment of corresponding services. The business responsible units shall propose various controls, privileges, and the scope of use, which are included in the system planning and design specifications after verification.

7. Security management of system operation environments

- (1) Network and information equipment shall be accommodated in appropriate locations based on the service requirements and the requirements for power supply, fire prevention, access control, and surveillance in order to lower risk from environment insecurity and reduce the opportunities for unauthorized access.
- (2) An asset list shall be established and maintained, the interval and instructions for maintenance and service shall be defined according to the characteristics of equipment, maintenance shall be implemented or replacement/retirement shall be reviewed for equipment periodically.

8. Redundancies and restoration

- (1) To ensure business continuity of important services after an accident, failure, or damage of systems and facilities, a well-developed plan for maintenance, redundancy, and recovery shall be established.
- (2) System redundancy and recovery shall be tested and drilled at least once a year to ensure plan effectiveness and relevant personnel are updated with the latest plan condition.
- (3) The redundancy and recovery plan shall be update from time to time in respect of the adjustments and changes in business, organization, and personnel to maximize the benefits of project investment and ensure the continuing effectiveness of the plan.

iii. Specific management plans

1. Establishment of the cybersecurity promotion organization

As the Company's top management of cybersecurity, the Information Security Committee is chaired by the CEO with members including all chief officers. A division-level management unit for information services is established at headquarters to administer enterprise-wide information security management, and professional information security technology team is commissioned to provide various required information security services.

2. Establishment of the cybersecurity policy and objectives  
Related operating and management regulations shall be established according to the Company's information security policy to provide a reference of related operations or services. These regulations shall include the handling of information security incidents, outsourcing of information operations, management of personal computers, management of accounts and email, database management, management of network systems, and so on.
3. Establishment of cybersecurity operating procedures  
Information security for operations shall be graded by the nature and risk of information services. Requirements for necessary information security inspections shall be established. Information security management shall be assessed periodically.
4. Information security inspection of core ICT systems  
Vulnerability scans shall be performed and penetration tests shall be run periodically. Before a system goes live, source code scan and security inspection shall be requested and system vulnerabilities shall be fixed.
5. Education and training  
Arrange internal physical and online information security courses to enhance the information security awareness and consciousness of ICT administrators and general users.
6. Information security drill  
Drills on email social engineering are arranged for employees from time to time in the year to raise the employee's alert to the malicious links and virus-containing attachments in emails of unknown sources.
7. Continual improvement of cybersecurity  
Periodically report the performance of information security management to the Information Security Committee, top information security management, to ensure the adequacy and effectiveness of the information security management system (ISMS). Arrange internal and outsourced information security audits periodically, take corrective action for found detected defects, and follow up the improvement periodically.

#### iv. Resources for information security management

1. Information security committee meetings  
Two Information Security Committee meetings chaired by the CEO shall be held each year to review the performance of information security management, assess operational risks and related solutions, and review the progress of the annual information security projects.

2. Professional technologies and resources

Each operation team shall assign full-time responsible personnel or designate one to two employees to take charge of information security. The Groups' information security team will periodically run information security scans and inspections, introduce protection mechanisms, and build infrastructure for global anomaly monitoring. Additionally, domestic and international intelligent security defense system to support joint defense and forensics.

3. Appropriate budgets for information security

In addition to the existing annual maintenance and operation expenses for information security mechanisms, information security budgets shall be planned for the required protection, monitoring, inspection, and international certification of information security management for information operation, development, and operating systems.

v. Damage and potential impact caused by material cybersecurity incidents and countermeasures in the most recent year and until the date of annual report publication.

Besides implementing security measures such as web-based group security settings, virus protection, power user account control, and others from the internal server, we detect breaches and risk events with the intelligent information security monitoring platform and quickly retrace the impact of external threats on the Company based on the intelligence.

During 2021 and until the date of annual report publication, no material cyberattacks or incidents that have caused or may cause material unfavorable impact on our business and operations were reported, nor have we involved in any relevant legal affairs or regulatory investigation.

## VII. Important contracts

As of the date the Annual Report was printed, important contracts of the Company are as follows:

Nature of contract	Client	Contract start/end date	Main contents	Restrictions
Software authorization contract	Nexon Korea Corporation	Valid	Software authorization	The authorized areas include Taiwan, Hong Kong, and Macao
Software authorization contract	Nexon Korea Corporation	Valid	Software authorization	The authorized areas include Taiwan, Hong Kong, and Macao
Software authorization contract	Nexon Korea Corporation	Valid	Software authorization	The authorized areas include Taiwan, Hong Kong, and Macao
Software authorization contract	Nexon Korea Corporation	Valid	Software authorization	The authorized areas include Taiwan, Hong Kong, and Macao
Software authorization contract	Nexon Korea Corporation	Valid	Software authorization	The authorized areas include Taiwan, Hong Kong, and Macao
Software authorization contract	Nexon Korea Corporation	Valid	Software authorization	The authorized areas include Taiwan, Hong Kong, and Macao
Software authorization contract	NCsoft Corporation	Valid	Software authorization	The authorized areas include Taiwan, Hong Kong, and Macao
Software authorization contract	NCsoft Corporation	Valid	Software authorization	The authorized areas include Taiwan, Hong Kong, and Macao
Software authorization contract	Eyedentity Games, Inc.	Valid	Software authorization	The authorized areas include Taiwan, Hong Kong, and Macao

## VI. Financial highlights

### I. Condensed statement of financial positions and statement of comprehensive income of the past five years and CPA audit opinion

#### i. Condensed statement of financial positions and statement of comprehensive income

##### 1. Condensed statement of financial positions- Consolidated financial statement

Unit: NTD thousand

Item \ Year	Financial Data of the Past Five Years (Note 1)					2021 (Note 2)	The current year up to March 31, 2022 Financial Data (Note 1)
	2017	2018	2019	2020			
Current assets	4,134,005	5,300,764	4,559,088	4,382,635	5,432,401	6,390,085	
Real estate, plants, and equipment	2,794,303	2,896,310	2,857,123	2,845,436	2,797,267	2,810,808	
Intangible assets	286,219	737,468	842,551	1,411,663	630,744	542,545	
Other assets	1,317,011	888,870	1,001,123	665,161	612,103	587,198	
Total assets	8,531,538	9,823,412	9,259,885	9,304,895	9,472,515	10,330,636	
Current liabilities	Before distribution	4,082,592	3,787,431	3,606,079	3,579,602	3,459,294	3,789,032
	After distribution	4,082,592	4,861,653	4,150,109	3,579,602	3,459,294	3,789,032
Non-current liabilities	1,313,133	877,251	356,413	213,562	161,168	165,984	
Total liabilities	Before distribution	5,395,725	4,664,682	3,962,492	3,793,164	3,620,462	3,955,016
	After distribution	5,395,725	5,738,904	4,506,522	3,793,164	3,620,462	3,955,016
Equity attributable to the owner of the parent company	2,788,644	4,720,979	4,711,091	4,984,648	5,408,439	5,927,828	
Capital stock	1,750,281	1,754,936	1,754,936	1,754,936	1,754,936	1,754,936	
Additional paid-in capital	1,033,045	1,140,786	1,291,593	1,352,471	1,335,163	1,340,321	
Retained earnings	Before distribution	(14,270)	2,089,075	1,836,538	2,429,145	2,823,692	3,344,183
	After distribution	(14,270)	1,014,853	1,292,508	2,429,145	2,823,692	3,344,183

Other equities	205,814	(199,195)	(171,976)	(551,904)	(505,352)	(511,612)	
Treasury stock	(186,226)	(64,623)	-	-	-	-	
Non-controlling interests	347,169	437,751	586,302	527,083	443,614	447,792	
Total equity	Before distribution	3,135,813	5,158,730	5,297,393	5,511,731	5,852,053	6,375,620
	After distribution	3,135,813	4,084,508	4,753,363	5,511,731	5,852,053	6,375,620

Note 1: All the annual financial data listed above have been audited or reviewed and certified by the CPAs.

Note 2: The above proposal for earnings distribution of 2021 was resolved by the Board on March 10, 2022 but is pending for approval by the meeting of shareholders.

2. Condensed statement of financial positions- Individual financial statement

Unit: NTD thousand

Item \ Year		Financial data in the last five years (note1)				
		2017	2018	2019	2020	2021 (Note 2)
Current assets		1,355,475	2,523,220	1,291,583	1,190,557	1,808,528
Real estate, plants, and equipment		2,708,181	2,681,500	2,665,210	2,661,093	2,616,968
Intangible assets		165,057	80,700	158,910	808,911	157,569
Other assets		2,051,471	2,492,669	2,853,705	2,555,683	2,676,890
Total assets		6,280,184	7,778,089	6,969,408	7,216,244	7,259,955
Current liabilities	Before distribution	2,262,343	2,247,020	1,995,678	2,114,535	1,796,443
	After distribution	2,262,343	3,321,242	2,539,708	2,816,509	1,796,443
Non-current liabilities		1,229,197	810,090	262,639	117,061	55,073
Total liabilities	Before distribution	3,491,540	3,057,110	2,258,317	2,231,596	1,851,516
	After distribution	3,491,540	4,131,332	2,802,347	2,933,570	1,851,516
Capital stock		1,750,281	1,754,936	1,754,936	1,754,936	1,754,936
Additional paid-in capital		1,033,045	1,140,786	1,291,593	1,352,471	1,335,163
Retained earnings	Before distribution	(14,270)	2,089,075	1,836,538	2,429,145	2,823,692
	After distribution	(14,270)	1,014,853	1,292,508	1,727,171	2,823,692
Other equities		205,814	(199,195)	(171,976)	(551,904)	(505,352)
Treasury stock		(186,226)	(64,623)	-	-	-
Total equity	Before distribution	2,788,644	4,720,979	4,711,091	4,984,648	5,408,439
	After distribution	2,788,644	3,646,757	4,167,061	4,273,674	5,408,439

Note 1: All the annual financial data listed above have been audited and certified by the CPAs.

Note 2: The above proposal for earnings distribution of 2021 was resolved by the Board on March 11, 2022 but is pending for approval by the meeting of shareholders.

Note 3: The individual financial statement for 2022Q1 was not prepared.

### 3. Statement of comprehensive income- Consolidated financial statement

Unit: NTD thousand

Item	Year	Financial Data of the Past Five Years (Note)					The current year up to March 31, 2022
		2017	2018	2019	2020	2021	Financial Data (note)
Operating income		8,474,988	14,334,948	9,681,345	10,443,042	11,372,477	3,408,550
Operating gross profit		1,564,887	4,893,919	4,093,158	3,968,738	4,757,085	1,593,152
Operating loss or profit		(81,960)	2,042,366	1,260,034	1,137,415	1,734,095	785,943
Non-operating income and expenditure		81,020	115,243	(81,627)	(71,868)	(288,999)	(74,518)
Pre-tax net profit (loss)		(940)	2,157,609	1,178,407	1,065,547	1,445,096	711,425
Net profit (loss) of the continuing operating department for the current term		(36,907)	1,693,985	864,618	782,320	1,009,115	525,582
Losses from discontinued units		-	-	-	-	-	-
Net profit (loss) of current term		(36,907)	1,693,985	864,618	782,320	1,009,115	525,582
Other comprehensive income of current term (after-tax net value)		37,915	(56,296)	(7,811)	(109,948)	35,268	(2,015)
Sum of combined profits or losses of current term		1,008	1,637,689	856,807	672,372	1,044,383	523,567
Net profit attributable to the owner of the parent company		26,680	1,759,973	887,895	872,496	1,106,281	521,425
Net profit attributable to non-controlling interests		(63,587)	(65,988)	(23,277)	(90,176)	(97,166)	4,157
The sum of comprehensive income attributable to the owner of the parent company		57,668	1,721,137	877,316	759,822	1,145,337	515,165
Total combined profits or losses attributable to non-controlling interests		(56,660)	(83,448)	(20,509)	(87,450)	(100,954)	8,402
Earnings per share		0.17	10.31	5.10	5.00	6.30	2.97

Note: All the annual financial data listed above have been audited or reviewed and certified by the CPAs.

4. Statement of comprehensive income- Individual financial statement

Unit: NTD thousand

Item \ Year	Financial data in the last five years (Note 1)				
	2017	2018	2019	2020	2021
Operating income	2,697,961	12,556,278	7,011,514	7,423,592	8,285,403
Operating gross profit	1,039,707	3,817,973	2,803,873	2,613,206	3,324,561
Operating loss or profit	115,697	2,320,999	1,325,732	1,024,974	1,651,055
Non-operating income and expenditure	(71,011)	(114,744)	(175,877)	15,037	(220,399)
Pre-tax net profit (loss)	44,686	2,206,255	1,149,855	1,040,011	1,430,656
Net profit (loss) of the continuing operating department for the current term	26,680	1,759,973	887,895	872,496	1,106,281
Losses from discontinued units	-	-	-	-	-
Net profit (loss) of current term	26,680	1,759,973	887,895	872,496	1,106,281
Other comprehensive income of current term (after-tax net value)	30,988	(38,836)	(10,579)	(112,674)	39,056
Sum of combined profits or losses of current term	57,668	1,721,137	877,316	759,822	1,145,337
Earnings per share	0.17	10.31	5.10	5.00	6.30

Note 1: All the annual financial data listed above have been audited and certified by the CPAs.

Note 2: The individual financial statement for 2022Q1 was not prepared.

ii. Names of CPAs in the last five years and their audit opinions

Year of certification	Name of Accounting Firm	Name of CPA	Audit Opinion
2017	PwC Taiwan	Lin, Yi-Fan, Chang, Shu-Chiung	Modified unqualified opinions
2018	PwC Taiwan	Lin, Yi-Fan, Pan, Hui-Ling	Unqualified opinions plus emphasized matters and other matters
2019	PwC Taiwan	Lin, Yi-Fan, Pan, Hui-Ling	Unqualified opinion plus other matters
2020	PwC Taiwan	Lin, Yi-Fan, Yen, Yu-Fun	Unqualified opinion plus other matters
2021	PwC Taiwan	Lin, Yi-Fan, Yen, Yu-Fun	Unqualified opinion plus other matters

## II. Financial Analysis of the Past Five Years

### i. Financial Analysis- Consolidated Financial Statement

Analytical Item (Note*)		Financial data in the last five years					The current year up to March 31, 2022
		2017	2018	2019	2020	2021	
Financial structure (%)	Liability-to-asset ratio	63.24	47.49	42.79	40.77	38.22	38.28
	Long term capital to real estate, plants and equipment Ratio	159.21	208.40	197.88	201.21	214.97	232.73
Solvency (%)	Current ratio	101.26	139.96	126.43	122.43	157.04	168.65
	Quick ratio	92.04	120.71	108.10	107.10	143.32	156.72
	Interest Protection Multiples	97.89	8,575.84	6,460.14	8,827.55	21,119.58	14,536.38
Management ability	Receivable turnover ratio (frequency)	4.33	8.47	9.02	9.84	11.71	14.62
	Average collection days	84.29	43.09	40.46	37.09	31.16	24.96
	Inventory turnover ratio (frequency)	16.55	6.04	6.17	4.73	5.34	2.79
	Payable turnover ratio (frequency)	4.90	8.47	9.39	12.35	11.60	11.68
	Average sales days	22.05	60.43	59.15	77.16	68.35	130.82
	Real estate, plants and equipment turnover ratio (times)	3.02	5.03	3.36	3.66	4.03	4.86
	Total asset turnover ratio (frequency)	1.03	1.56	1.01	1.13	1.21	1.38
Profitability	Return on assets (%)	(0.02)	18.68	9.22	8.53	10.81	21.27
	Return on equity (%)	(1.34)	40.85	16.54	14.48	17.76	34.39
	Pre-tax net profit to paid-in capital size ratio (%)	(0.05)	122.95	67.15	60.72	82.34	40.54
	Net profit rate (%)	(0.44)	11.82	8.93	7.49	8.87	15.42
	Earnings per share (NT\$)	0.17	10.31	5.10	5.00	6.30	2.97
Cash flow	Cash flow ratio (%)	(2.26)	81.89	24.30	65.20	73.91	25.95
	Cash flow adequacy ratio (%)	14.72	56.82	59.79	114.66	135.85	138.03
	Cash Re-investment ratio (%)	(2.06)	35.81	6.39	34.81	29.23	1.66
Leverage	Operating leverage	1.00	1.00	1.00	1.00	1.00	1.00
	Financial leverage	0.65	1.01	1.01	1.01	1.00	1.00

Reasons for changes in financial ratios in the last two years

1. Current ratio: Because of an increase in cash and cash equivalents of the year.
2. Quick ratio: Because of an increase in cash and cash equivalents of the year.
3. Interest protection multiples were the result of the increase in profits for the current term. Because of the increase in operating income of the year.
4. Return on assets: Because of the increase in operating income of the year.
5. Return on equity: Because of the increase in operating income.
6. Profit before tax to capital stock: Because of the increase in post-tax profit or loss.
7. EPS: Because of the increase in operating income of the year.

ii. Financial Analysis- Individual Financial Statement

Analytical Item (Note *)		Year (Note 1)	Financial Analysis of the Past Five Years			
		2017	2018	2019	2020	2021
Financial structure (%)	Liability-to-asset ratio	55.60	39.30	32.40	30.92	25.50
	Long term capital to real estate, plants and equipment Ratio	148.36	206.27	186.62	191.71	208.77
Solvency (%)	Current ratio	59.91	112.29	64.72	56.30	100.67
	Quick ratio	54.50	102.09	56.05	50.85	94.37
	Interest Protection Multiples	212.78	10,738.71	9,243.98	12,014.43	37,838.22
Management ability	Receivable turnover ratio (frequency)	3.48	13.72	10.49	12.86	11.91
	Average collection days	104.88	26.60	34.79	28.38	30.64
	Inventory turnover ratio (frequency)	0.46	0.10	0.21	0.36	0.24
	Payable turnover ratio (frequency)	5.13	17.43	11.35	17.03	17.33
	Average sales days	793.47	3650.00	1738.09	1013.38	1520.83
	Real estate, plants and equipment turnover ratio (times)	0.99	4.65	2.62	2.78	3.13
	Total asset turnover ratio (frequency)	0.45	1.79	0.95	1.05	1.14
Profitability	Return on assets (%)	1.00	25.28	12.18	12.40	15.33
	Return on equity (%)	1.10	46.87	18.83	18.00	21.29
	Pre-tax net profit to paid-in capital size ratio (%)	2.55	125.72	65.52	59.26	81.52
	Net profit rate (%)	0.99	14.02	12.66	11.75	13.35
	Earnings per share (NT\$)	0.17	10.31	5.10	5.00	6.30
Cash flow	Cash flow ratio (%)	15.59	144.70	40.10	110.19	133.16
	Cash flow adequacy ratio (%)	36.37	62.69	66.36	111.10	112.31
	Cash Re-investment ratio (%)	9.08	39.41	5.21	36.92	19.61
Leverage	Operating leverage	1.00	1.00	1.00	1.00	1.00
	Financial leverage	1.52	1.01	1.01	1.01	1.00

Reasons for changes in financial ratios in the last two years

1. Current ratio: Because of an increase in cash and accounts receivables of the year.
2. Quick ratio: Because of an increase in cash and accounts receivables of the year.
3. Interest protection multiples were the result of the decrease in interest expenditure for the current term.
4. Inventory turnover: Because of the decrease in inventory of the year.
5. Days sales of inventory: Because of the decrease in inventory of the year.
6. Return on assets: Because of the increase in operating income of the year.
7. EPS: Because of the increase in operating income of the year.
8. Cash reinvestment ratio: Because of the increase/ decrease of working capital of the year.

Note\*: The calculation formula is provided below:

1. Financial structure
  - (1) Liability-to-asset ratio = total liabilities/total assets
  - (2) Long-term funds to fixed assets ratio = (net value of shareholder equity + long-term liabilities)/net value of fixed assets.
2. Solvency
  - (1) Current ratio = Current assets/Current liabilities.
  - (2) Quick ratio = (Current assets - Inventory - Advance payments)/Current liabilities.
  - (3) Interest coverage ratio = Income tax and net profit before interest/Interest expenditure of the year
3. Management ability
  - (1) Balance of Receivables (including accounts receivable and notes receivable due to business)  
Turnover = net sales/average receivables for each year (including accounts receivable and notes receivable due to business).
  - (2) Average Collection Days = 365/receivables turnover.
  - (3) Inventory Turnover = Cost of goods sold/average inventory amount.
  - (4) Balance of Payables (including accounts payable and notes payable due to business)  
Turnover = cost of goods sold/average payables for each period (including accounts payable and notes payable due to business).
  - (5) Average Sales Days = 365/inventory turnover.
  - (6) PP&E Turnover = Net sales/ Net average PP&E
  - (7) Total Asset Turnover = Net sales/Average total assets.
4. Profitability
  - (1) Return on Assets = [after-tax profit (loss) + interest expense × (1 - tax rate)]/average total assets.
  - (2) Return on Equity = After-tax profit (loss)/Average equity.
  - (3) Net Profit Rate = After-tax profit (loss)/Net sales.
  - (4) EPS = (Equity attributable to owners of the parent – dividend from preferred shares)/weighted average number of outstanding shares.
5. Cash flow
  - (1) Cash Flow Ratio = Net cash flow from operation– Current liabilities
  - (2) Net Cash Flow Adequacy Ratio = Net cash flow from operation over the past five years/(capital expense +addition to inventory + cash dividend) over the past five years.
  - (3) Cash Reinvestment Ratio = (net cash flow from operation – cash dividend)/(gross PP&E + long-term investment + other non-current assets + working capital).
6. Leverage
  - (1) Degree of operating leverage = (net income – variable cost and expenses from operation)/operating profit.
  - (2) Financial Leverage = operating income/(operating income-interest expenses).

### **III. Review Report on the 2021 Financial Statements of Audit Committee**

#### **Audit Committee's Audit Report**

The Board of Directors have prepared and presented the Company's business report, financial statements (including individual and consolidated financial reports) of 2021. After auditing the above financial statements, CPA Lin, Yi-Fan and CPA Yen, Yu-fun of PwC Taiwan issued an audit report. The above-mentioned Business Report, Financial Statements, and Proposal on Distribution of Earnings have been reviewed by the Audit Committee and no inconsistency has been found. Therefore, according to applicable requirements of the Securities and Exchange Act and the Company Act, it is reported as above. Your review and approval are cordially requested.

Gamania Digital Entertainment Co., Ltd.

Convener of Audit Committee:

March 10, 2022

## IV. 2021 Financial Statements



### INDEPENDENT AUDITORS' REPORT

PWCR21000438

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, 2021 and 2020, 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 (please 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and 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 generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. 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(25) for the details of accounting applied on revenue recognition.

Gamania Digital Entertainment Co., Ltd. (the “Company”) is 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 recognises 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(17) and (18) 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. Comparing 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), part of the subsidiaries and investments accounted for under the equity method is based on the financial statements audited by other auditors appointed by these companies. We did not audit the financial statements of certain subsidiaries and investments accounted

for under the equity method. Total assets of the subsidiaries amounted to NT\$1,700,468 thousand and NT\$2,186,919 thousand, constituting 18% and 24% of consolidated total assets as of December 31, 2021 and 2020, respectively, and operating revenue was NT\$2,469,898 thousand and NT\$2,716,688 thousand, constituting 22% and 26% 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 and NT\$106,943 thousand, constituting 1% and 1% of consolidated total assets as at December 31, 2021 and 2020, respectively, and other comprehensive loss accounted for under equity method was NT(\$83,433) thousand and NT(\$70,713) thousand, constituting (8%) and (11%) of consolidated total comprehensive income for the years then ended, respectively.

***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, 2021 and 2020.

***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 generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient 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 auditor's 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 11, 2022

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' 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, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 3,418,896	36	\$ 2,897,601	26
1136	Financial assets at amortised cost - current	6(7) and 8	88,463	1	102,626	1
1150	Notes receivable, net	6(2)	752	-	4,533	-
1170	Accounts receivable, net	6(2)	876,123	9	944,691	10
1180	Accounts receivable - related parties, net	7	11,341	-	13,345	-
1200	Other receivables	6(3)	260,489	3	258,160	3
1210	Other receivables - related parties	7	2,214	-	2,642	-
1220	Current income tax assets		21,049	-	9,580	-
130X	Inventories	6(4)	122,582	1	125,906	1
1410	Prepayments	6(5)	352,026	4	423,105	5
1470	Other current assets	8	278,466	3	100,446	1
11XX	<b>Total current assets</b>		<u>5,432,401</u>	<u>57</u>	<u>4,382,635</u>	<u>47</u>
<b>Non-current assets</b>						
1517	Financial assets at fair value through other comprehensive income - non- current	6(6)	198,626	2	182,953	2
1550	Investments accounted for under equity method	6(8)	121,309	1	205,090	2
1600	Property, plant and equipment	6(9) and 8	2,797,267	30	2,845,436	31
1755	Right-of-use assets	6(10)	45,538	1	66,589	1
1760	Intangible assets	6(12)	630,744	7	1,411,663	15
1840	Deferred income tax assets	6(31)	139,523	1	165,441	2
1900	Other non-current assets	6(13)	57,107	1	45,088	-
15XX	<b>Total non-current assets</b>		<u>4,040,114</u>	<u>43</u>	<u>4,922,260</u>	<u>53</u>
1XXX	<b>Total assets</b>		<u>\$ 9,472,515</u>	<u>100</u>	<u>\$ 9,304,895</u>	<u>100</u>

(Continued)

**GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(15)	\$ 100,164	1	\$ 226,148	3
2130	Current contract liabilities	6(25)	385,016	4	281,129	3
2150	Notes payable		-	-	1,211	-
2170	Accounts payable		626,998	7	500,183	5
2180	Accounts payable - related parties	7	7,187	-	4,060	-
2200	Other payables	6(16)	1,751,731	18	1,999,753	22
2220	Other payables - related parties	7	158,580	2	115,776	1
2230	Current income tax liabilities		225,187	2	193,041	2
2280	Current lease liabilities		29,663	-	30,142	-
2320	Long-term liabilities, current portion	6(18)	80,000	1	160,000	2
2399	Other current liabilities, others		94,764	1	68,179	1
21XX	<b>Total current liabilities</b>		<u>3,459,294</u>	<u>36</u>	<u>3,579,602</u>	<u>39</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(18)	-	-	80,000	1
2570	Deferred income tax liabilities	6(31)	66,398	1	66,637	1
2580	Lease liabilities - non-current		66,004	1	36,777	-
2600	Other non-current liabilities		28,766	-	30,148	-
25XX	<b>Total non-current liabilities</b>		<u>161,168</u>	<u>2</u>	<u>213,562</u>	<u>2</u>
2XXN	<b>Total liabilities</b>		<u>3,620,462</u>	<u>38</u>	<u>3,793,164</u>	<u>41</u>
<b>Equity attributable to owners of parent</b>						
Share capital						
3110	Common stock	6(21)	1,754,936	18	1,754,936	19
Capital surplus						
3200	Capital surplus	6(22)	1,335,163	18	1,352,471	18
Retained earnings						
3310	Legal reserve		378,451	4	264,787	3
3320	Special reserve		551,904	6	171,976	2
3350	Unappropriated retained earnings		1,893,337	20	1,892,382	21
Other equity interest						
3400	Other equity interest	6(24)	(505,352)	(5)	(551,904)	(6)
31XX	<b>Equity attributable to owners of the parent</b>		<u>5,408,439</u>	<u>57</u>	<u>4,984,648</u>	<u>53</u>
36XX	Non-controlling interest	4(3)	443,614	5	527,083	6
3XXX	<b>Total Equity</b>		<u>5,852,053</u>	<u>62</u>	<u>5,511,731</u>	<u>59</u>
Significant contingent liabilities and unrecorded contract commitments						
Significant events after the balance sheet date						
3N2X	<b>Total Liabilities and equity</b>		<u>\$ 9,472,515</u>	<u>100</u>	<u>\$ 9,304,895</u>	<u>100</u>

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, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share data)

Items	Notes	Year ended December 31,				
		2021		2020		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(25) and 7	\$ 11,372,477	100	\$ 10,443,042	100
5000	Operating costs	6(4)(30) and 7	( 6,615,392)	( 58)	( 6,474,304)	( 62)
8950	Gross profit		<u>4,757,085</u>	42	<u>3,968,738</u>	38
	Operating expenses	6(30) and 7				
6100	Selling expenses		( 1,208,886)	( 11)	( 1,190,557)	( 12)
6200	General and administrative expenses		( 1,352,756)	( 12)	( 1,250,368)	( 12)
6300	Research and development expenses		( 390,814)	( 3)	( 345,651)	( 3)
6450	Expected credit impairment loss	12(2)	( 70,534)	( 1)	( 35,747)	-
6000	Total operating expenses		<u>( 3,022,990)</u>	<u>( 27)</u>	<u>( 2,831,323)</u>	<u>( 27)</u>
6900	Operating income		<u>1,734,095</u>	15	<u>1,137,415</u>	11
	Non-operating income and expenses					
7100	Interest income	6(26)	3,306	-	10,698	-
7010	Other income	6(27)	12,210	-	96,181	-
7020	Other gains and losses	6(28)	( 180,021)	( 1)	( 6,433)	-
7050	Finance costs	6(29)	( 6,875)	-	( 12,309)	-
7060	Share of loss of associates and joint ventures accounted for under equity method	6(8)	( 117,619)	( 1)	( 100,105)	( 1)
7000	Total non-operating income and expenses		<u>( 288,999)</u>	<u>( 2)</u>	<u>( 71,868)</u>	<u>( 1)</u>
7900	<b>Profit before income tax</b>		<u>1,445,096</u>	13	<u>1,065,547</u>	10
7950	Income tax expense	6(31)	( 435,981)	( 4)	( 283,327)	( 3)
8200	<b>Profit for the period</b>		<u>\$ 1,009,115</u>	<u>9</u>	<u>\$ 782,220</u>	<u>7</u>

(Continued)

**GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share data)

Items	Notes	Year ended December 31,			
		2021		2020	
		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 (loss) on defined benefit plan	6(19)		\$ 7,940	-
8316	Unrealised loss on investments in equity instruments of fair value through other comprehensive income	6(6)		58,654	-
8320	Share of other comprehensive loss of associates and joint ventures accounted for using the equity method that will not be reclassified to profit or loss	6(24)		157	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)		(1,300)	-
8310	Other comprehensive loss that will not be reclassified to profit or loss			(1,022)	-
				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			(42,697)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for under equity method that will be reclassified to profit or loss	6(24)		-	-
8399	Income tax relating to the components of other comprehensive loss	6(31)		662	-
8360	Other comprehensive income (loss) that will be reclassified to profit or loss			(4,978)	-
8300	<b>Total other comprehensive income (loss) for the period</b>			(37,629)	-
8500	<b>Total comprehensive income for the period</b>			\$ 35,268	-
				\$ 1,044,383	9
8610	Profit (loss) attributable to Owners of the parent		40	\$ 872,496	8
8620	Non-controlling interest		(1)	(97,166)	(1)
			9	\$ 782,330	7
Comprehensive income (loss) attributable to:					
8710	Owners of the parent		10	\$ 759,822	7
8720	Non-controlling interest		(1)	(100,954)	(1)
			9	\$ 672,372	6
9750	Earnings per share, (in dollars) Basic earnings per share	6(32)		\$ 5.90	
9850	Diluted earnings per share			\$ 6.21	

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

**DELTAHOOD GLOBAL ENTERTAINMENT CO. LTD. AND SUBSIDIARIES**  
**CONDENSED STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
 (Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of Delgado												
	Capital Resources				Retained Earnings			Other Equity Items					
	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Other	Legal reserve	Special reserve	Disappreciated retained earnings	Fair value adjustments attributable to foreign operations	Unrealized gains/losses from financial assets measured at fair value through other comprehensive income	Treasury stock	Total	Non-controlling interest	Total equity
<b>2021</b>													
Balance at January 1, 2020	\$ 1,734,348	\$ 886,975	\$ 308,832	\$ 97,716	\$ 175,397	\$ 109,193	\$ 1,481,346	(\$ 73,774)	(\$ 76,802)	\$ -	\$ 4,711,051	\$ 586,502	\$ 5,297,553
Profit (loss) for the period	-	-	-	-	-	-	872,680	-	-	-	872,680	( 90,176 )	782,504
Other comprehensive (loss) income for the period	-	-	-	-	-	-	6,552	( 34,794 )	( 77,528 )	-	( 112,670 )	2,736	( 110,934 )
Total comprehensive income (loss)	-	-	-	-	-	-	885,144	( 38,242 )	( 74,792 )	-	760,112	( 87,440 )	672,672
Appropriations of 2021 retained earnings (12%)	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	88,569	-	( 88,569 )	-	-	-	-	-	-
Special reserve	-	-	-	-	-	( 37,217 )	37,217	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	( 644,030 )	-	-	-	( 644,030 )	-	( 644,030 )
Change in equity of associates and joint ventures accounted for under equity method (40)	-	-	-	( 3,400 )	-	-	367	-	-	-	( 3,033 )	-	( 2,666 )
Change in ownership interest in subsidiaries (12)	-	-	-	( 2,482 )	-	-	( 1,526 )	-	-	-	( 3,008 )	46,183	43,175
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	91,840	91,840	-	91,840
Share-based payment	-	-	-	63,863	-	-	-	-	-	-	63,863	-	63,863
Treasury shares distributed to employees	-	-	86,869	( 87,893 )	-	-	-	-	-	( 91,040 )	91,443	-	( 596 )
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	( 17,904 )	( 17,904 )
Depreciation of investments in equity instruments at fair value through other comprehensive income (40)	-	-	-	-	-	-	275,626	-	( 275,626 )	-	-	-	-
Balance at December 31, 2021	\$ 1,734,348	\$ 886,975	\$ 372,701	\$ 92,235	\$ 264,767	\$ 171,978	\$ 1,689,382	(\$ 107,668)	(\$ 643,638)	\$ -	\$ 4,984,548	\$ 527,087	\$ 5,511,635
<b>2020</b>													
Balance at January 1, 2021	\$ 1,734,348	\$ 886,975	\$ 371,701	\$ 92,760	\$ 264,767	\$ 171,978	\$ 1,662,362	(\$ 107,668)	(\$ 443,638)	\$ -	\$ 4,884,848	\$ 527,087	\$ 5,411,935
Profit (loss) for the period	-	-	-	-	-	-	1,106,381	-	-	-	1,106,381	( 97,168 )	1,009,213
Other comprehensive (loss) income for the period	-	-	-	-	-	-	4,086	( 75,841 )	( 38,411 )	-	( 100,166 )	( 3,788 )	( 103,954 )
Total comprehensive income (loss)	-	-	-	-	-	-	1,110,467	( 71,755 )	( 76,422 )	-	1,035,280	( 100,956 )	934,324
Appropriations of 2020 retained earnings (12%) (12)	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	110,064	-	( 110,064 )	-	-	-	-	-	-
Special reserve	-	-	-	-	-	78,926	( 78,926 )	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	( 701,974 )	-	-	-	( 701,974 )	-	( 701,974 )
Change in equity of associates and joint ventures accounted for under equity method (40)	-	-	-	( 1,076 )	-	-	1,076	-	-	-	1,076	-	1,076
Change in ownership interest in subsidiaries (12)	-	-	-	( 43,883 )	-	-	( 2,264 )	-	-	-	( 46,147 )	85,190	38,943
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	( 17,674 )	( 17,674 )
Depreciation of investments in equity instruments at fair value through other comprehensive income (40)	-	-	-	-	-	-	( 11,382 )	-	( 11,382 )	-	( 22,764 )	-	( 22,764 )
Balance at December 31, 2020	\$ 1,734,348	\$ 886,975	\$ 372,701	\$ 75,467	\$ 378,421	\$ 351,904	\$ 1,703,737	(\$ 132,023)	(\$ 521,743)	\$ -	\$ 5,406,420	\$ 485,514	\$ 5,891,934

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

**GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31,	
		2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 1,445,096	\$ 1,065,547
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(30)	164,360	164,394
Amortisation	6(12)(30)	726,909	839,191
Expected credit impairment loss	12(2)	70,534	35,747
Interest expense	6(29)	6,875	12,209
Interest income	6(26)	3,306	10,698
Share-based payments	6(20)	-	65,863
Share of loss of subsidiaries and associates accounted for under equity method		117,619	100,105
Loss (gain) on disposal of property, plant and equipment	6(28)	47	236
Impairment loss on non-financial assets	6(14)(28)	171,635	10,119
Dividend income	6(6)(27)	145	458
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		3,781	4,022
Accounts receivable		155	91,813
Accounts receivable - related parties		2,004	6,643
Other receivables		171	25,135
Other receivables - related parties		428	1,120
Inventories		3,324	9,477
Prepayments		68,049	121,329
Other current assets		41,596	4,383
Other non-current assets		16,856	2,217
Changes in operating liabilities			
Contract liabilities - current		104,887	53,925
Notes payable		1,211	26
Accounts payable		126,815	40,556
Accounts payable - related parties		3,127	3,763
Other payables		74,881	69,818
Other payables - related parties		42,808	17,098
Other current liabilities		25,585	17,732
Other non-current liabilities		615	156
Cash inflow generated from operations		2,945,289	2,515,224
Interest received		3,306	10,698
Dividends received		728	1,078
Interest paid		6,875	12,209
Income tax paid		385,669	180,846
Net cash provided by operating activities		2,556,779	1,333,945

(Continued)

**GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31,	
		2021	2020
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Disposal of financial assets at fair value through other comprehensive income	6(6)	\$ 41,529	\$ 294,116
Liquidation of financial assets at fair value through other comprehensive income	6(6)	-	2,331
Decrease (increase) in financial assets as amortised cost		14,163	(62,441)
(Increase) decrease in other financial assets		(136,424)	77,645
Acquisition of investments accounted for under equity method		(34,129)	(96,776)
Proceeds from capital reduction of investments accounted for under equity method	6(8)	-	23,340
Acquisition of property, plant and equipment	6(34)	(87,446)	(129,301)
Proceeds from disposal of property, plant and equipment		309	2,093
Acquisition of intangible assets	6(34)	(289,155)	(992,805)
(Increase) decrease in refundable deposits		4,066	(986)
Net cash used in investing activities		(487,084)	(882,784)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Decrease in short-term borrowings	6(35)	(123,495)	(518,870)
Payment of lease liabilities	6(35)	(31,955)	(26,632)
Repayment of long-term debt	6(35)	(160,000)	(160,000)
Increase in guarantee deposits received		1,340	2,604
Purchase of treasury shares		-	(91,449)
Sale of treasury shares to employees		-	91,455
Cash dividends paid	6(23)	(701,974)	(544,030)
Increase in subsidiaries capital from non-controlling interest	6(33)	13,977	12,009
Cash dividends paid to non-controlling interest		(16,853)	(13,742)
Acquisition of additional equity interest in subsidiaries	6(33)	(822)	-
Net cash used in financing activities		(1,016,781)	(1,248,655)
Effect of exchange rate changes on cash and cash equivalents		(31,619)	7,638
Net increase in cash and cash equivalents		1,021,295	194,868
Cash and cash equivalents at beginning of the period		2,397,601	2,202,733
Cash and cash equivalents at end of the period		\$ 3,418,896	\$ 2,397,601

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, 2021 AND 2020

(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 10 2022.

**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") as endorsed by the Financial Supervisory Commission ("FSC")**

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date by International Accounting Standards Board</u>
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform - Phase 2'	January 1, 2021
Amendment to IFRS 16, 'Covid-19-related rent concessions beyond 30 June 2021'	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC.

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 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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.

(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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
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, 2023
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.

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 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, 2021	December 31, 2020	
Gamania Digital Entertainment Co., Ltd.	Gamania Holdings Ltd. (GH)	Holding company	100	100	
Gamania Holdings Ltd. (GHL)	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)	Joymabee Entertainment Co., Ltd.	Software services	100	100	
Gamania International Holdings Ltd. (GIH)	Achieve Made International Ltd. (AMI)	Investment and holding company	43.56	42.71	Note 1
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	100	
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	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Achieve Made International Ltd (AMI)	Jollywiz International (HK) Co., Ltd	Supply of electronic information services	-	93.43	Note 2
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	6.57	Note 2
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	1.10	-	Note 4
Bjolly Co., Ltd.	NOWnews Network Co., Ltd. (NOWnews)	Broadcast and TV shows production	-	1.32	Note 4
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.	Circo Inc. (Circo)	Software services	99.90	99.84	
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	97.23	96.37	
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	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
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	-	51	Note 8
Gamania Digital Entertainment Co., Ltd.	Coture New Media Co., Ltd (Coture New Media)	Online media production	93.08	93.08	
Gamania Digital Entertainment Co., Ltd.	GAMA PAY Co., Ltd. (GAMA PAY)	Electronic payment services	69.73	67.86	Notes 5 and 6
Gamania Digital Entertainment Co., Ltd.	Coco Digital Technology Co., Ltd. (Coco)	Software services and sales	-	100	Note 9
Gamania Digital Entertainment Co., Ltd.	NOWnews Network Co., Ltd. (NOWnews)	Broadcast and TV shows production	78.97	78.41	Note 4
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	9.04	16.07	Note 6
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	12.19	-	Notes 5 and 6

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
MadSugr Digital Technologies Co., Ltd.	MadSugr Digital Technology (HK) Co., Ltd. (MadSugr HK)	Software services and sales	-	100	Note 7
Circo Inc.	Circo (HK) Co., Ltd. (Circo HK)	Software services	99.9	100	
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 10

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 subsidiaries, Achieve Made International Ltd. sold all 93.43% equity interest held in Jollywiz International (HK) Co., Limited to the Company's subsidiaries, Jollywiz Digital Technology Co., Ltd., in 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 subsidiaries, Bjolly, sold all 1.10% equity interest held in NOWnews to the Company's subsidiaries, Jollywiz Digital Technology Co., Ltd., in December 31, 2021, the Company and its subsidiary, Jollywiz Digital Technology Co., Ltd., held a 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 January 28, 2021, Gash Point (Hong Kong) Company Limited and the Company participated in the capital increase. Gash Point (Hong Kong) Company Limited acquired 16.25% equity interest in GAMA PAY.

Note 6: On December 27, 2021, the company participated in the capital income. The company acquired 10.09% equity interest in GAMA PAY. Consequently, the equity interest in GAMA PAY of Gash Point Co., Ltd. and Gash Point (Hong Kong) Company Limited decrease to 9.04% and 12.19%, respectively.

Note 7: The liquidation of Madsugr HK was completed in June 2021.

Note 8: The liquidation of Madsugr was completed in December 2021.

Note 9: The liquidation of Coco was completed in July 2021.

Note 10: On January 7, 2020, Hyperg increased its capital in exchange for contribution of technology from external shareholders. Accordingly, Digicentre's equity in Hyperg decreased to 51%.

The financial statements of certain consolidated subsidiaries were audited by other auditors, which statements reflect total assets of \$1,700,468 and \$2,186,919, constituting 18% and 24% of the consolidated total assets as of December 31, 2021 and 2020, respectively, and net operating revenue of \$2,469,898 and \$2,716,688, constituting 22% and 26% of the consolidated total operating revenues for the years then ended, respectively.

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, 2021 and 2020, the non-controlling interest amounted to \$443,614 and \$527,083, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest				Description
		December 31, 2021		December 31, 2020		
		Amount	Ownership (%)	Amount	Ownership (%)	
AMI and subsidiaries	Taiwan and China	\$ 150,809	56.44%	\$ 231,538	57.29%	Note
Digicentre Company Limited and subsidiaries	Taiwan, China and Singapore	130,087	32.52%	134,837	32.52%	

Note: Registered location of AMI is British Virgin Islands.

#### Balance sheets

	AMI and subsidiaries	
	December 31, 2021	December 31, 2020
Current assets	\$ 350,772	\$ 629,323
Non-current assets	51,115	68,011
Current liabilities	( 120,722)	( 270,192)
Total net assets	\$ 281,165	\$ 427,142

	<u>Digicentre Company Limited and subsidiaries</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 323,549	\$ 349,387
Non-current assets	257,479	253,147
Current liabilities	( 186,235)	( 212,876)
Non-current liabilities	( 40,868)	( 23,152)
Total net assets	<u>\$ 353,925</u>	<u>\$ 366,506</u>

#### Statements of comprehensive income

	<u>AMI and subsidiaries</u>	
	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Revenue	\$ 718,311	\$ 812,427
Loss before income tax	( 130,972)	( 220,669)
Income tax benefit	39	1,198
Loss for the year	( 130,933)	( 219,471)
Other comprehensive (loss) income, net of tax	( 6,801)	16,278
Total comprehensive loss for the year	<u>(\$ 137,734)</u>	<u>(\$ 203,193)</u>
Comprehensive loss attributable to non-controlling interest	<u>(\$ 81,437)</u>	<u>(\$ 65,520)</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

	<u>Digicentre Company Limited and subsidiaries</u>	
	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Revenue	\$ 963,695	\$ 866,962
Profit before income tax	30,593	38,142
Income tax expense	( 12,293)	( 13,976)
Profit for the year	18,300	24,166
Other comprehensive loss, net of tax	( 694)	( 2,306)
Total comprehensive income for the year	<u>\$ 17,606</u>	<u>\$ 21,860</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 4,646</u>	<u>\$ 7,883</u>
Dividends paid to non-controlling interest	<u>\$ 8,555</u>	<u>\$ 8,554</u>

#### Statements of cash flows

	AMI and subsidiaries	
	Years ended December 31,	
	2021	2020
Net cash used in operating activities	(\$ 30,261)	(\$ 46,722)
Net cash provided by (used in) investing activities	71,551	( 89,107)
Net cash (used in) provided by financing activities	( 19,145)	13,305
Effect of exchange rate changes on cash and cash equivalents	( 2,957)	11,135
Increase (decrease) in cash and cash equivalents	19,188	( 111,389)
Cash and cash equivalents, beginning of year	109,685	221,074
Cash and cash equivalents, end of year	<u>\$ 128,873</u>	<u>\$ 109,685</u>
	Digicentre Company Limited and subsidiaries	
	Years ended December 31,	
	2021	2020
Net cash provided by operating activities	\$ 63,262	\$ 79,033
Net cash used in investing activities	( 23,500)	( 14,962)
Net cash used in financing activities	( 52,556)	( 33,341)
Effect of exchange rate changes on cash and cash equivalents	( 735)	( 1,163)
(Decrease) increase in cash and cash equivalents	( 13,529)	29,567
Cash and cash equivalents, beginning of year	134,743	105,176
Cash and cash equivalents, end of year	<u>\$ 121,214</u>	<u>\$ 134,743</u>

#### (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

- 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.
- 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.
- 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 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.

(8) 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.

(9) 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.

(10) 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.

(11) 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.

(12) 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.

(13) 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.

(14) 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.

**(15) 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	1~5 years
Leasehold improvement	1~6 years
Other equipment	2~8 years

(16) 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.

(17) 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.

### (18) 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.

(19) 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.

(20) 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.

(21) 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.

(22) 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.

### (23) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

### (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

- A. 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.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

#### (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 recognised 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(25) 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(12) for the information on goodwill impairment.

### D. Realisability of license fees payment obligations

Assessment of the realisability of license fees payment obligations involves subjective judgement of management, with respect to assumptions on the estimation of game point. Any changes in economic circumstances, industrial environment and estimates due to the change of Group strategy might affect the realisability of this payment obligation.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and petty cash	\$ 2,017	\$ 4,049
Checking accounts and demand deposits	2,668,731	1,698,680
Cash equivalents - time deposits	748,148	694,872
	<u>\$ 3,418,896</u>	<u>\$ 2,397,601</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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable	\$ 752	\$ 4,533
Accounts receivable	\$ 928,737	\$ 982,111
Less: Loss allowance	( 52,614)	( 37,420)
	<u>876,123</u>	<u>944,691</u>
Overdue receivables (shown as other non-current assets)	106,343	99,824
Less: Loss allowance	( 106,343)	( 99,824)
	<u>\$ 876,123</u>	<u>\$ 944,691</u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Not past due	\$ 811,458	\$ 867,296
Up to 30 days	12,989	21,655
31-60 days	12,776	13,396
61-90 days	14,414	7,000
91-120 days	9,084	25,423
Over 121 days	68,016	47,341
	<u>\$ 928,737</u>	<u>\$ 982,111</u>

The above ageing analysis was based on past due date.

B. As at December 31, 2021 and 2020, the Group has no notes receivable past due.

C. As at December 31, 2021, December 31, 2020 and January 1, 2020, the balances of receivables (including notes and overdue receivables) from contracts with customers amounted to \$1,035,832, \$1,086,468 and \$1,214,448, 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, 2021 and 2020 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 \$752 and \$4,533, and accounts receivable was \$876,123 and \$944,691, respectively.

F. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(3) Other receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other receivables	\$ 262,487	\$ 265,563
Less: Loss allowance	( 1,998)	( 7,403)
	<u>\$ 260,489</u>	<u>\$ 258,160</u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Not past due	\$ 208,284	\$ 221,516
Up to 30 days	12,543	11,491
31 to 60 days	13,171	8,417
61 to 90 days	18,542	7,110
91 to 120 days	206	6,390
Over 121 days	9,741	10,639
	<u>\$ 262,487</u>	<u>\$ 265,563</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, 2021 and 2020 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 \$260,489 and \$258,160 respectively.

D. Information relating to credit risk of other receivables is provided in Note 12(2).

(4) Inventories

	<u>December 31, 2021</u>		
	Cost	Allowance for obsolescence and market value decline	Book value
Merchandise inventory	<u>\$ 139,774</u>	<u>(\$ 17,192)</u>	<u>\$ 122,582</u>
	<u>December 31, 2020</u>		
	Cost	Allowance for obsolescence and market value decline	Book value
Merchandise inventory	<u>\$ 128,333</u>	<u>(\$ 2,427)</u>	<u>\$ 125,906</u>

Expenses and losses incurred on inventories for the period:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Cost of goods sold	\$ 569,936	\$ 716,718
Loss on decline in market value	14,765	300
	<u>\$ 584,701</u>	<u>\$ 717,018</u>

(5) Prepayments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Prepayments to suppliers	\$ 223,562	\$ 282,162
Prepaid expenses	63,724	95,799
Excess business tax paid	60,676	42,910
Others	4,064	2,234
	<u>\$ 352,026</u>	<u>\$ 423,105</u>

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

<u>Items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Non-current items:		
Equity instruments		
OTC stocks	\$ 78,376	\$ 78,376
Emerging stocks	20,000	20,000
Unlisted, non-OTC and non-emerging stocks	481,542	538,190
	579,918	636,566
Valuation adjustment	( 381,292)	( 453,613)
	<u>\$ 198,626</u>	<u>\$ 182,953</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 \$198,626 and \$182,953 as at December 31 2021 and 2020, respectively.
- B. 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 Crop. at fair value in the amount of \$35,984. The cumulative loss on disposal of Life Plus Co., Ltd., was \$24,455, the cumulative gain on disposal of Ikala Global Online Corp. was \$12,873.
- C. 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;

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Change of fair value recognised in other comprehensive income	<u>\$ 58,654</u>	<u>(\$ 71,408)</u>
Cumulative (loss) gain reclassified to retained earnings due to derecognition	<u>(\$ 11,582)</u>	<u>\$ 273,606</u>
Dividend income recognised in profit or loss held at end of year	<u>\$ 145</u>	<u>\$ 458</u>

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, 2021	December 31, 2020
Current items:		
Time deposit more than three months	\$ 88,463	\$ 102,626

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

	Years ended December 31,	
	2021	2020
Interest income	\$ 280	\$ 15

B. As at December 31, 2021 and 2020, 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 \$88,463 and \$102,626 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).

(8) Investments accounted for under equity method

	2021	2020
At January 1	\$ 205,090	\$ 235,418
Addition of investments accounted for under equity method	34,129	96,776
Proceeds from capital reduction of investments accounted for under equity method	-	(23,340)
Share of loss of investments accounted for under equity method	(117,619)	(100,105)
Earnings distribution of investments accounted for under equity method	(583)	(620)
Changes in capital surplus	1,074	(2,496)
Changes in retained earnings	-	(787)
Changes in other equity items	157	542
Effects of foreign exchange	(939)	(298)
At December 31	\$ 121,309	\$ 205,090

A. List of long-term investments:

Name of associates	December 31, 2021		December 31, 2020	
	Ownership percentage	Balance	Ownership percentage	Balance
Gungho Gamania Co., Limited (Gungho Gamania)	49.00	\$ 8,957	49.00	\$ 59,451
Jsdway Digital Technology Co., Ltd. (Jsdway)	37.18	47,899	37.18	47,492
Chuang Meng Shr Ji Co., Ltd. (Chuang Meng Shr I.)	33.03	26,240	33.03	31,595
Walkermedia Co., Ltd. (Walkermedia)	30.00	11,006	30.00	19,425
Aotter Inc. (Aotter)	21.48	10,128	21.48	20,956
Fantasy Fish Digital Games Co., Ltd. (Fantasy Fish) (Note 1)	-	-	-	-
Taiwan e-sports Co., Ltd. (Taiwan e-sports)	29.54	5,383	29.54	14,236
Store Marais Co., Ltd. (Marais) (Note 2)	7.69	8,667	7.69	8,382
Pri-One Marketing Co., Ltd. (Pri-One)	30.00	2,538	30.00	3,017
4-Way Voice Cultural Co., Ltd. (4-Way Voice)	38.00	491	38.00	536
Ju Shr Da Jiu (Shanghai) International Trading Co., Ltd. (Ju Shr Da Jiu) (Note 3)	30.00	-	30.00	-
ACCI Group Limited (ACCI) (Note 2) (Note 3)	30.00	-	30.00	-
Firedog creative Co., Ltd. (Firedog) (Note 3)	40.00	-	40.00	-
		<u>\$ 121,309</u>		<u>\$ 205,090</u>

Note 1: As of December 31, 2020, Fantasy Fish was still under liquidation while the capital had been remitted back, and the liquidation of Fantasy Fish was completed in June 2021.

Note 2: The Group has significant control over Marais as it has obtained majority of the board seats. Accordingly, Marais is accounted for under equity method.

Note 3: All impairment losses derived from equity investments have been recognised based on the Company's assessment.

B. The financial statements of investments under equity method, Gungho Gamania and Jsdway, were audited by other independent auditors. The share of profit (loss) and other comprehensive income

(loss) of associates was (\$83,443), (\$70,713) for the year ended December 31, 2021 and 2020, respectively; the balance of investments accounted for under equity method was \$56,856 and \$106,943 as at December 31, 2021 and 2020, respectively.

- C. As of December 31, 2021 and 2020, the carrying amount of the Group's individually immaterial associates amounted to \$121,309 and \$205,090, respectively. The Group's share of the operating results are summarised below:

	Years ended December 31,	
	2021	2020
Loss for the year	(\$ 117,619)	(\$ 100,105)
Other comprehensive income, net of tax	157	542
Total comprehensive loss	(\$ 117,462)	(\$ 99,563)

- 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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Unfinished construction</u>	<u>Total</u>
<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)
Transfer	-	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>

	Land	Buildings	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction	Total
<u>At January 1, 2020</u>									
Cost	\$ 2,246,082	\$ 510,633	\$ 480,749	\$ 1,202	\$ 94,032	\$ 37,388	\$ 44,217	\$ 166	\$ 3,414,469
Accumulated depreciation	-	( 101,627)	( 343,815)	( 1,142)	( 57,606)	( 21,170)	( 25,604)	-	( 550,964)
Accumulated impairment	-	-	( 6,382)	-	-	-	-	-	( 6,382)
	<u>\$ 2,246,082</u>	<u>\$ 409,006</u>	<u>\$ 130,552</u>	<u>\$ 60</u>	<u>\$ 36,426</u>	<u>\$ 16,218</u>	<u>\$ 18,613</u>	<u>\$ 166</u>	<u>\$ 2,857,123</u>
<u>2020</u>									
Opening net book amount as at January 1	\$ 2,246,082	\$ 409,006	\$ 130,552	\$ 60	\$ 36,426	\$ 16,218	\$ 18,613	\$ 166	\$ 2,857,123
Additions	-	8,938	68,420	1,900	14,897	2,529	1,249	30,200	128,133
Disposals	-	-	( 1)	( 1,821)	( 35)	-	-	-	( 1,857)
Transfer	-	166	-	-	1,053	1,523	18,252	( 20,994)	-
Depreciation charge	-	( 33,830)	( 69,139)	( 79)	( 16,141)	( 7,572)	( 11,038)	-	( 137,799)
Net exchange differences	-	-	( 140)	-	( 13)	( 11)	-	-	( 164)
Closing net book amount as at December 31	<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>At December 31, 2020</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>

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, 2021 and 2020, payments of lease commitments for short-term leases amounted to \$11,153 and \$22,417, respectively.
- C. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

	Book value	
	December 31, 2021	December 31, 2020
Buildings	\$ 71,379	\$ 55,219
Land improvements	1,609	3,063
Transportation equipment (Business vehicles)	1,494	547
Machinery	21,056	7,760
	<u>\$ 95,538</u>	<u>\$ 66,589</u>

	Depreciation expense	
	Years ended December 31,	
	2021	2020
Buildings	\$ 24,520	\$ 20,815
Land improvements	1,453	1,131
Transportation equipment (Business vehicles)	1,542	1,068
Machinery	4,268	3,581
	<u>\$ 31,783</u>	<u>\$ 26,595</u>

- D. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$67,953 and \$34,807, respectively.
- E. Information on profit or loss in relation to lease contracts is as follows:

	Years ended December 31,	
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 821	\$ 482
Expense on short-term lease contracts	<u>\$ 11,153</u>	<u>\$ 22,417</u>

- F. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases were \$43,929 and \$49,531, respectively.

(II) Leasing arrangements - lessor

A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 1 to 3 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, 2021 and 2020 is as follows:

	Years ended December 31,	
	2021	2020
Rent income	\$ 1,444	\$ 1,483

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

	December 31, 2021	December 31, 2020
2021	\$ 305	\$ 305
2022	304	-
	<u>\$ 609</u>	<u>\$ 305</u>

(12) Intangible assets

	<u>License fees</u>	<u>Software</u>	<u>Other intangible asset</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>

	License fees	Software	Other intangible asset	Trademark right	Customer relationship	Goodwill	Total
<u>At January 1, 2020</u>							
Cost	\$ 578,658	\$ 98,238	\$ 105,289	\$ 10,090	\$ 197,852	\$ 385,114	\$ 1,375,241
Accumulated amortisation	( 306,572)	( 51,314)	( 46,234)	-	( 36,720)	-	( 440,840)
Accumulated impairment	( 17,321)	-	-	-	-	( 74,529)	( 91,850)
	<u>\$ 254,765</u>	<u>\$ 46,924</u>	<u>\$ 59,055</u>	<u>\$ 10,090</u>	<u>\$ 161,132</u>	<u>\$ 310,585</u>	<u>\$ 842,551</u>
<u>2020</u>							
Opening net book amount as at January 1	\$ 254,765	\$ 46,924	\$ 59,055	\$ 10,090	\$ 161,132	\$ 310,585	\$ 842,551
Additions	1,317,892	41,452	71,939	-	-	-	1,431,283
Amortisation charge	( 757,623)	( 47,910)	( 14,857)	-	( 18,801)	-	( 839,191)
Disposals during the year	-	-	( 4,162)	-	-	-	( 4,162)
Reclassifications (Note 4)	-	-	( 682)	-	-	-	( 682)
Impairment loss	( 10,119)	-	-	-	-	-	( 10,119)
Net exchange differences	( 3,368)	( 364)	( 1,690)	-	( 403)	( 2,192)	( 8,017)
Closing net book amount as at December 31	<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>At December 31, 2020</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>

Note 1: It was other prepayment reclassified to License fees and License fees reclassified to other unearned revenue.

Note 2: Impairment loss refer to Note 6(14).

Note 3: Change in accounting estimates refer to Note 6(16).

Note 4: It was reclassified to other non-current assets.

A. The details of amortisation are as follows:

	Years ended December 31,	
	2021	2020
Operating costs	\$ 677,384	\$ 789,367
Selling expenses	17,200	18,471
General and administrative expenses	16,926	26,372
Research and development expenses	15,399	4,981
	<u>\$ 726,909</u>	<u>\$ 839,191</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, 2021	December 31, 2020
Goodwill:		
NOWnews	\$ 197,055	\$ 197,055
Digicentre	141,149	141,149
AMI	17,050	17,543
GII	24,735	25,450
Others	<u>1,583</u>	<u>1,607</u>
	381,572	382,804
Less: Accumulated impairment	<u>( 146,821)</u>	<u>( 74,411)</u>
	<u>\$ 234,751</u>	<u>\$ 308,393</u>
Trademark:		
NOWnews	<u>\$ 10,090</u>	<u>\$ 10,090</u>

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, 2021 and 2020 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, 2021 and 2020. 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:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Growth rate	2.5%–5.5%	3.2%–4.3%
Discount rate	13.2%–14.1%	13.9%–14.6%

- (c) On December 31, 2021 and 2020, aside from NOWnews and Digicentre, 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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Overdue receivables	\$ 106,343	\$ 99,824
Less: Loss allowance for overdue receivables	( 106,343)	( 99,824)
Refundable deposits	37,353	41,422
Others	19,754	3,666
	<u>\$ 57,107</u>	<u>\$ 45,088</u>

(14) Impairment of non-financial assets

The Group recognised impairment loss for the years ended December 31, 2021 and 2020, of \$171,635 and \$10,119, respectively. Details of such loss are as follows:

	<u>Recognised in profit or loss</u>	
	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Impairment loss - Goodwill	\$ 98,968	\$ -
Impairment loss - license fees	72,667	10,119
	<u>\$ 171,635</u>	<u>\$ 10,119</u>

- A. The Group assessed impairment loss of recoverable amount or the end date of years, the decision reversed of recoverable amount refer to Note 6(12).

B. The Group recognised impairment loss on the license fees in the third quarter of 2021 and the second quarter of 2020 as the recoverable amount of the present value of future cash flows of license fees is less than the carrying amount.

(15) Short-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bank borrowings		
Secured borrowings	\$ 100,164	\$ 123,615
Unsecured borrowings	-	102,533
	<u>\$ 100,164</u>	<u>\$ 226,148</u>
Credit lines	\$ 3,009,279	\$ 3,225,870
Interest rate range	<u>1.05%~5.80%</u>	<u>0.90%~6.10%</u>

(16) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Store-value received on behalf of others	\$ 878,810	\$ 778,208
Electronic payment received on behalf of others	50,067	25,128
Payable on business tax and withholding tax	95,249	66,411
Commission payable	116,969	71,239
Salary and annual bonus payable	183,246	186,024
Employees' compensation payable	205,913	159,073
Payable on equipment and intangible assets (Note)	28,349	478,848
Directors' remuneration payable	34,219	24,155
Others	158,909	210,647
	<u>\$ 1,751,731</u>	<u>\$ 1,999,733</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) Other current liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Long-term borrowings, current portion	\$ 80,000	\$ 160,000
Receipts under custody	25,009	18,757
Tax receipts under custody	12,433	15,289
Other current liabilities	56,322	34,133
	<u>\$ 173,764</u>	<u>\$ 228,179</u>

(18) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2021</u>
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)
				<u>\$ -</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2020</u>
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	\$ 240,000
Less: Current portion				( 160,000)
				<u>\$ 80,000</u>

(19) 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, 2021 and 2020 were \$839 and \$687, respectively.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	(\$ 72,581)	(\$ 77,575)
Fair value of plan assets	<u>67,597</u>	<u>67,106</u>
Net defined benefit liability (shown as other non-current liabilities)	<u>(\$ 4,984)</u>	<u>(\$ 10,469)</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit (liability) asset</u>
<u>Year ended December 31, 2021</u>			
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
Change in financial assumptions	2,582	-	2,582
Experience adjustments	1,581	-	1,581
	<u>4,163</u>	<u>945</u>	<u>5,108</u>
Pension fund contribution	-	1,216	1,216
Paid pension	1,938	( 1,938)	-
Balance at December 31	<u>(\$ 72,581)</u>	<u>\$ 67,597</u>	<u>(\$ 4,984)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit (liability) asset
<u>Year ended December 31, 2020</u>			
Balance at January 1	(\$ 67,103)	\$ 63,977	(\$ 3,126)
Current service cost	( 662)	-	( 662)
Interest (expense) income	( 537)	512	( 25)
	<u>( 68,302)</u>	<u>64,489</u>	<u>( 3,813)</u>
Remeasurements:			
Return on plan assets	-	2,126	2,126
Change in financial assumptions	( 3,795)	-	( 3,795)
Experience adjustments	( 6,271)	-	( 6,271)
	<u>( 10,066)</u>	<u>2,126</u>	<u>( 7,940)</u>
Pension fund contribution	-	1,284	1,284
Paid pension	793	( 793)	-
Balance at December 31	<u>(\$ 77,575)</u>	<u>\$ 67,106</u>	<u>(\$ 10,469)</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, 2021 and 2020 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,	
	2021	2020
Discount rate	0.70%	0.40%
Future salary increases	3.50%	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	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ 2,067)	\$ 2,144	\$ 1,900	(\$ 1,846)
December 31, 2020				
Effect on present value of defined benefit obligation	(\$ 2,399)	\$ 2,495	\$ 2,221	(\$ 2,152)

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, 2022 amount to \$1,132.

#### 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, 2021 and 2020 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., Ciireo (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, 2021 and 2020 were \$46,305 and \$38,440, respectively.

(20) Share-based payment

- A. For the year ended December 31, 2021, there were no share-based payment arrangements.  
 B. For the years 31, 2020, the Company's share-based payment arrangement was as follows:

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions
12th treasury stock transferred to employees of the Company and subsidiaries (Note)	2020.6.29	2,241	NA	Vested immediately

Note: For the 12th treasury stock transferred to employees of the Company and subsidiaries, the period of actual payment and transfer were from August 6, 2020 to August 10, 2020, and from September 2, 2020 to September 4, 2020, respectively.

- C. The fair value of treasury stock transferred to employees on June 29, 2020 is measured using the Black-Scholes pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Exercise price (in dollars)	Expected price volatility (Note)	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
12th treasury stock transferred to employees of the Company and subsidiaries	2020.6.29	\$ 40.81	36.00%	0.12 year	0.34%	\$ 29.41

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

- D. Expenses incurred on share-based payment transactions are shown below:

	Years ended December 31,	
	2021	2020
Equity-settled	\$ -	\$ 65,863

- E. The Company transferred the treasury share to employees of subsidiaries and the capital surplus by share-based payment were \$15,897 for the years ended December 31, 2020.

(21) Common stock

- A. As of December 31, 2021, 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.

Movements in the number of the Company's ordinary shares (in thousands) outstanding are as follows:

	<u>2021</u>	<u>2020</u>
At January 1	175,494	175,494
Treasury shares purchased	-	( 2,241)
Treasury stock transferred to employees	-	2,241
At December 31	<u>175,494</u>	<u>175,494</u>

**B. Treasury shares**

- (a) The Company has no treasury shares because they were all transferred to employees as of December 31, 2021 and . 2020.
- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired.

**(22) 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.

**(23) 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 Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. On June 17, 2020, the shareholders during their meeting resolved the 2019 appropriations of retained earnings as follows:

	Year ended December 31, 2019	
	Amount	Dividend per share (in dollars)
Legal reserve appropriated	\$ 88,790	\$ -
Reversal of special reserve	( 27,219)	-
Cash dividends distributed to shareholders	544,030	3.1
	<u>\$ 605,601</u>	<u>\$ 3.1</u>

F. 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>

G. On March 10, 2022, the board of directors meeting resolved the proposal of 2021 appropriations of retained earnings as follows:

	Year ended December 31, 2021	
	Amount	Dividend per share (in dollars)
Legal reserve appropriated	\$ 109,652	\$ -
Special reserve appropriated	( 46,552)	-
Cash dividends distributed to shareholders	877,468	5.0
	<u>\$ 940,568</u>	<u>\$ 5.0</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, please refer to Note 6(30).

(24) Other equity items

	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	<u>(\$ 131,809)</u>	<u>(\$ 373,543)</u>	<u>(\$ 505,352)</u>

	2020		
	Translation differences	Unrealised gain or loss on financial assets at fair value through other comprehensive income	Total
At January 1	(\$ 73,174)	(\$ 98,802)	(\$ 171,976)
Revaluation - Group	-	( 71,408)	( 71,408)
Revaluation - Associates	-	( 120)	( 120)
Revaluation transferred to retained earnings - Group	-	( 273,606)	( 273,606)
Currency translation differences:			
- Group	( 35,456)	-	( 35,456)
- Associates	662	-	662
At December 31	(\$ 107,968)	(\$ 443,936)	(\$ 551,904)

(25) Operating revenue

	Years ended December 31,	
	2021	2020
Revenue from contracts with customers	\$ 11,372,477	\$ 10,443,042

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, 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
Year ended December 31, 2020	Online and mobile games revenue	Service revenue	Sales revenue	Revenue from stored-values	Total
Revenue from external customer contracts	\$ 8,277,884	\$ 1,132,141	\$ 758,762	\$ 274,255	\$ 10,443,042
Timing of revenue recognition					
At a point in time	\$ 8,025,324	\$ 443,569	\$ 758,762	\$ 274,255	\$ 9,501,910
Over time	252,560	688,572	-	-	941,132
	\$ 8,277,884	\$ 1,132,141	\$ 758,762	\$ 274,255	\$ 10,443,042

## B. Contract liabilities

(a) The Group recognised contract liabilities related to the contract revenue from sales amounting to \$385,016, \$281,129 and \$335,054 as of December 31, 2021, December 31, 2020, and January 1, 2020, 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 period:

	Years ended December 31,	
	2021	2020
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Revenue from games	\$ 281,129	\$ 335,054

## (26) Interest income

	Years ended December 31,	
	2021	2020
Interest income from bank deposits	\$ 3,026	\$ 10,683
Interest income from financial assets at amortised cost	280	15
	<u>\$ 3,306</u>	<u>\$ 10,698</u>

## (27) Other income

	Years ended December 31,	
	2021	2020
Rental revenue	\$ 1,444	\$ 1,483
Dividend income	145	458
Other income	10,621	34,240
	<u>\$ 12,210</u>	<u>\$ 36,181</u>

## (28) Other gains and losses

	Years ended December 31,	
	2021	2020
(Loss) gain on disposal of property, plant and equipment	(\$ 47)	\$ 236
Gain on disposal of investments	292	-
Foreign exchange gain	11,173	4,974
Impairment loss	(171,635)	(10,119)
Other gains and losses	(19,804)	(1,524)
	<u>(\$ 180,021)</u>	<u>(\$ 6,433)</u>

(29) Finance costs

	Years ended December 31.	
	2021	2020
Interest expense:		
Bank borrowings	\$ 6,054	\$ 11,727
Lease liability	821	482
	<u>\$ 6,875</u>	<u>\$ 12,209</u>

(30) Employee benefit, depreciation and amortisation expense

	Years ended December 31.	
	2021	2020
Employee benefit expense		
Wages and salaries	\$ 1,032,795	\$ 969,207
Directors' remuneration	34,146	25,654
Share-based payments	-	65,863
Labor and health insurance fees	69,298	59,425
Pension costs	47,144	39,127
Other personnel expenses	42,748	45,989
	<u>\$ 1,226,131</u>	<u>\$ 1,205,265</u>
Depreciation on property, plant and equipment (including right-of-use assets)	<u>\$ 164,360</u>	<u>\$ 164,394</u>
Amortisation expense	<u>\$ 726,909</u>	<u>\$ 839,191</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, 2021 and 2020, employees' compensation was accrued at \$168,500 and \$118,052, respectively; while directors' remuneration was accrued at \$33,064 and \$23,610, respectively. The aforementioned amounts were recognised in salary expenses.
- (b) Employees' compensation and directors' remuneration for 2021 amounted to \$163,299 and \$32,000, respectively, as resolved at the meeting of the Board of Directors. The difference in employees' compensation and directors' remuneration for 2021 of \$2,020 and had been adjusted in the profit or loss for 2022 of \$1,064.
- (c) Employees' compensation and directors' remuneration for 2020 amounted to \$118,052 and \$23,000, respectively, as resolved at the meeting of the Board of Directors. The employees' compensation resolved by the Board of Directors was the same with the amount recognised in the 2020 financial statements. The difference in directors' remuneration for 2020 of \$610 had been adjusted in the profit or loss for 2021.

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.

(31) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2021	2020
Current tax:		
Current tax on profit for the period	\$ 392,684	\$ 323,221
Tax on unappropriated retained earnings	16,079	10,844
Prior year income tax overestimation	( 2,417)	( 13,501)
Total current tax	<u>406,346</u>	<u>320,564</u>
Deferred tax:		
Origination and reversal of temporary differences	29,635	( 37,337)
Income tax expense	<u>\$ 435,981</u>	<u>\$ 283,227</u>

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

	Years ended December 31,	
	2021	2020
Remeasurement of defined benefit obligation	\$ 1,022	(\$ 1,588)
Currency translation differences	( 4,978)	( 9,907)
	<u>(\$ 3,956)</u>	<u>(\$ 11,495)</u>

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

	Years ended December 31,	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 378,461	\$ 281,550
Effect from items disallowed by tax regulation	43,553	18,945
Overseas investment income not recognised as deferred tax liabilities	304	( 14,611)
Prior year income tax over estimation	( 2,416)	( 13,501)
Tax on unappropriated retained earnings	<u>16,079</u>	<u>10,844</u>
Income tax expense	<u>\$ 435,981</u>	<u>\$ 283,227</u>

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, 2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
— Deferred tax assets:				
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	4,557	-	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>
— Deferred tax liabilities:				
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>

	Year ended December 31, 2020			
	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	\$ 3,078	\$ 1,521	\$ -	\$ 4,599
Allowance for inventory obsolescence	427	60	-	487
Impairment loss on financial assets	1,971	-	-	1,971
Investment loss accounted for under equity method	84,352	(7,528)	-	76,824
Impairment loss on intangible assets	5,628	1,309	-	6,937
Compensation for unused leave	4,905	-	-	4,905
Book-tax difference on property, plant and equipment from business combination	663	(21)	-	642
Deferred revenue	3,183	(1,173)	-	2,010
Pension payable	625	(119)	1,588	2,094
Loss carryforward	5,978	22	-	6,000
Royalty payable	-	48,440	-	48,440
Depreciation	139	(139)	-	-
Financial statements translation differences of foreign operations	33	-	9,907	9,940
Unrealised exchange loss	287	305	-	592
	<u>\$ 111,269</u>	<u>\$ 42,677</u>	<u>\$ 11,495</u>	<u>\$ 165,441</u>
<b>– Deferred tax liabilities:</b>				
Investment income accounted for under equity method	(\$ 24,006)	(\$ 8,827)	\$ -	(\$ 32,833)
Book-tax difference on intangible assets from business combination	( 37,073)	3,662	-	( 33,411)
Unrealised exchange gain	( 218)	17	-	( 201)
Depreciation	-	( 192)	-	( 192)
	<u>(\$ 61,297)</u>	<u>(\$ 5,340)</u>	<u>\$ -</u>	<u>(\$ 66,637)</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, 2021				
Year incurred	Amount filed/ assessed	Unused tax credits	Unrecognised deferred tax assets	Usable until year
2011-2021	\$ 2,742,628	\$ 2,740,000	\$ 2,740,000	2031

December 31, 2020				
Year incurred	Amount filed/ assessed	Unused tax credits	Unrecognised deferred tax assets	Usable until year
2010-2020	\$ 2,831,775	\$ 2,803,153	\$ 2,664,030	2030

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

	December 31, 2021	December 31, 2020
Deductible temporary differences	\$ 56,248	\$ 55,944

The deductible temporary differences arise when the Company does not plan to dispose subsidiaries in the foreseeable future. Thus, the part of unrecognised investment loss on overseas subsidiaries was not recognised as deferred tax assets.

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, Conetter CoMarketing, NOWnews, Bjolly, Jollywiz	2019
Two Tigers, Ants' Power, Indiland, Gamania Asia, Circo, Coture New Media, WeBackers, BeanGo!, Fundation, GAMA PAY, Madsugr, Jollybuy, Coco	2020



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.

(33) 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, GAMA PAY, Ciirco and NOWnews, increased capital by issuing new shares for cash, respectively, 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,	
	JollyBuy	GAMA PAY
	2021	2020
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,	
	Ciirco	NOWnews
	2021	2020
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)
Decrease in unappropriated retained earnings	(\$ 980)

- B. The subsidiary, AML, purchased treasury shares for the year ended December 31, 2021 totalling \$822. Therefore, the share ownership of the Group increased by 0.85%, the carrying amount of non-controlling interest decreased by \$961 and unappropriated retained earnings increased by \$1,497.
- C. The subsidiaries, Hyperg, JollyBuy, Ciireo and NOWnews, increased capital by issuing new shares for technology and cash, respectively, for the year ended December 31, 2020. However, the Group did not acquire additional shares proportionately to its interest, thus, the share ownership (decreased) increased by (49%) and 1.27%, 0.15% and 0.36%, respectively. The impact of the transaction attributed to owners of parent is as follows:

	Hyperg Year ended December 31, 2020	JollyBuy Year ended December 31, 2020
Special Technology	\$ 29,305	\$ -
Increase in carrying amount of non-controlling interest	( 29,090)	( 1,365)
Capital surplus - changes in parent's ownership interest in subsidiary	\$ 215	(\$ 1,365)

	Ciireo Year ended December 31, 2020	NOWnews Year ended December 31, 2020
Cash	\$ -	\$ 12,009
Increase in carrying amount of non-controlling interest	( 40)	( 13,104)
Decrease in unappropriated retained earnings	(\$ 40)	(\$ 1,095)

- D. In July 2020, the external shareholders of the subsidiary, Bjolly discarded 45.46% of issued shares and retired its share capital. After cancellation of its share capital, the Group held 100% of the shares of Bjolly after the retirement. Accordingly, the carrying amount of non-controlling interest increased by \$2,536, capital surplus - changes in parent's ownership interest in subsidiaries decreased by \$1,346 and unappropriated retained earnings decreased by \$1,191.

(34) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2021	2020
Acquisition of property, plant and equipment	\$ 85,340	\$ 128,133
Add: Opening balance of other payables	24,590	25,758
Less: Ending balance of other payables	(22,484)	(24,590)
Cash paid during the year	<u>\$ 87,446</u>	<u>\$ 129,301</u>

	Years ended December 31,	
	2021	2020
Acquisition of intangible assets	\$ 290,762	\$ 1,431,283
Add: Opening balance of other payables	454,258	45,085
Less: Ending balance of other payables	(5,865)	(454,258)
Increase in non-controlling interests	-	(29,305)
Ending balance of other payables - related parties	(450,000)	-
Cash paid during the year	<u>\$ 289,155</u>	<u>\$ 992,805</u>

	Years ended December 31,	
	2021	2020
Disposal of intangible assets	\$ -	\$ 4,162
Less: Decrease in non-controlling interest	-	(4,162)
Cash received during the year	<u>\$ -</u>	<u>\$ -</u>

(35) Changes in liabilities from financing activities

In accordance with amendments to IAS 7, 'Disclosure initiative', movements for the years ended December 31, 2021 and 2020 are as follows:

	Short-term borrowings	Long-term borrowings (Note)	Lease liabilities	Liabilities from financing activities-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	-	-	67,953	67,953
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>

	Short-term borrowings	Long-term borrowings (Note)	Lease liabilities	Liabilities from financing activities-gross
January 1, 2020	\$ 748,179	\$ 400,000	\$ 59,851	\$ 1,208,030
Changes in cash flow from financing activities	( 518,870)	( 160,000)	( 26,632)	( 705,502)
Impact of changes in foreign exchange rate	( 3,161)	-	( 170)	( 3,331)
Changes in other non-cash items				
Increase in right-of-use assets	-	-	34,807	34,807
Termination of right-of-use assets	-	-	( 937)	( 937)
December 31, 2020	<u>\$ 226,148</u>	<u>\$ 240,000</u>	<u>\$ 66,919</u>	<u>\$ 533,067</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. (Note)	"
Polysh Co., Ltd. (Note)	"
Gamania Cheer Up Foundation	Other related party
Wanwin International Co., Ltd.	"
Simsense Technology Sdn. Bhd.	"
Mercuries Life Insurance Co., Ltd.	"

Note: On March 1, 2020, Marais merged with Polysh through a stock swap at a ratio of 1:1 with the shareholders who previously owned Polysh. Marais was the surviving company and Polysh was the dissolved company after the merger. The related party transactions of Marais were disclosed from March 1, 2020.

(3) Significant transactions and balances with related parties

A. Operating revenue

	Years ended December 31,	
	2021	2020
Sales of goods:		
Associates	\$ 1,445	\$ 31,953
Other related parties	39,048	23,805
	<u>\$ 40,493</u>	<u>\$ 55,758</u>
Sales of services:		
Associates	\$ 22,350	\$ 54,867
Other related parties	89,981	59,411
	<u>\$ 112,331</u>	<u>\$ 114,278</u>

(a) Sales of goods are on-line games revenue generated from game cards sold by associates and construction revenue of IDC server room 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,	
	2021	2020
Programs cost:		
Associates	\$ -	\$ 324
Service costs:		
Other related parties	7,776	6,705
	<u>\$ 7,776</u>	<u>\$ 7,029</u>

Programs costs are costs incurred in the production of internet programs and TV programs, and 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,	
	2021	2020
Associates	\$ 20,741	\$ 22,309
Other related parties	10,729	19,615
	<u>\$ 31,470</u>	<u>\$ 41,924</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)

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Other related party		
Gamaña Cheer Up Foundation	\$ <u>17,500</u>	\$ <u>15,500</u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable:		
Associates	\$ 8,230	\$ 6,390
Other related parties	3,111	6,955
	<u>\$ 11,341</u>	<u>\$ 13,345</u>
Other receivables:		
Associates	\$ 2,182	\$ 2,577
Other related parties	32	65
	<u>\$ 2,214</u>	<u>\$ 2,642</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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable:		
Other related parties	\$ <u>7,187</u>	\$ <u>4,060</u>
Other payables:		
Associates	\$ 5,863	\$ 5,893
Other related parties	152,721	109,883
	<u>\$ 158,584</u>	<u>\$ 115,776</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,	
	2021	2020
Short-term employee benefits	\$ 146,990	\$ 116,127
Post-employment benefits	229	324
Share-based payment	-	31,796
	<u>\$ 147,219</u>	<u>\$ 148,247</u>

8. PLEGGED ASSETS

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

Pledged assets	Book value		Pledge purpose
	December 31, 2021	December 31, 2020	
Demand deposits (shown in "other current asset")	\$ 228,065	\$ 91,641	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 (shown in "financial assets at amortised cost - current")	62,319	64,178	Guarantee for short-term borrowing facility and credit card merchant
Property, plant and equipment			
Land	2,246,082	2,246,082	Short-term and long-term loans / Credit lines
Buildings and structures	252,829	258,473	Short-term and long-term loans / Credit lines
	<u>\$ 2,789,295</u>	<u>\$ 2,660,374</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 10, 2022, the Company's board of directors has approved the following significant events:

- A. Please refer to Note 6(23) G. appropriations of retained earnings.
- B. The Company plan to increase shares issued by the subsidiary, Jollybuy, by not over \$80,000, the company's share holding percentage remain 97.90% when the capital increasing completed.
- C. The Company plan to increase share issued by the subsidiary, NOWnews, by not over \$80,000, the company's share holding percentage can be up to 82.04% when the capital increasing completed.

## 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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 198,626	\$ 182,953
Financial assets at amortised cost		
Cash and cash equivalents	\$ 3,418,896	\$ 2,597,601
Financial assets at amortised cost	88,463	102,626
Notes receivable	752	4,533
Accounts receivable (including related parties)	887,464	958,036
Other receivables (including related parties)	262,703	260,802
Other financial assets	228,065	91,641
Guarantee deposits paid	37,353	41,422
	<u>\$ 4,923,696</u>	<u>\$ 3,856,661</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 100,164	\$ 226,148
Notes payable	-	1,211
Accounts payable (including related parties)	634,185	504,243
Other payables (including related parties)	1,910,315	2,115,509
Long-term borrowings (including current portion)	80,000	240,000
Guarantee deposits received	16,964	12,625
	<u>\$ 2,741,628</u>	<u>\$ 3,099,736</u>
Lease liability	<u>\$ 95,667</u>	<u>\$ 66,919</u>

#### 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, 2021			
(Foreign currency: Functional currency)	Foreign currency		Book value (NTD)
	amount (in thousands)	Exchange rate	
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 25,302	27.680	\$ 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

December 31, 2020			
(Foreign currency: Functional currency)	Foreign currency		Book value (NTD)
	amount (in thousands)	Exchange rate	
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 14,732	28.480	\$ 419,567
HKD:NTD	10,169	3.673	37,351
HKD:USD (Note)	70,473	0.129	258,912
USD:HKD (Note)	10,474	7.754	298,304
<u>Non-monetary items</u>			
USD:NTD	32,384	28.480	922,309
KRW:NTD	762,300	0.026	19,812
JPY:NTD	107,630	0.276	29,706
HKD:USD (Note)	80,762	0.129	296,713
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	26,769	28.480	762,381
HKD:NTD	9,872	3.673	36,260
HKD:USD (Note)	4,868	0.129	17,885
USD:HKD (Note)	1,892	7.754	53,885

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

- iv. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020 amounted to \$11,173 and \$4,974, 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, 2021		
	Sensitivity analysis		
	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</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	-
(Foreign currency: Functional currency)	Year ended December 31, 2020		
	Sensitivity analysis		
	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 4,196	\$ -
HKD:NTD	1%	374	-
HKD:USD (Note)	1%	2,590	-
USD:HKD (Note)	1%	2,983	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	14,235	-
HKD:NTD	1%	363	-
HKD:USD (Note)	1%	179	-
USD:HKD (Note)	1%	5,389	-

Note: Considering the functional currency of part of consolidated entities were 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 for the years ended December 31, 2021 and 2020, other comprehensive income or loss would have increased by \$1,986 and \$1,830, 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 2021 and 2020, the Group's borrowings at variable rate were denominated in NTD.
- ii. At December 31, 2021 and, 2020 ,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, 2021 and 2020 would have been \$49 and \$94 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, 2021, 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, 2021 and 2020, the provision matrix is as follows:

	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>
	December 31, 2020		
	Expected loss rate	Total book value	Loss allowance
Not past due	0.00%~1.11%	\$ 1,088,812	\$ 41
Up to 30 days	0.19%~2.16%	33,146	64
31 to 60 days	0.98%~3.37%	21,813	507
61 to 90 days	3.90%~12.01%	14,110	550
91 to 120 days	4.74%~20.00%	31,813	1,507
Over 121 days	72.70%~100.00%	57,980	42,154
		<u>\$ 1,247,674</u>	<u>\$ 44,823</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:

	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-off	(46,152)	(7,107)	(53,259)
Effect of exchange rate changes	(858)	(109)	(967)
At December 31	\$ 158,957	\$ 1,998	\$ 160,955

	2020		
	Accounts receivable	Other receivables	Total
At January 1	\$ 146,463	\$ 70,368	\$ 216,831
Provision for impairment loss	30,970	4,777	35,747
Write-off	(39,427)	(67,505)	(106,932)
Effect of exchange rate changes	(762)	(237)	(999)
At December 31	\$ 137,244	\$ 7,403	\$ 144,647

For provisioned loss for the years ended December 31, 2021 and 2020, the impairment losses arising from customers' contracts were \$70,534 and \$35,747, 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

<u>December 31, 2021</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Over 3 years</u>
Short-term borrowings	\$ 100,164	\$ -	\$ -
Accounts payable	626,998	-	-
Accounts payable - related parties	7,187	-	-
Other payables	1,751,731	-	-
Other payables - related parties	158,584	-	-
Lease liabilities	30,686	40,716	26,303
Long-term borrowings (including current portion)	80,420	-	-

<u>December 31, 2020</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Over 3 years</u>
Short-term borrowings	\$ 226,148	\$ -	\$ -
Notes payable	1,211	-	-
Accounts payable	500,183	-	-
Accounts payable - related parties	4,060	-	-
Other payables	1,999,733	-	-
Other payables - related parties	115,776	-	-
Lease liabilities	30,971	27,880	9,310
Long-term borrowings (including current portion)	162,520	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, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	<u>\$ 110,709</u>	<u>\$ -</u>	<u>\$ 87,917</u>	<u>\$ 198,626</u>
<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	<u>\$ 56,962</u>	<u>\$ -</u>	<u>\$ 125,991</u>	<u>\$ 182,953</u>

- 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>
Market quoted price	Net asset value	Closing 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, 2021 and 2020, 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, 2021 and 2020:

	Equity securities	
	2021	2020
At January 1	\$ 125,991	\$ 446,410
Loss recognised in other comprehensive income or loss	4,908 (	23,578)
Disposals during the year	( 41,529)	( 294,116)
Effects of foreign exchange	( 1,453)	( 2,725)
At December 31	<u>\$ 87,917</u>	<u>\$ 125,991</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.

II. 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, 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

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments					
Unlisted and non-OTC shares	\$ 125,991	Market comparable companies	Enterprise value to operating income ratio multiple	31.58–42.05 (35.87)	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

- L. 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, 2021						
				Recognised in		Recognised in other		
				profit or loss		comprehensive income		
				Favourable	Unfavourable	Favourable	Unfavourable	
		Input	Change	change	change	change	change	
Financial assets								
Equity instrument	Enterprise value to operating income ratio multiple	±1%	\$	-	\$	-	\$ 338 (\$ 338)	
	Discount for lack of marketability	±1%		-		-	607 ( 607)	
		December 31, 2020						
				Recognised in		Recognised in other		
				profit or loss		comprehensive income		
				Favourable	Unfavourable	Favourable	Unfavourable	
		Input	Change	change	change	change	change	
Financial assets								
Equity instrument	Enterprise value to operating income ratio multiple	±1%	\$	-	\$	-	\$ 387 (\$ 387)	
	Discount for lack of marketability	±1%		-		-	742 ( 742)	

#### (4) Other matters

In response to the impact of the novel coronavirus, the Group has activated relevant response mechanisms, and all offices have adopted high-standard epidemic prevention measures. The Group maintains normal operations and adopts different methods in response to government regulations, such as a comprehensive working from home model, the use of group A and B obtaining approval before entering the office, etc. In order to reduce physical contact and avoid the possibility of mutual infection, meetings are conducted online as much as possible and employees are required to report their health status on a routine basis. So far, the Group has resumed normal work mode and Covid 19 has no significant impact on the overall operations and financial situation of the Group.

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Please refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please 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: Please refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

#### (2) Information on investees

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

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

- A. Basic information: Please 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: Please 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, 2021 and 2020 is as follows:

Year ended December 31, 2021

	<u>Gamania Digital Entertainment Co., Ltd.</u>	<u>Gash Point Company Limited and Gash Point (Hong Kong) Company Limited</u>	<u>Others</u>	<u>Total</u>
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 (loss) income accounted for under equity method	( 166,642)	( 32,166)	( 81,189)	( 117,619) Note 2

Year ended December 31, 2020

	Gamania Digital Entertainment Co., Ltd.	Gash Point Company Limited and Gash Point (Hong Kong) Company Limited	Others	Total
Revenue from external customers	\$ 7,271,806	\$ 239,313	\$ 2,931,923	\$ 10,443,042
Inter-segment revenue	151,786	529,682	730,341	1,411,809
Segment operating profit	1,024,974	123,038	( 10,597)	1,137,415
Segment profit (loss), net of tax	872,496	119,023	( 209,199)	782,320
Segment profit (loss) includes:				
Depreciation and amortisation	( 841,249)	( 18,688)	( 143,648)	( 1,003,585)
Income tax expense	( 167,515)	( 32,806)	( 82,906)	( 283,227)
Investment (loss) income accounted for under equity method	( 31,293)	( 13,468)	( 82,280)	( 100,105)

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) Information on product and service

Details are provided in Note 6(25).

The reportable segments of the Group are based on different companies. The reconciliation with Note 6(25) operating revenue is as follows:

	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>

	Year ended December 31, 2020			
	Gamania Digital Entertainment Co., Ltd.	Gash Point and Gash Point (Hong Kong) Company Limited	Others	Total
Online and mobile games revenue	\$ 7,201,498	\$ -	\$ 1,076,386	\$ 8,277,884
Service revenue	70,308	-	1,061,833	1,132,141
Sales revenue	-	-	758,762	758,762
Revenue from stored-values	-	239,313	34,942	274,255
	<u>\$ 7,271,806</u>	<u>\$ 239,313</u>	<u>\$ 2,931,923</u>	<u>\$ 10,443,042</u>

(6) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 9,659,101	\$ 3,257,600	\$ 8,720,101	\$ 3,908,563
Asia	1,713,376	50,952	1,722,941	110,398
	<u>\$ 11,372,477</u>	<u>\$ 3,308,552</u>	<u>\$ 10,443,042</u>	<u>\$ 4,018,961</u>

(7) Major customer information

No single customer accounts for more than 10% of the consolidated operating revenue for the years ended December 31, 2021 and 2020.

Gemma Digital Entertainment Co., Ltd. and Subsidiaries  
 Provision of endorsements and guarantees to others  
 Year ended December 31, 2021

Expressed in thousands of RMB  
 (Except as otherwise indicated)

Table 1

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party	Maximum endorsement/ guarantee amount as of December 31, 2021	Outstanding endorsement/ guarantee amount as of December 31, 2021	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsements/ guarantees amount to net value of the endorser/ guarantor company	Ceiling for total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary (Note 3)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 4)	Provision of endorsements/ guarantees to the party in Mainland China (Note 5)	Foreign
0	The Company	Hilpal Digital Technology Co., Ltd.	3	≤ 500,000	54,715	41,535	22,152	22,152	0.77	5,408,139	Y	N	N	None
0	The Company	JollyBuy Digital Technology Co., Ltd.	2	≤ 500,000	40,000	20,000	-	-	0.58	5,408,139	T	N	N	None
1	Jollywir Digital Technology Co., Ltd.	Jollywir Digital Business Co., Ltd.	3	≤ 10,000	35,178	30,584	26,094	7,814	1.50	10,260	N	N	Y	None
2	Acharya Media International (BVI)	Jollywir Digital Technology Co., Ltd.	3	100,000	100,000	18,000	18,000	(18,000)	0.56	100,000	N	N	N	None

Note 1: The numbers filled in the table items 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 six categories: (I) in the number of category and description is:

- (1) Having business relationship
- (2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorser/guaranteed subsidiary
- (3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorser/guaranteed company
- (4) The endorser/guaranteed parent company directly or indirectly owns more than 50% 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 endorsement/guarantees to the endorsed/guaranteed company in proportion to its ownership

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 profit in reports 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 endorsement / guarantees by subsidiary to parent company or provision of endorsements / guarantees to the party in Mainland China.

Ganmin 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, 2021

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, 2021				Footnote
				Number of shares (in thousands)	Book value	Percentage	Market value (Note 2)	
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	Microprogram Information Co., Ltd. - stock	None	Financial assets at fair value through other comprehensive income - non-current	1,739	53,790	3.20	53,790	
The Company	Pili International Multimedia Co., Ltd. - stock	None	Financial assets at fair value through other comprehensive income - non-current	1,958	101,424	3.82	101,424	
Ganmin Asia Investment Co., Ltd.	One Production Film Co., Ltd. - stock	None	Financial assets at fair value through other comprehensive income - non-current	388	9,285	1.57	9,285	
Ganmin Asia Investment Co., Ltd.	Gokube Inc. - stock	None	Financial assets at fair value through other comprehensive income - non-current	100	-	1.77	-	
Ganmin International Holdings Ltd.	Vantage Men o Limited - stock	None	Financial assets at fair value through other comprehensive income - non-current	192	27,186	2.59	27,186	

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, 2021

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Item classes (sales)	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote
				Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts		
Gash Entertainment Co., Ltd.	The Company	Parent company	Service revenue	\$ 408,114	57.30	Note	Note	Note	\$-	29,685	6.70	
Cometor Comarketing Co., Ltd.	The Company	Parent company	Service revenue	255,301	34.09	Note	Note	Note	21,846		51.03	
Digicartre Company Limited	The Company	Parent company	Sales revenue	234,918	32.55	Note	Note	Note	26,852		19.85	
ANTS POWER CO., LTD.	The Company	Parent company	Sales revenue	154,266	65.74	Note	Note	Note	27,409		65.38	

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.

Comana Digital Entertainment Co., Ltd. and Subsidiaries  
 Receivables from related parties in excess of \$100 million or 30% of capital  
 December 31, 2021

Table 4

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Name of creditor	Transaction purpose	Relationship	Balance as of December 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 1)	Allowance for doubtful accounts	Footnote
					Amount	Action adopted for overdue accounts			
The Company	Gold Point Co., Ltd.	Subsidiary	\$ 571,796	-	\$ -	-	\$ 138,427	\$ 43	Note 2

Note 1: The subsequent collections represent collections from the balance sheet date to February 28, 2022.

Note 2: Receivables for selling game cards through the subsidiary.

Gamma Digital Entertainment Co., Ltd. and Subsidiaries  
 Significant inter-company transactions during the reporting period  
 Year ended December 31, 2021

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	Gamma Digital Entertainment (H.K.) Co., Ltd.	1	Accounts receivable	\$ 25,305	Note 5	0.27
0	The Company	Gamma Digital Entertainment (H.K.) Co., Ltd.	1	Revenue from royalties	126,073	Note 5	1.11
0	The Company	Gamma Digital Entertainment (H.K.) Co., Ltd.	1	Sales of services	56,596	Note 5	0.50
0	The Company	Gash Point Co., Ltd.	1	Accounts receivable	371,296	Note 5	6.04
0	The Company	Gash Point (HK) Co., Ltd.	1	Accounts receivable	54,658	Note 5	0.58
0	The Company	HaPod Digital Technology Co., Ltd.	1	Sales of services	14,502	Note 5	0.13
1	Gamma Digital Entertainment (H.K.) Co., Ltd.	The Company	3	Accounts receivable	71,633	Note 5	0.76
1	Gamma Digital Entertainment (H.K.) Co., Ltd.	Gash Point (HK) Co., Ltd.	3	Accounts receivable	57,499	Note 5	0.61
2	Joynoise Entertainment Co., Ltd.	Gamma Digital Entertainment (H.K.) Co., Ltd.	1	Advertisement revenue	11,234	Note 5	0.10
3	Gash Point Co., Ltd.	The Company	2	Accounts receivable	29,485	Note 5	0.31
3	Gash Point Co., Ltd.	The Company	2	Sales of services	408,114	Note 5	3.59
3	Gash Point Co., Ltd.	GAMA PAY Co., Ltd.	3	Other receivables	14,153	Note 5	0.15
3	Gash Point Co., Ltd.	GAMA PAY Co., Ltd.	3	Refundable deposits	10,000	Note 5	0.11
4	Arts' Power Co., Ltd.	The Company	2	Operating revenue	134,266	Note 5	1.18
4	Arts' Power Co., Ltd.	The Company	2	Accounts receivable	27,402	Note 5	0.29

Gamma Digital Entertainment Co., Ltd. and Subsidiaries  
 Significant inter-company transactions during the reporting period  
 Year ended December 31, 2021

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	
4	Amts' Power Co., Ltd.	Gash Point Co., Ltd.	3	Operating revenue	\$ 11,314	Note 5	0.10
3	GASH POINT (HK) Co., Ltd.	Gash Point Co., Ltd.	3	Other receivables	10,675	Note 5	0.09
6	Digicentre Company Limited	The Company	2	Accounts receivable	26,852	Note 5	0.28
6	Digicentre Company Limited	The Company	2	Operating revenue	234,918	Note 5	2.07
6	Digicentre Company Limited	Digicentre (HK) Company Limited	3	Accounts receivable	49,902	Note 5	0.43
6	Digicentre Company Limited	Digicentre (HK) Company Limited	3	Operating revenue	123,996	Note 5	1.09
7	HaPod Digital Technology Co., Ltd.	Gamma Digital Entertainment (H.K.) Co., Ltd.	3	Revenue from royalties	17,298	Note 5	0.18
8	Conetter CoMarketing Co., Ltd.	The Company	2	Accounts receivable	21,846	Notes 4 and 5	0.25
8	Conetter CoMarketing Co., Ltd.	The Company	2	Sales of services	255,301	Notes 4 and 5	2.70
9	Hyperg Smart Security Technology Pte. Ltd.	Digicentre Company Limited	3	Sales of services	28,318	Note 5	0.30
10	Digicentre (HK) Company Limited	Digicentre Company Limited	3	Sales of services	10,976	Note 5	0.12

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.

Gomorra Digital Entertainment Co., Ltd. and Subsidiaries  
Information on investee companies (not including investees in Mainland China)  
Year ended December 31, 2021

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, 2021				Investment income		Footnote
				Balances as at	Balances as at	Number of shares	Percentage	Book value	Income (loss) incurred by the investee	Loss recognized by the Company		
				December 31, 2021	December 31, 2020							
The Company	Gomorra Holdings Ltd.	Cayman Islands	Holding company	\$ 2,216,038	\$ 2,216,038	46,270,315	100.00	\$ 568,672	\$ 1,178	\$ 7,906		
The Company	Gomorra Asia Investment Co., Ltd.	Taiwan	Investment company	239,549	239,549	18,900,000	100.00	119,222	20,900	20,900		
The Company	Fantasia Digital Entertainment Co., Ltd.	Taiwan	Publishing of magazines and periodicals	220,000	220,000	316,322	100.00	383	20	20	Note 2	
The Company	Jollyway Digital Tech. Co., Ltd.	Taiwan	Supply of electronic information services	540,000	460,000	24,600,000	97.23	49,677	62,181	60,244		
The Company	Digicentre Company Limited	Taiwan	Software services	302,637	302,637	16,016,000	67.48	339,624	19,165	10,112		
The Company	Two Tigers Co., Ltd.	Taiwan	Animation production	6,269	6,269	626,892	51.00	9,800	6,917	5,525		
The Company	Giash Point Co., Ltd.	Taiwan	Implementation software and supply of electronic information services	169,000	169,000	13,500,000	90.00	300,813	105,225	94,704		
The Company	Indiland Co., Ltd.	Taiwan	IP Commodities authorization	40,000	40,000	2,050,000	100.00	18,272	1,823	1,823		
The Company	Auto Power Co., Ltd.	Taiwan	Customer services	10,000	10,000	1,000,000	100.00	77,823	41,997	41,998		
The Company	Chuang Ming She Ji Co., Ltd.	Taiwan	Venture Capital industry	57,000	57,000	3,896,754	33.03	26,240	16,213	5,555		
The Company	WeBacker Co., Ltd.	Taiwan	Crowd funding	81,040	81,040	373,329	95.38	196	781	74		
The Company	Course New Media Co., Ltd.	Taiwan	Producing TV programs and general advertising services	203,500	203,500	1,311,600	93.00	6,633	1073	99		
The Company	MidSign Digital Technology Co., Ltd.	Taiwan	Information software and supply of electronic information services	45,900	15,900	4,590,000	51.00	3,131	47	9		
The Company	GAMAY PAY Co., Ltd.	Taiwan	Electronical payment	839,229	509,229	35,785,716	69.73	350,341	311,351	327,650		
The Company	NOVNews Network Co., Ltd.	Taiwan	Broadcast and TV shows services	494,303	431,281	36,948,118	78.97	188,091	35,488	61,724		
The Company	RenGo! Co., Ltd.	Taiwan	Communication software	214,000	214,000	460,000	100.00	7,735	1,120	1,120		
The Company	Ujico Inc.	Taiwan	Sales and research and development of software services	229,400	199,400	6,990,649	99.99	22,636	19,213	19,188		

Gemma Digital Entertainment Co., Ltd. and Subsidiaries  
Information on investee companies (not including investees in Mainland China)  
Year ended December 31, 2021

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, 2021					
				Balance as at	Balance as at	Number of shares	Percentage	Book value	Investment income		
				December 31, 2021	December 31, 2020				Income (loss) incurred by the investee	(loss) recognised by the Company	Footnote
The Company	4-Way Voice Cultural Co., Ltd.	Taiwan	Newspaper and magazine publishing	\$ 1,900	\$ 1,900	190,000	38.00	\$ 491	(\$ 117)	451	
The Company	Walkmedia Co., Ltd.	Taiwan	Publishing of magazines and general advertising services	30,000	30,000	3,000,000	50.00	11,096	( 28,064)	8,410	
Jollybay Digital Technology Co., Ltd.	Store Martel Co., Ltd.	Taiwan	Online retail of other home accessories	10,000	10,000	125,000	7.69	8,667	15,977	285	
Digicentre Company Limited	Digicentre (HK) Company Limited	Hong Kong	Software services	1,065	1,065	700,000	100.00	28,433	8,392	4,452	
Digicentre Company Limited	Hypert Smart Security Technology Pte. Ltd.	Singapore	Software services	27,680	27,680	1,000,000	31.00	23,132	( 720)	250	
Circo Inc.	Circo (HK) Co., Ltd.	Hong Kong	Software services	98,440	98,440	1,750,000	100.00	1,260	( 3,381)	3,377	
Gemma Asia Investment Co., Ltd.	Provia Commercial Production Co., Ltd.	Taiwan	Sales and research and development of software	1,500	1,500	150,000	50.00	2,538	546	104	
Gemma Asia Investment Co., Ltd.	Jollybay Digital Technology Co., Ltd.	Taiwan	Software information and supply of electronic services	55,125	55,125	5,250,000	37.19	47,899	2,240	250	
Gemma Asia Investment Co., Ltd.	Taiwan e-sports Co., Ltd.	Taiwan	E-sports	48,931	48,931	2,658,687	20.34	5,283	( 29,970)	8,833	
Gemma Asia Investment Co., Ltd.	The China Post Co., Ltd.	Taiwan	Newspaper and magazine publishing	-	-	800,000	100.00	-	( 10)	161	Note 2
Gemma Asia Investment Co., Ltd.	Bjolly Co., Ltd.	Taiwan	Supply of electronic information services	5,000	5,000	45,455	4.17	240	( 3,131)	131	Note 2
Gemma Asia Investment Co., Ltd.	Artitel Inc.	Taiwan	Research and development of internet-related technology	25,000	21,000	170,073	21.48	10,128	( 40,661)	(11,903)	
Grid Point Co., Ltd.	Grid Point (Japan) Co., Ltd.	Japan	Information software and supply of electronic information services	33,670	33,670	600	100.00	26,975	1,185	1,185	

Gemma Digital Entertainment Co., Ltd. and Subsidiaries  
Information on investor companies (not including investors in Mainland China)  
Year ended December 31, 2021

Table 6

(Expressed in thousands of NT\$)  
(Except as otherwise indicated)

Company	Name of investor	Location	Main business activities	Original investment cost (Note 1)		Shares held as at December 31, 2021			Investment income		
				Balance as at	Balance as at	Number of shares	Percentage	Book value	Income (loss) incurred by the investor	Loss recognized by the Company	Pursuant to
				December 31, 2021	December 31, 2020						
Gash Point Co., Ltd.	Gash Point (Hong Kong) Co., Ltd.	Hong Kong	Information software and supply of electronic information services	\$ 12,610	\$ 12,610	750,000	100.00	\$ 155,155	\$ 4,412	\$ 4,412	
Gash Point Co., Ltd.	Gash Point Korea Co., Ltd.	South Korea	Design and sale of software	11,662	11,662	138,268	100.00	20,841	3,368	3,368	
Gash Point Co., Ltd.	Omnet CoMarketing Co., Ltd.	Taiwan	Information software and supply of electronic information services	29,250	29,250	2,625,000	79.98	61,804	20,662	16,525	
Gash Point Co., Ltd.	GAMA PAY Co., Ltd.	Taiwan	Electronic payment	150,600	150,600	7,232,142	9.04	8,363	(211,351)	25,960	
Gash Point (Hong Kong) Company Limited	GAMA PAY Co., Ltd.	Taiwan	Electronic payment	120,099	-	9,790,000	12.19	98,393	(211,351)	31,692	
Gemma Holdings Ltd.	Gemma International Holdings Ltd.	Cayman Islands	Investment and holding company	2,169,527	2,169,527	77,281,128	100.00	79,379	20,711	20,711	
Gemma International Holdings Ltd.	Gemma China Holdings Ltd.	Cayman Islands	Investment and holding company	923,682	923,682	40,416,628	98.85	220,365	207,763	205,376	
Gemma International Holdings Ltd.	Joyshoe Entertainment Co., Ltd.	Hong Kong	Design and research and development of software	109,330	109,330	10,701,725	100.00	7,626	879	879	
Gemma International Holdings Ltd.	Freedog Creative Co., Ltd.	Hong Kong	Design and research and development of software	8,802	8,802	992,000	40.00	-	-	-	
Gemma International Holdings Ltd.	Achieve Made International Ltd.	British Virgin Islands	Investment and holding company	192,448	192,448	7,297,649	83.56	107,840	(134,062)	(58,863)	
Gemma International Holdings Ltd.	AGCI Group Limited	Hong Kong	Sales of agricultural products	1,331	1,331	175,000	30.00	-	-	-	
Gemma International Holdings Ltd.	HaPod Digital Technology Co., Ltd.	Hong Kong	Software services and ads	60,896	60,896	2,200,000	100.00	(14,605)	(42,238)	(42,238)	
Gemma International Holdings Ltd.	QingHo Gemma Co., Limited	Hong Kong	Operations of mobile games	237,150	202,448	343	49.00	8,957	(170,783)	(83,685)	
Achieve Made International Ltd.	Jollywe Digital Technology Co., Ltd.	Taiwan	Supply of electronic information services	630,720	595,080	26,185,711	100.00	95,185	(122,634)	(53,119)	
Achieve Made International Ltd.	Jollywe International (HK) Co., Ltd.	Hong Kong	Supply of electronic information services	-	132,376	-	0.00	-	(18,316)	60	

Gamania Digital Entertainment Co., Ltd. and Subsidiaries  
 Information on investee companies (not including investees in Mainland China)  
 Year ended December 31, 2021

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, 2021				Investment income	
				Balance as at		Number of shares	Percentage	Book value	Income (loss) incurred by the investor	Loss recognised by the Company	Footnote
				December 31, 2021	December 31, 2020						
Jollywiz Digital Technology Co., Ltd.	Jolly Co., Ltd.	Taiwan	Supply of electronic information services	\$ 25,000	\$ 25,000	1,045,455	95.83	\$ 2,452	(\$ 3,514)	(\$ 4,467)	
Jollywiz Digital Technology Co., Ltd.	Cyber Lock Properties Ltd.	British Virgin Islands	Investment and holding company	135,632	135,632	1,900,000	100.00	( 4,590)	( 14,116)	( 8,149)	
Jollywiz Digital Technology Co., Ltd.	Jollywiz International (HK) Co., Ltd.	Hong Kong	Supply of electronic information services	29,736	9,298	39,600,000	100.00	( 3,488)	( 16,310)	( 7,107)	
Jolly Digital Co., Ltd.	NCA News Network Co., Ltd.	Taiwan	Broadcast and TV shows services	10,000	10,000	515,000	1.10	( 9,059)	( 85,488)	( 94)	
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	Cayman Islands	Investment and holding company	1,093,914	4,093,914	39,520,000	100.00	( 2,223)	( 1,773)	( 1,75)	
Gamania China Holdings Ltd.	Gamania Digital Entertainment (HK) Co., Ltd.	Hong Kong	Software services and sales	90,500	90,500	25,500,000	100.00	215,321	209,348	206,900	

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

Note 2: Credit balance of investments accounted for under equity method is transferred to other liabilities - non-current.

OmniTV Digital Entertainment Co., Ltd. and Subsidiaries  
Information on investments in Mainland China  
Year ended December 31, 2021

(Expressed in thousands of TTD)  
(Except as otherwise indicated)

Table 1

Investee in Mainland China	Main business activities	Paid-in capital	Investment amount (MNTD) (Note 1)	Amount remained from Taiwan to Mainland China as of January 1, 2021		Amount remained from Taiwan to Mainland China for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net loss of investment for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2021	Book value of investment in Mainland China as of December 31, 2021	Accumulated amount of investment income remained back to Taiwan as of December 31, 2021		Particulars (Note 2)
				Remitted to Mainland China	Remitted back to Taiwan	Remitted to Mainland China as of December 31, 2021	Remitted back to Taiwan								
Gemma Digital Entertainment (Beijing) Co., Ltd.	Design and sales of software	\$ 977,104	2	\$ 716,082	\$ -	\$ 716,082	(\$ 1,485)	98.85 %	1,460	(\$ 4,004)	\$ -	Notes 1 and 6			
MoNoko Studio Technology Co., Ltd.	Research and development of software	-	2	(4,520)	-	(4,520)	-	-	-	-	-	Notes 1 and 7			
Legion Technology (Shanghai) Co., Ltd.	Supply of electronic information services	109,336	2	109,336	-	109,336	(1,058)	83.36 %	6,129	(3,002)	-	Notes 1 and 8			
Jellyway Digital Business Co., Ltd.	Supply of electronic information services	21,720	2	-	-	-	(9,824)	83.36 %	(2,286)	(10,072)	-	Notes 1 and 8			
Agri Da Da (Shanghai) International Trading Co., Ltd.	Sales of agricultural products	13,840	1	-	-	-	-	38.66	-	-	-	Notes 1 and 9			

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

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

Note 2: The accumulated remittance as of January 1, 2021, remitted or collected this year, accumulated as of December 31, 2021 was remitted to New Taiwan dollars at the average exchange rate of 29TD/68 to US\$1 and NT\$34 to RMB¥1 at the balance sheet date.

Note 3: The investment loss of the investee company, Gemma Digital Entertainment (Beijing) Co., Ltd., for the year ended December 31, 2021 was recognized based on the indirect weighted average ownership percentage of 98.85% and on their financial statements for the corresponding period, which were reviewed.

Note 4: MoNoko Studio Technology Co., Ltd. completed liquidation proceedings on September 22, 2019. However, the investment amount has not yet been remitted back to Taiwan as of December 31, 2021.

Note 5: Investment income or losses are recognized based on audited financial statements.

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

Note 7: It was invested through Gemma Sino Holdings Ltd. invested.

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

Note 9: It was invested through Agri-Da-Da Group Limited and Gemma Digital Entertainment (HK) Co., Ltd. invested.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Excess on investments to Mainland China imposed by the Investment Commission of MOEA
The Company (Note)	\$ 757,602	\$ 1,270,872	\$ 3,245,063
Jellyway Digital Technology Co., Ltd.	109,336	109,336	(38,890)

Note: The total investment amount approved by the Investment Commission, MOEA, was USD45,913 thousand or NT\$1,270,872 based on 27.68 spot exchange rate at December 31, 2021.

Ginnima Digital Entertainment Co., Ltd. and Subsidiaries  
Major shareholders information  
December 31, 2021

Table 9

Name of major shareholders	Shares	Number of shares held	Ownership (%)
Lin Bo Yuan		20,291,315	31.50%
Wanwei International Co., Ltd.		17,101,000	8.60%
Shuang Shuang Investment Ltd.		13,800,000	7.34%
Joy Develop Co., Ltd. Taiwan Branch		9,688,000	5.80%

Note 1: The major shareholder information was derived from the data that the Company issued common shares (including treasury shares) and preference shares (as dematerialized 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 or dematerialized 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 self or separate account for the fund set by the trustee. As for the shareholder who reports share equity to 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 Platform.

## V. 2021 Individual Financial Statement Audited and Certified by CPAs



### INDEPENDENT AUDITORS' REPORT

PWCR 21000380

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

#### *Opinion*

We have audited the accompanying parent company only balance sheets of Gamania Digital Entertainment Co., Ltd. (the "Company") as at December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of other auditors, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of Gamania Digital Entertainment Co., Ltd. as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

#### *Basis for opinion*

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

#### *Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

### Description

Refer to Note 4(25) for accounting policies on revenue recognition, Note 5(2) for the critical accounting estimates and assumptions and Note 6(22) for the details of accounting applied on revenue recognition.

The Company is 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 recognises 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. 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 judgement, 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 premium on investments accounted for under equity method**

### Description

Refer to Notes 4(12) and 4(16) for accounting policy on impairment assessment of investments accounted for under equity method, Note 6(6) and 6(12) for details of impairment assessment of investments accounted for under equity method, and Note 5(2) for uncertainty of accounting estimates and assumptions in relation to impairment assessment of investments accounted for under equity method.

As of December 31, 2021, the investments of Gamania Digital Entertainment Co., Ltd. in NOWnews Network Co., Ltd. and Digicentre Company Limited are material and there is a premium arising from goodwill. The future cash flows projections of the expected recoverable amount was estimated based on management's estimation and expectation of the future operations, which involve management's subjective judgement and significant estimation, and the result is significant to the financial statements. Thus, we consider impairment assessment of investments accounted for using equity method 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 Company are reasonable for the industry, environment and the valued assets of the Company;
- 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:
  - (1) Reviewing the appraisal method and calculation formulas used by the independent appraisal expert.
  - (2) Comparing the expected growth rate and operating profit margin with historical data;
  - (3) Reviewing the discount rate and comparing similar return on similar assets in the market.

D. Comparing the recoverable value and book value of each cash-generating unit in order to assess the reasonableness of the book value.

***Other matter – Scope of the Audit***

As described in Note 6(6), part of the investments accounted for under the equity method is based on the financial statements audited by other auditors appointed by these companies. We did not audit the financial statements of certain investments accounted for under the equity method. For the years ended December 31, 2021 and 2020, the comprehensive income amounted to NT\$37,081 thousand and NT\$89,185 thousand, respectively, and the balance of investments accounted for under equity method amounted to NT\$860,190 thousand and NT\$1,379,771 thousand as of December 31, 2021 and 2020, respectively. Those financial statements and information on the investees disclosed in Note 13 were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements relative to these investees is based solely on the audit reports of the other auditors.

***Responsibilities of management and those charged with governance for the parent company only financial statements***

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

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

***Auditors' responsibilities for the audit of the parent company only financial statements***

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.



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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's 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 11, 2022

---

The accompanying parent company only 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 audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' 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.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 725,321	10	\$ 479,706	7
1170	Accounts receivable, net	6(2)	301,444	3	217,939	3
1180	Accounts receivable - related parties	7	670,836	9	300,881	4
1200	Other receivables		40,935	1	45,416	1
1210	Other receivables - related parties	7	28,965		25,532	
1220	Current income tax assets		663		663	-
130X	Inventories	6(3)	250	-	967	-
1410	Prepayments	6(4)	112,962	2	114,453	1
1470	Other current assets	8	27,152	-	5,000	-
11XX	<b>Total current assets</b>		<u>1,808,328</u>	<u>25</u>	<u>1,190,557</u>	<u>16</u>
<b>Non-current assets</b>						
1517	Financial assets at fair value through other comprehensive income - non- current	6(5)	162,155	2	120,440	2
1550	Investments accounted for under equity method	6(6)	2,300,711	32	2,225,926	31
1600	Property, plant and equipment	6(7), 7 and 8	2,616,968	36	2,661,093	37
1755	Right-of-use assets	6(8)	67,883	1	43,491	1
1780	Intangible assets	6(10) and 7	157,569	2	808,911	11
1840	Deferred income tax assets	6(28)	127,055	2	152,373	2
1900	Other non-current assets	6(11)	10,086		13,444	
15XX	<b>Total non-current assets</b>		<u>5,451,427</u>	<u>75</u>	<u>6,025,687</u>	<u>84</u>
IXXX	<b>Total assets</b>		<u>\$ 7,259,955</u>	<u>100</u>	<u>\$ 7,216,244</u>	<u>100</u>

(Continued)

**GAMANIA DIGITAL ENTERTAINMENT CO., LTD.**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(13)	\$ -	-	\$ 102,533	3
2130	Current contract liabilities	6(22)	473,290	6	373,877	5
2150	Notes payable		-	-	1,211	-
2170	Accounts payable		265,789	4	225,025	3
2180	Accounts payable - related parties	7	46,838	1	33,327	1
2200	Other payables	6(14)	568,878	8	934,341	13
2220	Other payables - related parties	7	148,289	2	162,936	2
2230	Current income tax liabilities		190,598	2	99,828	1
2280	Current lease liabilities		18,137	-	17,379	-
2320	Long-term liabilities, current portion	6(15)	80,000	1	160,000	2
2399	Other current liabilities		4,374	-	4,076	-
21XX	<b>Total current liabilities</b>		<u>1,796,443</u>	<u>21</u>	<u>2,114,535</u>	<u>29</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(15)	-	-	80,000	1
2580	Lease liabilities - non-current		49,634	1	36,163	1
2600	Other non-current liabilities	6(6)(16)	5,439	-	10,898	-
25XX	<b>Total non-current liabilities</b>		<u>55,073</u>	<u>1</u>	<u>117,061</u>	<u>2</u>
2XXX	<b>Total liabilities</b>		<u>1,851,516</u>	<u>25</u>	<u>2,231,596</u>	<u>31</u>
<b>Equity</b>						
Share capital						
3110	Common stock	6(18)	1,754,936	24	1,754,936	24
Capital surplus						
3200	Capital surplus	6(19)	1,335,163	19	1,352,471	18
Retained earnings						
3310	Legal reserve		878,451	5	264,787	4
3320	Special reserve		551,904	8	171,976	2
3350	Unappropriated retained earnings		1,894,337	26	1,992,382	28
Other equity interest						
3400	Other equity interest	6(21)	(505,352)	(7)	(551,904)	(7)
3XXX	<b>Total equity</b>		<u>5,408,439</u>	<u>75</u>	<u>4,984,648</u>	<u>69</u>
Significant contingent liabilities and unrecorded contract commitments						
Significant events after the balance sheet date						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 7,259,955</u>	<u>100</u>	<u>\$ 7,216,244</u>	<u>100</u>

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

**GAMANIA DIGITAL ENTERTAINMENT CO., LTD.**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan Dollars, except earnings per share data)

Items	Notes	Year ended December 31				
		2021		2020		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(22) and 7	\$ 8,285,403	100	\$ 7,423,592	100
5000	Operating costs	6(3)(27) and 7	( 4,960,842)	( 60)	( 4,810,386)	( 65)
5950	Gross profit		3,324,561	40	2,613,206	35
	Operating expenses	6(27) and 7				
6100	Selling expenses		( 547,887)	( 6)	( 523,319)	( 7)
6200	General and administrative expenses		( 796,353)	( 10)	( 789,733)	( 10)
6300	Research and development expenses		( 838,563)	( 10)	( 775,698)	( 10)
6450	(Reversal of) expected credit impairment loss		18	-	-	-
6000	Total operating expenses		( 1,673,506)	( 20)	( 1,588,732)	( 21)
6900	Operating income		1,651,055	20	1,024,974	14
	Non-operating income and expenses					
7100	Interest income	6(24)	632	-	1,370	-
7010	Other income	6(24) and 7	92,878	-	70,924	-
7020	Other gains and losses	6(25)	( 103,415)	( 1)	18,235	-
7050	Finance costs	6(26)	( 3,794)	-	8,729	-
7070	Share of loss of associates and joint ventures accounted for under equity method		( 166,642)	( 2)	( 31,793)	( 1)
7000	Total non-operating income and expenses		( 170,549)	( 2)	15,037	-
7900	Profit before income tax		1,480,506	17	1,040,021	14
7950	Income tax expense	6(28)	( 324,373)	( 4)	( 167,515)	( 2)
8200	Profit for the year		\$ 1,156,133	13	\$ 872,506	12
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial income (loss) on defined benefit plan	6(16)	9,108	1	( 3,940)	-
8316	Unrealized income (loss) from investments in equity instruments measured at fair value through other comprehensive income	6(21)	47,350	1	( 46,984)	( 1)
8330	Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss	6(21)	11,561	-	74,597	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	( 1,022)	-	( 1,585)	-
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss		62,697	1	77,880	1
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		17,900	-	30,920	1
8380	Share of other comprehensive loss of associates and joint ventures accounted for under equity method that will be reclassified to profit or loss	6(21)	( 9,090)	-	4,175	-
8399	Income tax relating to components of other comprehensive loss	6(28)	( 3,723)	-	9,331	-
8360	Other comprehensive loss that will be reclassified to profit or loss		( 24,841)	-	34,794	1
8300	Other comprehensive income (loss) for the year	6(28)	\$ 39,056	1	( 13,604)	( 2)
8500	Total comprehensive income for the year		\$ 1,195,189	14	\$ 858,902	10
	Earnings per share (in dollars)	6(29)				
9750	Basic earnings per share		\$ 6.39		\$ 5.09	
9850	Diluted earnings per share		\$ 6.21		\$ 4.94	

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

**GAMANSA DIGITAL ENTERTAINMENT CO., LTD.**  
**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital Reserves			Retained Earnings			Other Equity Interest			Total equity	
		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	Dispositive gains (losses) from financial assets measured at fair value through other comprehensive income		Treasury stocks
<b>2020</b>												
Balance at January 1, 2020		\$ 1,754,936	\$ 426,975	\$ 306,832	\$ 97,786	\$ 175,597	\$ 155,195	\$ 1,461,346	(\$ 75,174)	(\$ 98,802)	\$ -	\$ 4,711,391
Profit for the year		-	-	-	-	-	-	872,496	-	-	-	872,496
Other comprehensive income (loss) for the year		-	-	-	-	-	-	6,352	54,794	(71,528)	-	(10,382)
Total comprehensive income (loss) for the year		-	-	-	-	-	-	885,244	54,794	(71,528)	-	868,510
Appropriation and distribution of 2019 retained earnings	(6)(20)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	-	88,790	-	(88,790)	-	-	-	-
Reversal of special reserve		-	-	-	-	(27,219)	-	27,219	-	-	-	-
Cash dividends		-	-	-	-	-	-	(544,050)	-	-	-	(544,050)
Changes in equity of associates and joint ventures accounted for under equity method		-	-	-	(2,490)	-	-	787	-	-	-	(1,703)
Change in ownership interest in subsidiaries		-	-	-	(2,485)	-	-	(2,306)	-	-	-	(4,791)
Purchase of treasury shares		-	-	-	-	-	-	-	-	-	91,449	91,449
Share-based payment	(6)(17)	-	-	-	65,863	-	-	-	-	-	-	65,863
Transfer of treasury stocks to employees		-	-	65,860	(65,863)	-	-	-	-	-	(91,449)	(91,449)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	(6)(8)	-	-	-	-	-	-	(273,606)	-	(273,606)	-	(547,212)
Balance at December 31, 2020		\$ 1,754,936	\$ 426,975	\$ 372,701	\$ 32,795	\$ 314,787	\$ 171,975	\$ 1,492,582	(\$ 107,968)	(\$ 443,936)	\$ -	\$ 4,683,548
<b>2021</b>												
Balance at January 1, 2021		\$ 1,754,936	\$ 426,975	\$ 372,701	\$ 32,795	\$ 314,787	\$ 171,975	\$ 1,491,282	(\$ 107,968)	(\$ 443,936)	\$ -	\$ 4,683,548
Profit for the year		-	-	-	-	-	-	1,106,281	-	-	-	1,106,281
Other comprehensive income (loss) for the year		-	-	-	-	-	-	4,086	(23,841)	38,811	-	19,056
Total comprehensive income (loss) for the year		-	-	-	-	-	-	1,110,367	(23,841)	38,811	-	1,125,337
Appropriation and distribution of 2020 retained earnings	(6)(20)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	-	113,664	-	(113,664)	-	-	-	-
Special reserve		-	-	-	-	(79,928)	-	89,928	-	-	-	-
Cash dividends		-	-	-	-	-	-	(701,474)	-	-	-	(701,474)
Changes in equity of associates and joint ventures accounted for under equity method		-	-	-	1,074	-	-	-	-	-	-	1,074
Change in ownership interest in subsidiaries		-	-	-	(6,362)	-	-	(3,264)	-	-	-	(9,626)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	(6)(8)	-	-	-	-	-	-	(11,397)	-	(11,397)	-	(22,794)
Balance at December 31, 2021		\$ 1,754,936	\$ 426,975	\$ 372,701	\$ 25,433	\$ 312,904	\$ 151,904	\$ 1,483,352	(\$ 131,809)	(\$ 375,543)	\$ -	\$ 4,408,630

The above figures are in original currencies of the parent company only financial statements.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

	Notes	2021	2020
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 1,430,656	\$ 1,040,011
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(27)	124,706	118,798
Amortisation	6(27)	615,972	722,451
Expected credit impairment loss (reversal)	12(2)	3	( 18 )
Interest expense	6(26)	3,939	8,729
Interest income	6(23)	( 632 )	( 2,370 )
Share-based payments	6(17)	-	49,966
Share of loss of associates accounted for under equity method		166,642	31,293
Loss on disposal of property, plant and equipment	6(25)	5	1
Impairment loss on non-financial assets	6(12)	100,247	10,119
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		10,492	32,250
Accounts receivable - related parties		( 369,955 )	53,326
Other receivables		4,481	( 25,032 )
Other receivables - related parties		( 3,433 )	90,331
Inventories		717	1,497
Prepayments		( 1,539 )	56,111
Other non-current assets		( 2,654 )	( 826 )
Changes in operating liabilities			
Contract liabilities		99,413	245,238
Notes payable		( 1,211 )	( 26 )
Accounts payable		40,764	( 45,581 )
Accounts payable - related parties		15,561	20
Other payables		( 192,139 )	( 3,450 )
Other payables - related parties		( 13,501 )	5,541
Other current liabilities		7,824	876
Other non-current liabilities		( 658 )	( 596 )
Cash inflow generated from operations		2,039,700	2,388,659
Interest received		632	2,370
Dividends received		112,284	77,439
Interest paid		( 3,939 )	( 8,729 )
Income tax paid		( 206,588 )	( 129,825 )
Net cash flows from operating activities		<u>1,942,089</u>	<u>2,329,914</u>

(Continued)

GAMANIA DIGITAL ENTERTAINMENT CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from liquidation of financial assets at fair value through other comprehensive income		\$ -	\$ 2,331
Proceeds from disposal of financial assets at fair value through other comprehensive income		5,545	294,116
Increase in other financial assets		( 22,152 )	( 5,000 )
Acquisition of investments accounted for under equity method		( 443,022 )	( 168,990 )
Proceeds from liquidation of investments accounted for under equity method		-	9,796
Acquisition of property, plant and equipment	(6)(30)	( 65,423 )	( 101,409 )
Proceeds from disposal of property, plant and equipment		5	-
Acquisition of intangible assets	(6)(30)	( 185,193 )	( 980,273 )
(Decrease) increase in refundable deposits		( 2,988 )	3,633
Net cash flows used in investing activities		( 713,228 )	( 955,796 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings	(6)(31)	( 502,533 )	( 547,467 )
Payments of lease liabilities	(6)(31)	( 18,739 )	( 13,516 )
Repayment of long-term debt	(6)(31)	( 160,000 )	( 160,000 )
Purchase of treasury shares		-	( 91,449 )
Treasury shares purchased by employees		-	91,455
Cash dividends paid	(6)(20)	( 701,974 )	( 544,030 )
Net cash flows used in financing activities		( 983,246 )	( 1,265,007 )
Net increase in cash and cash equivalents		245,615	124,111
Cash and cash equivalents at beginning of year		479,706	355,595
Cash and cash equivalents at end of year		<u>\$ 725,321</u>	<u>\$ 479,706</u>

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

GAMANIA DIGITAL ENTERTAINMENT CO., LTD.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(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 is 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

The parent company only financial statements were authorised for issuance by the Board of Directors on March 10, 2022.

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") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021
Amendment to IFRS 16, 'Covid-19-related rent concessions beyond 30 June 2021'	April 1, 2021(Note)

Note : Earlier application from January 1, 2021 is allowed by FSC.

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

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

New standards, interpretations and amendments endorsed by the FSC 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 Company's financial condition and financial performance based on the Company'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
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, 2023
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 Company's financial condition and financial performance based on the Company's assessment.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets 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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the parent company only financial statements of each of the Company are measured using the currency of the primary economic environment in which the company operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company'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 Company 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 period; and
  - iii. All resulting exchange differences are recognized 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 Company 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 Company 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.

**(4) 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.

(5) 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.

(6) 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 Company 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 Company and the amount of the dividend can be measured reliably.

(7) Accounts receivable

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

(8) Impairment of financial assets

For accounts receivable that have a significant financing component, at each reporting date, the Company 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 accounts receivable that do not contain a significant financing

component, the Company recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company 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 Company 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 Company has not retained control of the financial asset.

(10) 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.

(11) 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.

(12) Investments accounted for under the equity method – subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company 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.
- B. Unrealised profit (loss) arising from the transactions between the Company and subsidiaries have been offset. Accounting policies of subsidiaries are consistent with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' 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 Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, including any other unsecured receivables, the Company continues to recognise losses in proportion to its ownership.
- D. If changes in shareholdings in subsidiaries do not result to loss of control (transaction with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. The difference between the adjustment in non-controlling interest and fair value of consideration paid or received is recognised in equity.
- E. When the Company loses control of a subsidiary, the Company 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 Company 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.
- F. Associates are all entities over which the Company 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.
- G. The Company'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 Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.
- H. 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 Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- I. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.
- J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company'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.
- K. When the Company 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, 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.
- L. Pursuant to the "Rules Governing the Preparation of Financial Statements by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only

financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(13) 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 Company 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	4–8 years
Office equipment	2–4 years
Leasehold asset	1–6 years
Other equipment	2–8 years

(14) 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 Company. 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 Company 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.

#### (15) Intangible assets

##### A. Software

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

##### B. Licence fees

Licence fees 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 the online games are launched. Licence fees are amortised over their estimated useful lives of 1 - 5 years.

##### C. Other intangible assets

Other intangible assets with a finite useful life, including license applied in games and unamortised charges, are stated at cost and amortised under straight-line basis over their estimated useful life of 3 years.

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

The Company 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 recognising 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.

#### (17) Borrowings

It refers to long and short-term loans borrowed from banks. 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.

#### (18) 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.

(19) 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.

(20) 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 Company 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 government bonds (at the balance sheet date).
- 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 Company'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 Company recognises expense when it can no longer withdraw an offer of termination benefits or it recognises related restructuring costs, whichever is earlier. Benefits falling due more than 12 months after balance sheet date are discounted to their present value.

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

Employees' compensation and directors' and supervisors' 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 resolve amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(21) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(22) 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 parent company only 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 Company 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.

### (23) Share capital

- A. 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.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

### (24) 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.

### (25) Revenue recognition

#### A. Online and mobile games revenue

- (a) The Company 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 Company 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 Company 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 Company collects the price in advance upon sale, and recognises the contract liability.

#### B. Royalty income

The Company entered into a contract with a customer to grant a licence of agency to the customer. Given the licence is distinct from other promised goods or services in the contract, the Company recognises the revenue from licencing when the licence is transferred to a customer either at a point in time or over time based on the nature of the licence granted. The nature of the Company's promise in granting a licence is a promise to provide a right to access the Company's intellectual property if the Company undertakes activities that significantly affect the agency to which the customer has rights, the customer is affected by the Company's activities and those activities do not result in the transfer of a good or a service to the customer as they occur. The royalties are recognised as revenue on a straight-line basis throughout the licencing period. In case the abovementioned conditions are not met, the nature of the Company's promise in granting a licence is a promise to provide a right to use the Company's agency and therefore the revenue is recognised when transferring the licence to a customer at a point in time. Some contracts require a sales-based royalty in exchange for a licence of agency. The Company recognises revenue when the performance obligation has been satisfied and the subsequent sale occurs.

#### C. Sales of services

The Company provides customer, administrative and marketing services, which are recognised overtime based on the obligations against the substantial contents specified in the related contracts. 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.

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company'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 Company's accounting policies

Revenue recognition on a net/gross basis

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

- A. The Company is primarily responsible for the provision of goods or services;
- B. The Company 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 Company has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

A. Revenue recognition

The Company 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 periods or the estimated delivery period of the virtual items, when they are actually used. The Company estimates the deferred amount and delivery period based on operating history and other known factors. Given that the Company has extensive list of virtual items spread across thousands of users and the estimation of delivery period for virtual items may be complex, the Company assesses the reasonableness of the estimation periodically. Please refer to Note 6(22) for more information.

B. Impairment assessment of licence fees

The impairment assessment of licence fees depends on the Company'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 premium on investments accounted for under equity method

The Company assesses premium on investments accounted for under equity method annually. The Company assesses the recoverable amounts of an investment accounted for under the equity method based on the present value of the Company's share of expected future cash flows of the investee, and analyses the reasonableness of related assumptions. An impairment loss is

recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

D. Realisability of license fees payment obligations

Assessment of the realisability of license fees payment obligations involves subjective judgement of management, with respect to assumptions on the estimation of game point. Any changes in economic circumstances, industrial environment and estimates due to the change of Company strategy might affect the realisability of this payment obligation.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and petty cash	\$ 618	\$ 636
Demand deposits	724,703	474,070
Cash equivalents - time deposits	-	5,000
	<u>\$ 725,321</u>	<u>\$ 479,706</u>

A. The Company 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. The Company has no cash and cash equivalents pledged to others as collateral.

(2) Accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable	\$ 201,444	\$ 217,942
Less: Loss allowance	-	( 3)
	<u>201,444</u>	<u>217,939</u>
Overdue receivables (shown as other non-current assets)	98,239	98,239
Less: Loss allowance	( 98,239)	( 98,239)
	<u>-</u>	<u>-</u>
	<u>\$ 201,444</u>	<u>\$ 217,939</u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Not past due	\$ 201,444	\$ 217,942

The above aging analysis was based on past due date.

B. As at December 31, 2021, December 31, 2020 and January 1, 2020, the balances of receivables and overdue receivables from contracts with customers amounted to \$299,683, \$316,181 and \$348,438, respectively.

C. The Company does not hold any collateral. Further, the Company has no accounts receivable pledged to others as collateral.

D. As at December 31, 2021 and 2020, 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 Company's accounts receivable were \$201,444 and \$217,939, respectively.

E. Information relating to credit risk is provided in Note 12(2).

(3) Inventories

	December 31, 2021		
	Cost	Allowance for obsolescence and market value decline	Book value
Merchandise inventory	\$ 2,863	(\$ 2,613)	\$ 250
	December 31, 2020		
	Cost	Allowance for obsolescence and market value decline	Book value
Merchandise inventory	\$ 3,394	(\$ 2,427)	\$ 967

Expenses and losses incurred on inventories for the year:

	Years ended December 31,	
	2021	2020
Cost of goods sold	\$ 594	\$ 1,153
Loss on decline in market value	186	300
	<u>\$ 780</u>	<u>\$ 1,453</u>

(4) Prepayments

	December 31, 2021	December 31, 2020
Prepayments to distributors and suppliers	\$ 100,547	\$ 97,510
Prepaid expenses	10,371	16,291
Others	2,044	652
	<u>\$ 112,962</u>	<u>\$ 114,453</u>

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

Items	December 31, 2021	December 31, 2020
Non-current items:		
Equity instruments		
OTC stocks	\$ 78,376	\$ 78,376
Unlisted, non-OTC and non-emerging stocks	448,026	478,026
	526,402	556,402
Valuation adjustment	(364,247)	(435,953)
	<u>\$ 162,155</u>	<u>\$ 120,449</u>

- A. The Company 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 \$162,155 and \$120,449 as at December 31, 2021 and 2020, respectively.
- B. In 2021, in line with the Company's business development and resource allocation plan, the Company sold its 6.9% equity interest in Life Plus Co., Ltd. at fair value in the amount of \$5,545 which resulted in a cumulative loss of \$24,455.
- C. In the third quarter of 2020, in line with the Company's business development and resource allocation plan, the Company sold its 15% equity interest in NC Taiwan Co., Ltd. at fair value in the amount of \$294,116 which resulted in a cumulative gain on disposal of \$271,275. Due to the dissolution of Hagame International Co., Ltd. in the third quarter of 2019 and the completion of liquidation in the third quarter of 2020, the amount remitted back was \$2,331 and the cumulative loss on disposal was \$9,407.
- D. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2021	2020
Change of fair value recognised in other comprehensive income	\$ 47,250	(\$ 46,931)
Cumulative (loss) gain reclassified to retained earnings due to derecognition	(\$ 24,455)	\$ 273,606
Dividend income recognised in profit or loss held at end of the year	\$ -	\$ -

- E. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(6) Investments accounted for under the equity method

A. List of long-term investments

<u>Name of associates and subsidiaries</u>	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Ownership percentage</u>	<u>Balance</u>	<u>Ownership percentage</u>	<u>Balance</u>
Subsidiaries:				
Gamania Holdings Ltd. (GHI)	100.00	\$ 768,672	100.00	\$ 763,645
Gamania Asia Investment Co., Ltd. (Gamania Asia)	100.00	119,222	100.00	140,420
Fundation Digital Entertainment Co., Ltd. (Fundation)	100.00	( 383)	100.00	( 363)
Jollybuy Digital Technology Co., Ltd. (Jollybuy)	97.23	49,677	96.37	51,337
Two Tigers Co., Ltd. (Two Tigers)	51.00	9,800	51.00	6,275

<u>Name of associates and subsidiaries</u>	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Ownership percentage</u>	<u>Balance</u>	<u>Ownership percentage</u>	<u>Balance</u>
Gash Point Co., Ltd. (Gash Point)	90.00	300,813	90.00	301,926
Indiland Co., Ltd. (Indiland)	100.00	18,272	100.00	95
Ants' Power Co., Ltd. (Ants' Power)	100.00	77,821	100.00	57,540
Webackers Co., Ltd. (Webackers)	93.38	196	93.38	270
Coture New Media Co., Ltd. (Coture New Media)	93.08	6,633	93.08	6,732
MadSugr Digital Technology Co., Ltd. (MadSugr)	51.00	3,131	51.00	3,122
Coco Digital Technology Co., Ltd. (Coco) (Note 1)	-	-	-	-
GAMA PAY Co., Ltd. (GAMA PAY)	90.96	350,347	67.86	212,934
Circo Inc. (Circo)	99.90	22,036	99.84	11,349
Bean Go! Co., Ltd. (Bean Go!)	100.00	7,739	100.00	6,619
NOWnews Network Co., Ltd. (NOWnews)	80.08	188,991	78.41	264,369
Digicentre Company Limited (Digicentre)	67.48	339,624	67.48	347,737
Associates:				
Chuang Meng Shr Ji Co., Ltd. (Chuang Meng Shr Ji) (Note 2)	33.03	26,240	33.03	31,595
4-Way Voice Cultural Co., Ltd. (4-Way Voice)	38.00	491	38.00	536
Walkermedia Co., Ltd. (Walkermedia)	30.00	11,006	30.00	19,425
		<u>2,300,328</u>		<u>2,225,563</u>
Classified as other non-current liabilities		<u>383</u>		<u>363</u>
		<u>\$ 2,300,711</u>		<u>\$ 2,225,926</u>

Note 1: As of December 31, 2020, Coco was still under liquidation while the capital had been remitted back, and the liquidation was completed in July 2021.

Note 2: The Company maintains significant influence over the company as the Company holds one seat in the Board of Directors and participates in making strategic decisions.

## B. Subsidiaries

- (a) For the subsidiaries' information, please refer to Note 4(3) of the Company's 2021 consolidated financial statements.
- (b) The Company intends to continually support Fundation. The carrying amounts of investments in these companies amounted to (\$383) and (\$363) as of December 31, 2021 and 2020, respectively. Thus, the amounts were reclassified to other liabilities (shown as "other non-current liabilities").

## C. Associates

As of December 31, 2021 and 2020, the carrying amount of the Company's individually immaterial associates amounted to \$37,737 and \$51,556 respectively. The Company's share of the operating results are summarised below:

	Years ended December 31,	
	2021	2020
Loss for the year	(\$ 13,819)	(\$ 10,772)
Other comprehensive income, net of tax	-	-
Total comprehensive loss	(\$ 13,819)	(\$ 10,772)

- D. Among investees accounted for under equity method for the year ended December 31, 2021, Digicentre and the indirect subsidiaries and associates, Gamania Digital Entertainment (H.K.) Co., Ltd., Gash Point (Hong Kong) Company Limited, Achieve Made International Ltd. and HaPod Digital Technology Co., Ltd., were accounted for based on their financial statements audited by its appointed auditors.
- E. Among investees accounted for under equity method for the year ended December 31, 2020, NOWnews, Digicentre and the indirect subsidiaries and associates, Gamania Digital Entertainment (H.K.) Co., Ltd., Gash Point (Hong Kong) Company limited, Achieve Made International Ltd., HaPod Digital Technology Co., Ltd., Gungho Gamania Co., Ltd., and Jsdway Digital Technology Co., Ltd. were accounted for based on their financial statements audited by its appointed auditors.
- F. The related comprehensive income based on the financial statements audited by other auditors amounted to \$37,081 and \$89,185 for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, the balance of these investments totalled \$860,190 and \$1,379,771, respectively.
- G. The impairment assessment of premium on investments accounted for under equity method, is provided in Note 6(12).

(7) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Unfinished construction</u>	<u>Total</u>
<u>At January 1, 2021</u>								
Cost	\$ 2,140,661	\$ 476,044	\$ 219,747	\$ 42,808	\$ 28,713	\$ 57,208	\$ 8,895	\$ 2,974,076
Accumulated depreciation	-	( 122,261)	( 113,187)	( 26,868)	( 18,953)	( 31,714)	-	( 312,983)
	<u>\$ 2,140,661</u>	<u>\$ 353,783</u>	<u>\$ 106,560</u>	<u>\$ 15,940</u>	<u>\$ 9,760</u>	<u>\$ 25,494</u>	<u>\$ 8,895</u>	<u>\$ 2,661,093</u>
<u>2021</u>								
Opening net book amount as at January 1	\$ 2,140,661	\$ 353,783	\$ 106,560	\$ 15,940	\$ 9,760	\$ 25,494	\$ 8,895	\$ 2,661,093
Additions	-	8,986	24,135	10,166	693	5,697	12,335	62,012
Disposals	-	-	( 1)	( 8)	-	( 1)	-	( 10)
Transfer	-	11,362	-	-	-	1,777	( 13,139)	-
Depreciation charge	-	( 35,251)	( 46,668)	( 7,193)	( 7,616)	( 9,399)	-	( 106,127)
Closing net book amount as at December 31	<u>\$ 2,140,661</u>	<u>\$ 338,880</u>	<u>\$ 84,026</u>	<u>\$ 18,905</u>	<u>\$ 2,837</u>	<u>\$ 23,568</u>	<u>\$ 8,091</u>	<u>\$ 2,616,968</u>
<u>At December 31, 2021</u>								
Cost	\$ 2,140,661	\$ 496,391	\$ 189,462	\$ 31,677	\$ 29,235	\$ 39,928	\$ 8,091	\$ 2,935,445
Accumulated depreciation	-	( 157,511)	( 105,436)	( 12,772)	( 26,398)	( 16,360)	-	( 318,477)
	<u>\$ 2,140,661</u>	<u>\$ 338,880</u>	<u>\$ 84,026</u>	<u>\$ 18,905</u>	<u>\$ 2,837</u>	<u>\$ 23,568</u>	<u>\$ 8,091</u>	<u>\$ 2,616,968</u>

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Unfinished construction</u>	<u>Total</u>
<u>At January 1, 2020</u>								
Cost	\$ 2,140,661	\$ 468,765	\$ 190,811	\$ 35,959	\$ 26,128	\$ 39,356	\$ 166	\$ 2,901,846
Accumulated depreciation	-	( 91,123)	( 87,844)	( 30,610)	( 14,572)	( 22,487)	-	( 236,636)
	<u>\$ 2,140,661</u>	<u>\$ 377,642</u>	<u>\$ 102,967</u>	<u>\$ 15,349</u>	<u>\$ 11,556</u>	<u>\$ 16,869</u>	<u>\$ 166</u>	<u>\$ 2,665,210</u>
<u>2020</u>								
Opening net book amount as at January 1	\$ 2,140,661	\$ 377,642	\$ 102,967	\$ 15,349	\$ 11,556	\$ 16,869	\$ 166	\$ 2,665,210
Additions	-	8,636	50,175	9,320	2,528	809	29,723	101,191
Disposals	-	-	( 1)	-	-	-	-	( 1)
Transfer	-	166	-	1,053	1,523	18,252	( 20,994)	-
Depreciation charge	-	( 33,661)	( 46,581)	( 9,782)	( 5,847)	( 10,436)	-	( 105,307)
Closing net book amount as at December 31	<u>\$ 2,140,661</u>	<u>\$ 353,783</u>	<u>\$ 106,560</u>	<u>\$ 15,940</u>	<u>\$ 9,760</u>	<u>\$ 25,494</u>	<u>\$ 8,895</u>	<u>\$ 2,661,093</u>
<u>At December 31, 2020</u>								
Cost	\$ 2,140,661	\$ 476,044	\$ 219,747	\$ 42,808	\$ 28,713	\$ 57,208	\$ 8,895	\$ 2,974,076
Accumulated depreciation	-	( 122,261)	( 113,187)	( 26,868)	( 18,953)	( 31,714)	-	( 312,983)
	<u>\$ 2,140,661</u>	<u>\$ 353,783</u>	<u>\$ 106,560</u>	<u>\$ 15,940</u>	<u>\$ 9,760</u>	<u>\$ 25,494</u>	<u>\$ 8,895</u>	<u>\$ 2,661,093</u>

- A. The Company'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.

(8) Leasing arrangements - lessee

- A. The Company leases various assets including buildings and business vehicles. Rental contracts are typically made for periods of 1 to 4 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 building and multifunction printers. For the years ended December 31, 2021 and 2020, payments of lease commitments for short-term leases amounted to \$2,105 and \$2,015, respectively.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Book value	
	December 31, 2021	December 31, 2020
Buildings	\$ 64,780	\$ 40,237
Land improvements	1,610	3,063
Transportation equipment (Business vehicles)	1,493	191
	<u>\$ 67,883</u>	<u>\$ 43,491</u>

	Depreciation charge	
	Years ended December 31,	
	2021	2020
Buildings	\$ 15,940	\$ 11,649
Land improvements	1,453	1,131
Transportation equipment (Business vehicles)	1,186	711
	<u>\$ 18,579</u>	<u>\$ 13,491</u>

- D. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$43,638 and \$25,752, respectively.
- E. Information on profit or loss in relation to lease contracts is as follows:

	Years ended December 31,	
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 463	\$ 186
Expense on short-term lease contracts	\$ 2,105	\$ 2,015

- F. For the years ended December 31, 2021 and 2020, the Company's total cash outflow for leases were \$21,307 and \$15,717, respectively.

(9) Leasing arrangements-lessor

- A. The Company leases various assets including buildings. Rental contracts are typically made for periods of 1 and 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, or a residual value guarantee was required.

B. Gain arising from operating lease agreements for the years ended December 31, 2021 and 2020 is as follows:

	Years ended December 31,	
	2021	2020
Rent income	\$ 41,212	\$ 43,249

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

	December 31, 2021	December 31, 2020
2021	\$ -	\$ 38,367
2022	4,230	3,925
2023	3,925	3,925
2024	327	327
	\$ 8,482	\$ 46,544

(10) Intangible assets

	<u>Licence fees</u>	<u>Software</u>	<u>Other intangible asset</u>	<u>Total</u>
<u>At January 1, 2021</u>				
Cost	\$ 1,484,120	\$ 41,635	\$ 21,660	\$ 1,547,415
Accumulated amortisation	( 672,509)	( 20,326)	( 410)	( 693,245)
Accumulated impairment	( 45,259)	-	-	( 45,259)
	\$ 766,352	\$ 21,309	\$ 21,250	\$ 808,911
<u>2021</u>				
Opening net book amount as at January 1	\$ 766,352	\$ 21,309	\$ 21,250	\$ 808,911
Additions	139,790	45,837	1,173	186,800
Amortisation charge	( 578,343)	( 37,520)	( 109)	( 615,972)
Impairment loss (Note 1)	( 44,826)	-	-	( 44,826)
Reclassifications (Note 2)	( 4,296)	-	-	( 4,296)
Change in accounting estimates (Note 3)	( 173,048)	-	-	( 173,048)
Closing net book amount as at December 31	\$ 105,629	\$ 29,626	\$ 22,314	\$ 157,569
<u>At December 31, 2021</u>				
Cost	\$ 1,432,280	\$ 62,916	\$ 22,356	\$ 1,517,552
Accumulated amortisation	( 1,246,685)	( 33,290)	( 42)	( 1,280,017)
Accumulated impairment	( 79,966)	-	-	( 79,966)
	\$ 105,629	\$ 29,626	\$ 22,314	\$ 157,569

Note 1: Impairment loss refer to Note 6(12).

Note 2: It was other prepayment reclassified to Licence fees and Licence fees reclassified to other unearned revenue.

Note 3: Change in accounting estimates refer to Note 6(14).

	<u>Licence fees</u>	<u>Software</u>	<u>Other intangible asset</u>	<u>Total</u>
<u>At January 1, 2020</u>				
Cost	\$ 303,152	\$ 41,818	\$ 3,640	\$ 348,610
Accumulated amortisation	( 129,720)	( 22,542)	( 2,298)	( 154,560)
Accumulated impairment	( 35,140)	-	-	( 35,140)
	<u>\$ 138,292</u>	<u>\$ 19,276</u>	<u>\$ 1,342</u>	<u>\$ 158,910</u>
<u>2020</u>				
Opening net book amount as at January 1	\$ 138,292	\$ 19,276	\$ 1,342	\$ 158,910
Additions	1,325,546	36,523	21,184	1,383,253
Amortisation charge	( 687,367)	( 34,490)	( 594)	( 722,451)
Impairment loss	( 10,119)	-	-	( 10,119)
Reclassifications (Note)	-	-	( 682)	( 682)
Closing net book amount as at December 31	<u>\$ 766,352</u>	<u>\$ 21,309</u>	<u>\$ 21,250</u>	<u>\$ 808,911</u>
<u>At December 31, 2020</u>				
Cost	\$ 1,484,120	\$ 41,635	\$ 21,660	\$ 1,547,415
Accumulated amortisation	( 672,509)	( 20,326)	( 410)	( 693,245)
Accumulated impairment	( 45,259)	-	-	( 45,259)
	<u>\$ 766,352</u>	<u>\$ 21,309</u>	<u>\$ 21,250</u>	<u>\$ 808,911</u>

Note: It was reclassified to other non-current assets.

The details of amortisation are as follows:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Operating costs	\$ 579,017	\$ 688,072
Selling expenses	9,306	10,476
General and administrative expenses	13,900	21,539
Research and development expenses	13,749	2,364
	<u>\$ 615,972</u>	<u>\$ 722,451</u>

(11) Other non-current assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Overdue accounts receivable	\$ 98,239	\$ 98,239
Less: Allowance for doubtful accounts	( 98,239)	( 98,239)
Refundable deposits	14,918	11,930
Others	4,168	1,514
	<u>\$ 19,086</u>	<u>\$ 13,444</u>

(12) Impairment of non-financial assets

The Company recognised impairment loss of \$100,247 and \$10,119 for the years ended December 31, 2021 and 2020, respectively. Details are as follows:

	Recognised in profit or loss	
	Years ended December 31,	
	2021	2020
Impairment loss-license fees	\$ 44,826	\$ 10,119
Impairment loss-Investments accounted for under equity method	55,421	-
	<u>\$ 100,247</u>	<u>\$ 10,119</u>

- A. The Company recognised impairment loss on the license fees for the year ended December 31, 2021 and 2020 as the recoverable amount of the present value of future cash flows of license fees is less than the carrying amount.
- B. (a) The Company assessed recoverable amount of investments accounted for under equity method, subsidiaries, NOWnews and Digicentre. The Company test impairment by comparing recoverable amount with carry amount, which determine the overall book value of the investments including Goodwill as a single asset.

The Company used value-in-use calculated by external appraiser to be the recoverable amount. The Company recognised an impairment loss on investments accounted for under equity method at December 31, 2021, because the value-in use was lower than the carrying amount. While the value-in use was higher than the carrying amount at December 31, 2020, no impairment loss was occurred. The main assumptions used in calculating value in use are set out below:

	December 31, 2021	December 31, 2020
Growth rate	2.5%-5.5%	3.2%-4.3%
Discount rate	13.2%-14.1%	13.9%-14.6%

- (b) In addition, for the premium on investment accounted for under equity method, the recoverable amount was calculated using value-in-use. No impairment loss was occurred due to the recoverable amount is higher than its carrying amount. The adopted value-in-use took into consideration operating profit margin, growth rate and discount rate.

Management determined budgeted operating profit margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

(13) Short-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bank borrowings		
Secured borrowings	\$ -	\$ 102,533
Credit line	\$ 3,011,695	\$ 3,106,161
Interest rate	-	0.90%

(14) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Payable on equipment and intangible assets (Note)	\$ 24,012	\$ 474,668
Employees' compensation payable	183,533	137,872
Salary and annual bonus payable	105,512	99,597
Payable for advertising	57,978	74,863
Commission payable	51,822	50,808
Payable on value-added tax and tax collection	70,928	28,475
Directors' remuneration payable	34,219	24,155
Payable for labor and health insurance fees	17,019	11,109
Others	23,855	32,794
	<u>\$ 568,878</u>	<u>\$ 934,341</u>

Note: The payment conditions and 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. On December 31, 2020, the Company recognised the license fees and payable on intangible assets due to 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.

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	<u>December 31, 2021</u>
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, Buildings and structures	\$ 80,000
Less: Current portion				( 80,000)
				<u>\$ -</u>

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2020
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	\$ 240,000
Less: Current portion				( 160,000) \$ 80,000

## (16) 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 Law. 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 by next March.
- (b) The pension costs under the defined benefit pension plan of the Company for the years ended December 31, 2021 and 2020 were \$839 and \$687, respectively.
- (c) The amounts recognised in the balance sheet are as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	(\$ 72,581)	(\$ 77,575)
Fair value of plan assets	67,597	67,106
Net defined benefit liability (shown as Other non-current liabilities)	(\$ 4,984)	(\$ 10,469)

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit (liability) asset</u>
<u>Year ended December 31, 2021</u>			
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
Change in financial assumptions	2,582	-	2,582
Experience adjustments	<u>1,581</u>	<u>-</u>	<u>1,581</u>
	<u>4,163</u>	<u>945</u>	<u>5,108</u>
Pension fund contribution	-	1,216	1,216
Paid pension	<u>1,938</u>	<u>( 1,938)</u>	<u>-</u>
Balance at December 31	<u>(\$ 72,581)</u>	<u>\$ 67,597</u>	<u>(\$ 4,984)</u>

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit (liability) asset</u>
<u>Year ended December 31, 2020</u>			
Balance at January 1	(\$ 67,103)	\$ 63,977	(\$ 3,126)
Current service cost	( 662)	-	( 662)
Interest (expense) income	( 537)	512	( 25)
	<u>( 68,302)</u>	<u>64,489</u>	<u>( 3,813)</u>
Remeasurements:			
Return on plan assets	-	2,126	2,126
Change in financial assumptions	( 3,795)	-	( 3,795)
Experience adjustments	<u>( 6,271)</u>	<u>-</u>	<u>( 6,271)</u>
	<u>( 10,066)</u>	<u>2,126</u>	<u>( 7,940)</u>
Pension fund contribution	-	1,284	1,284
Paid pension	<u>793</u>	<u>( 793)</u>	<u>-</u>
Balance at December 31	<u>(\$ 77,575)</u>	<u>\$ 67,106</u>	<u>(\$ 10,469)</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 authorized 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, 2021 and 2020 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,	
	2021	2020
Discount rate	0.70%	0.40%
Future salary increases	3.50%	3.50%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory for the years ended December 31, 2021 and 2020.

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, 2021				
Effect on present value of defined benefit obligation	(\$ 2,067)	\$ 2,144	\$ 1,900	(\$ 1,846)
December 31, 2020				
Effect on present value of defined benefit obligation	(\$ 2,399)	\$ 2,495	\$ 2,221	(\$ 2,152)

The sensitivity analysis above was 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, 2022 amount to \$1,132.

**B. Defined contribution plan**

(a) Effective July 1, 2005, the Company has 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 contributes 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) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2021 and 2020 were \$20,781 and \$18,366, respectively.

**(17) Share-based payment**

A. For the year ended December 31, 2021, there were no share-based payment arrangements.

B. For the year ended December 31, 2020, the Company's share-based payment arrangements was as follows:

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions
12 <sup>th</sup> treasury stock transferred to employees of the Company and subsidiaries (Note)	2020.6.29	2,241	NA	Vested immediately

Note: For the 12<sup>th</sup> treasury stock transferred to employees of the Company and subsidiaries, the period of actual payment and transfer were from August 6, 2020 to August 10, 2020, and from September 2, 2020 to September 4, 2020, respectively.

C. The fair value of treasury stock transferred to employees on June 29, 2020 is measured using the Black-Scholes pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Exercise price (in dollars)	Expected price volatility (Note)	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
12 <sup>th</sup> treasury stock transferred to employees of the Company and subsidiaries	2020.6.29	\$ 4.81	36.00%	0.12 year	0.34%	\$ 29.41

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

D. Expenses incurred on share-based payment transactions are shown below:

	Years ended December 31,	
	2021	2020
Equity-settled	\$ -	\$ 49,966

E. The Company transferred the treasury shares to employees of the subsidiaries and the capital surplus caused by share-based payment were \$15,897 for the years ended December 31, 2020.

(18) Common stock

A. As of December 31, 2021, 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.

B. Movements in the number of the Company's ordinary shares (in thousands) outstanding are as follows:

	2021	2020
At January 1	175,494	175,494
Treasury shares purchased	-	(2,241)
Treasury stock transferred to employees	-	2,241
At December 31	175,494	175,494

C. Treasury shares

(a) The Company has no treasury shares because they were all transferred to employees as of December 31, 2020.

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within three year are to be retired.

(19) 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.

(20) 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 to be resolved by the stockholders at the stockholders' meeting.

B. The Company's dividend policy adopts 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 Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

- E. On June 17, 2020, the shareholders during their meeting resolved the 2019 appropriations of retained earnings as follows:

	Year ended December 31, 2019	
	Amount	Dividend per share (in dollars)
Legal reserve appropriated	\$ 88,790	\$ -
Special reserve appropriated	( 27,219)	-
Cash dividends distributed to shareholders	544,030	3.1
	<u>\$ 605,601</u>	<u>\$ 3.1</u>

- F. 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>

- G. On March 10, 2022, the board of directors meeting resolved the proposal of 2021 appropriations of retained earnings as follows:

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

- H. Information about the appropriations approved by the Board of Directors and resolved by the shareholders and appropriations of employees' compensation and directors' and supervisors' 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, please refer to Note 6(27).

(21) Other equity items

	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 - company	-	47,250	47,250
Revaluation - subsidiaries	-	11,561	11,561
Revaluation transferred to retained earnings - Company	-	24,455	24,455
Revaluation transferred to retained earnings-subsiidiaries	-	( 12,873)	( 12,873)
Currency translation differences:			
- Company	( 17,503)	-	( 17,503)
- Subsidiaries	( 6,338)	-	( 6,338)
At December 31	(\$ 131,809)	(\$ 373,543)	(\$ 505,352)

	2020		
	Translation differences	Unrealised gain or loss on financial assets at fair value through other comprehensive income	Total
At January 1	(\$ 73,174)	(\$ 98,802)	(\$ 171,976)
Revaluation - company	-	( 46,931)	( 46,931)
Revaluation - subsidiaries	-	( 24,597)	( 24,597)
Revaluation transferred to retained earnings - Company	-	( 273,606)	( 273,606)
Currency translation differences:			
- Company	( 30,619)	-	( 30,619)
- Subsidiaries	( 4,175)	-	( 4,175)
At December 31	(\$ 107,968)	(\$ 443,936)	(\$ 551,904)

(22) Operating revenue

	Years ended December 31,	
	2021	2020
Revenue from contracts with customers	\$ 8,285,403	\$ 7,423,592

A. Disaggregation of revenue from contracts with customers

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

Year ended December 31, 2021	Online and mobile games revenue	Service revenue	Other operating revenue	Total
Revenue from external customer contracts	\$ 7,979,709	\$ 174,738	\$ 130,956	\$ 8,285,403
Timing of revenue recognition				
At a point in time	\$ 7,356,689	\$ -	\$ 130,956	\$ 7,487,645
Over time	623,020	174,738	-	797,758
	<u>\$ 7,979,709</u>	<u>\$ 174,738</u>	<u>\$ 130,956</u>	<u>\$ 8,285,403</u>
Year ended December 31, 2020	Online and mobile games revenue	Service revenue	Other operating revenue	Total
Revenue from external customer contracts	\$ 7,201,498	\$ 140,173	\$ 81,921	\$ 7,423,592
Timing of revenue recognition				
At a point in time	\$ 6,948,938	\$ -	\$ 81,921	\$ 7,030,859
Over time	252,560	140,173	-	392,733
	<u>\$ 7,201,498</u>	<u>\$ 140,173</u>	<u>\$ 81,921</u>	<u>\$ 7,423,592</u>

B. Contract liabilities

(a) The Company recognised contract liabilities related to the contract revenue from sales amounting to \$473,290, \$373,877 and \$128,639 as of December 31, 2021 and 2020, and January 1, 2020, respectively. The Company'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,	
	2021	2020
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Revenue from games	\$ 373,877	\$ 128,639

(23) Interest income

	Years ended December 31,	
	2021	2020
Interest income from bank deposits	\$ 632	\$ 2,370

(24) Other income

	Years ended December 31,	
	2021	2020
Rental revenue	\$ 41,212	\$ 43,249
Other income	11,605	27,675
	<u>\$ 52,817</u>	<u>\$ 70,924</u>

(25) Other gains and losses

	Years ended December 31,	
	2021	2020
Net currency exchange loss	(\$ 269)	(\$ 1,256)
Loss on disposal of property, plant and equipment	( 5)	( 1)
Impairment loss on non-financial asset	( 100,247)	( 10,119)
Others	( 2,894)	( 6,859)
	<u>(\$ 103,415)</u>	<u>(\$ 18,235)</u>

(26) Finance costs

	Years ended December 31,	
	2021	2020
Interest expense:		
Bank borrowings	\$ 3,328	\$ 8,543
Lease liability	463	186
	<u>\$ 3,791</u>	<u>\$ 8,729</u>

(27) Employee benefits, depreciation and amortisation expense

	Years ended December 31,	
	2021	2020
Employee benefit expense		
Wages and salaries	\$ 611,470	\$ 505,973
Directors' remuneration	34,146	25,654
Share-based payment	-	49,966
Labor and health insurance fees	38,358	33,052
Pension costs	21,620	19,053
Other personnel expenses	23,593	21,170
	<u>\$ 729,187</u>	<u>\$ 654,868</u>
Depreciation on property, plant and equipment (including right-of-use assets)	<u>\$ 124,706</u>	<u>\$ 118,798</u>
Amortisation expense	<u>\$ 615,972</u>	<u>\$ 722,451</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, when there is still accumulated losses of the Company, it shall reserve the compensation amount in advance.

- B. (a) For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$165,319 and \$118,052, respectively, while directors' and supervisors' remuneration was accrued at \$33,064 and \$23,610, respectively. The aforementioned amounts were recognised in salary expenses.
- (b) For the year ended December 31, 2021, the employees' compensation and directors' remuneration were estimated and accrued based on the distributable profit of current year as of the end of reporting period. Employees' compensation and directors' remuneration for 2021 amounted to \$163,299 and \$32,000, respectively, as resolved at the meeting of Board of Directors. The employees' compensation for 2021 as resolved by the Board of Directors was in agreement with those amounts recognised in the 2021 financial statements, and the difference of \$2,020 for directors' remuneration and the difference of \$1,064 for employees' compensation between the amounts resolved at the Board meeting and the amounts recognised in the 2021 financial statements had been adjusted in the profit or loss for 2022.
- (c) Employees' compensation and directors' and supervisors' remuneration for 2020 amounted to \$118,052 and \$23,000, respectively, as resolved at the meeting of the Board of Directors. The difference of \$610 between the amounts resolved at the Board meeting and the amounts recognised in the 2020 financial statements had been adjusted in the profit or loss for 2021.
- 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.

## (28) Income tax

### A. Income tax expense

#### (a) Components of income tax expense:

	Years ended December 31,	
	2021	2020
Current tax:		
Current tax on profit for the year	\$ 281,589	\$ 203,762
Tax on undistributed earnings	16,079	10,804
Prior year income tax over estimation	( 310)	( 5,994)
Total current tax	<u>297,358</u>	<u>208,572</u>
Deferred tax:		
Origination and reversal of temporary differences	27,017	( 41,057)
Total deferred tax	<u>27,017</u>	<u>( 41,057)</u>
Income tax expense	<u>\$ 324,375</u>	<u>\$ 167,515</u>

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

	Years ended December 31,	
	2021	2020
Remeasurement of defined benefit obligation	\$ 1,022	(\$ 1,588)
Currency translation differences	(2,721)	(9,331)
	<u>(\$ 1,699)</u>	<u>(\$ 10,919)</u>

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

	Years ended December 31,	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	\$ 286,131	\$ 208,002
Effect from items disallowed by tax regulation	47,256	37,425
Tax exempt income by tax regulation	(25,085)	(68,111)
Overseas investment income not recognised as deferred tax liabilities	304	(14,611)
Prior year income tax over estimation	(310)	(5,994)
Tax on undistributed earnings	16,079	10,804
Income tax expense	<u>\$ 324,375</u>	<u>\$ 167,515</u>

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

	Year ended December 31, 2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Allowance for inventory obsolescence	\$ 487	\$ 37	\$ -	\$ 524
Impairment loss on intangible assets	6,937	(1,310)	-	5,627
Impairment loss on financial assets	1,971	(1,971)	-	-
Investment loss accounted for under equity method	76,824	1,209	-	78,033
Compensation for unused leave	3,968	-	-	3,968
Deferred revenue	2,010	4,357	-	6,367
Pension	2,094	(75)	(1,022)	997
Unrealised exchange loss	311	107	-	418
Royalty payable	48,440	(29,371)	-	19,069
Currency translation differences	9,331	-	2,721	12,052
	<u>\$ 152,373</u>	<u>(\$ 27,017)</u>	<u>\$ 1,699</u>	<u>\$ 127,055</u>

	Year ended December 31, 2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences				
Allowance for inventory obsolescence	\$ 427	\$ 60	\$ -	\$ 487
Impairment loss on intangible assets	5,628	1,309	-	6,937
Impairment loss on financial assets	1,971	-	-	1,971
Investment loss accounted for under equity method	84,352	(7,528)	-	76,824
Compensation for unused leave	3,968	-	-	3,968
Deferred revenue	3,183	(1,173)	-	2,010
Pension	625	(119)	1,588	2,094
Unrealised exchange loss	243	68	-	311
Royalty payable	-	48,440	-	48,440
Currency translation differences	-	-	9,331	9,331
	<u>\$ 100,397</u>	<u>\$ 41,057</u>	<u>\$ 10,919</u>	<u>\$ 152,373</u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Deductible temporary differences	\$ 56,248	\$ 55,945

The deductible temporary differences arise when the Company does not plan to dispose subsidiaries in the foreseeable future. Thus, the part of investment loss on overseas subsidiaries was not recognised as deferred tax assets.

E. As of December 31, 2021, the Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(29) Earnings per share

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

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the company	\$ 872,496	174,474	\$ 5.00
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the company	\$ 872,496	-	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation (Note)	-	2,156	
Profit attributable to ordinary shareholders of the company plus assumed conversion of all dilutive potential ordinary shares	\$ 872,496	176,630	\$ 4.94

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.

(30) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2021	2020
Acquisition of property, plant and equipment	\$ 62,012	\$ 101,191
Add: Opening balance of other payables-related parties	2,815	113
Add: Opening balance of other payables	20,410	23,330
Less: Ending balance of other payables-related parties	( 1,667)	( 2,815)
Less: Ending balance of other payables	( 18,147)	( 20,410)
Cash paid during the year	<u>\$ 65,423</u>	<u>\$ 101,409</u>

	Years ended December 31,	
	2021	2020
Purchase of intangible assets	\$ 186,800	\$ 1,383,253
Add: Opening balance of other payables	454,258	45,085
Add: Opening balance of other payables-related parties	-	6,193
Less: Ending balance of other payables	( 5,865)	( 454,258)
Less: Ending balance of other payables-related parties	( 450,000)	-
Cash paid during the year	<u>\$ 185,193</u>	<u>\$ 980,273</u>

(31) Changes in liabilities from financing activities

In accordance with amendments to IAS 7, 'Disclosure initiative', movements for the years ended December 31, 2021 and 2020 are as follows:

	Short-term borrowings	Long-term borrowings (Note)	Lease liabilities	Liabilities from financing activities-gross
January 1, 2021	\$ 102,533	\$ 240,000	\$ 43,542	\$ 386,075
Changes in cash flow from financing activities	( 102,533)	( 160,000)	( 18,739)	( 281,272)
Changes in other non-cash items	-	-	42,968	42,968
December 31, 2021	<u>\$ -</u>	<u>\$ 80,000</u>	<u>\$ 67,771</u>	<u>\$ 147,771</u>

	Short-term borrowings	Long-term borrowings (Note)	Lease liabilities	Liabilities from financing activities-gross
January 1, 2020	\$ 650,000	\$ 400,000	\$ 31,326	\$ 1,081,326
Changes in cash flow from financing activities	( 547,467)	( 160,000)	( 13,516)	( 720,983)
Changes in other non-cash items				
Increase in right-of-use assets	-	-	25,732	25,732
December 31, 2020	<u>\$ 102,533</u>	<u>\$ 240,000</u>	<u>\$ 43,542</u>	<u>\$ 386,075</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
Gamania Digital Entertainment (H.K.) Co., Ltd.	Subsidiary
Gamania International Holdings Ltd.	*
Gash Point (Hong Kong) Company Ltd. (Gash Point (Hong Kong))	*
Gash Point (Japan) Co., Ltd.	*
Gash Point (Korea) Co., Ltd.	*
Gash Point Co., Ltd. (Gash Point)	*
Joymabee Entertainment Co., Ltd.	*
Fundation Digital Entertainment Co., Ltd.	*
Gamania Asia Investment Co., Ltd. (Gamania Asia)	*
Jollybuy Digital Technology Co., Ltd. (Jollybuy)	*
Two Tigers Co. Ltd.	*
Indiland Co., Ltd.	*
Hapod Digital Technology Co., Ltd. (Hapod)	*
Coco Digital Technology Co., Ltd. (Coco)	*
Circo, Inc. (Circo)	*
Ants' Power Co., Ltd. (Ants' Power)	*
Coture New Media Co., Ltd. (Coture New Media)	*
Conetter Comarketing Co., Ltd. (Conetter)	*
GAMA PAY Co., Ltd. (GAMA PAY)	*
MadSugr Digital Technology Co., Ltd.	*
Achieve Made International Ltd.	*
Jollywiz Digital Technology Co., Ltd. (Jollywiz)	*
Jollywiz Digital Business Co., Ltd.	*

Names of related parties	Relationship with the Company
Gamania Digital Entertainment (Beijing) Co., Ltd.	Subsidiary
Bean Go! Co., Ltd. (Bean Go!)	"
We Backers Co., Ltd. (We Backers)	"
Hyperg Smart Security Technology Pte. Ltd.	"
Bjolly Co., Ltd.	"
Digicentre Company Limited (Digicentre)	"
NOWnews Network Co., Ltd. (NOWnews)	"
Aotter Inc.	Associate
Chuang Meng Shr Ji Co., Ltd.	"
Pri-one Commercial Production Co., Ltd.	"
GungHo Gamania Co., Limited	"
Isdway Digital Technology Co., Ltd.	"
Walkermedia Co., Ltd. (Walkermedia)	"
Store Marais Co., Ltd. (Marais) (Note)	"
Polysh Co., Ltd. (Note)	"
Gamania Cheer Up Foundation	Other related party
Wanwin International Co., Ltd.	"

Note: On March 1, 2020, Marais merged with Polysh through a stock swap at a ratio of 1:1 with the shareholders who previously owned Polysh. Marais was the surviving company and Polysh was the dissolved company after the merger. The related party transactions of Marais have disclosed from March 1, 2020.

### (3) Significant transactions and balances with related parties

#### A. Sales-service revenue

	Years ended December 31.	
	2021	2020
Subsidiaries	\$ 121,253	\$ 71,929
Associates	20,193	46,754
Other related parties	1,038	1,095
	<u>\$ 142,484</u>	<u>\$ 119,778</u>

The above pertains to collections from subsidiaries and associates for customer services and administrative services. The terms and prices of services were negotiated based on different factors. There is no similar transaction to compare with. The collection terms were similar with third parties.

B. Other operating revenue (including royalty revenue and revenue from selling merchandise)

	Years ended December 31,	
	2021	2020
Subsidiaries		
GHK	\$ 126,080	\$ 79,051
Others	801	806
Other related parties	36	502
	<u>\$ 126,917</u>	<u>\$ 80,359</u>

The above represents on-line game royalty collected from the subsidiaries and the revenue from merchandise sold to subsidiaries and associates. Except for the price of merchandise revenue which is similar with third parties, others have no similar transactions to compare with.

C. Operating costs

	Years ended December 31,	
	2021	2020
Subsidiaries		
Cash point	\$ 529,806	\$ 409,324
Others	264,113	170,345
	<u>\$ 793,919</u>	<u>\$ 579,669</u>

The above represents service cost and cost of private network and IDC paid to subsidiaries, and the terms are in accordance with mutual agreements.

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

	Years ended December 31,	
	2021	2020
Subsidiaries		
Conetter	\$ 257,357	\$ 195,898
Others	161,666	175,067
Associates	18,911	21,727
Other related parties	5,248	20,009
	<u>\$ 443,182</u>	<u>\$ 412,701</u>

The above represents payments to subsidiaries and associates for advertisement, internet bandwidth service, customer service and donation to other related parties, and the terms are in accordance with mutual agreements.

E. Donation (shown in general and administrative expenses)

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Other related parties		
Gamania Cheer Up Foundation	\$ 17,500	\$ 15,500

The Company made donations in support of projects for caring and empowering the youth which had been approved by the Board of Directors.

F. Rental revenue (shown in other income)

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries		
Gash Point	\$ 9,220	\$ 9,335
Ants' Power	4,135	5,500
Others	11,846	26,954
Associates	23	23
Other related parties	286	313
	<u>\$ 25,510</u>	<u>\$ 42,125</u>

Rent revenue is earned from the lease of warehouse and office to subsidiaries and associates. The amounts of rent are in accordance with mutual agreements. Payments for office rentals are collected in advance in the form of monthly postdated checks for one year or monthly in the form of telegraphic transfer, while payments for warehouse rentals are collected monthly in the form of checks. The receivables will offset with payable quarterly. The office lease contract is from May 1, 2015 to December 31, 2024.

G. Accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries		
Gash Point	\$ 571,796	\$ 255,872
Gash Point (HK)	54,658	17,218
Others	36,321	21,416
Associates	7,936	6,233
Other related parties	168	179
	<u>670,879</u>	<u>300,918</u>
Allowance for doubtful accounts	( 43)	( 37)
	<u>\$ 670,836</u>	<u>\$ 300,881</u>

Accounts receivable are mainly revenue of online game points, online game royalty revenue and customer services.

H. Other receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries		
Digicentre	\$ 8,100	\$ 1,485
Gamania Digital Entertainment (Beijing) Co., Ltd.	4,405	4,405
Gash Point	4,329	5,443
Others	10,054	11,699
Associates	2,045	2,435
Other related parties	32	65
	<u>\$ 28,965</u>	<u>\$ 25,532</u>

Other receivables arise mainly from payments on behalf of related parties and so on.

I. Account payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries	<u>\$ 46,888</u>	<u>\$ 33,327</u>

Accounts payable are payables for IDC service fee, channel and royalty.

J. Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries	\$ 142,855	\$ 157,443
Associates	5,088	5,351
Other related parties	346	144
	<u>\$ 148,289</u>	<u>\$ 162,938</u>

Other payables consist of purchases of the subsidiaries' products which are sold to customers through the Company's distributors, expenses paid by related parties on behalf of the Company and payable to subsidiaries for advertising, internet service fees and purchase of equipment.

K. Property transactions

(a) Acquisition of property, plant and equipment

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries	\$ 11,716	\$ 41,680
Other related parties	-	490
	<u>\$ 11,716</u>	<u>\$ 42,170</u>

As of December 31, 2021 and 2020, the unpaid amount was \$1,667 and \$2,815, respectively.

(b) Acquisition of intangible assets

	Years ended December 31,	
	2021	2020
Subsidiaries	\$ 14,709	\$ -

As of December 31, 2021, the unpaid amount was \$0.

(c) Acquisition of financial assets

		Year ended December 31, 2021		
		No. of shares (shares in thousands)	Object	Consideration
Subsidiaries	Accounts			
	Investments accounted for under equity method	6,000	JollyBuy	\$ 60,000
*	"	6,302	NOWnews	63,022
*	"	3,000	Circo	30,000
*	"	27,000	GAMA PAY	270,000
*	"	2,000	Indiland Co., Ltd.	20,000
				<u>\$ 443,022</u>

		Year ended December 31, 2020		
		No. of shares (shares in thousands)	Object	Consideration
Subsidiaries	Accounts			
	Investments accounted for under equity method	4,000	JollyBuy	\$ 50,000
*	"	5,300	NOWnews	52,990
*	"	3,000	Circo	30,000
*	"	400	Bean Go!	4,000
Associates	"	2,700	Cnuang Merg Shr Ji Co., Ltd.	27,000
				<u>\$ 163,990</u>

(d) Disposal of financial assets

		Year ended December 31, 2020		
		No. of shares (shares in thousands)	Objects	Proceeds
Subsidiaries	Accounts			
	Investments accounted for under equity	922 (Note)	Coco	\$ 9,796

Note: The liquidation of coco was completed in July, 2021.

#### L. Commitment

The endorsement/guarantee amounts provided by the Company through credit guarantee and letters of credit for subsidiaries' borrowings are as follows:

	<u>Year ended December 31, 2021</u>		<u>Year ended December 31, 2020</u>	
	<u>Maximum outstanding endorsement/guarantee amount during the year</u>	<u>Endorsement/guarantee amount at the end of year</u>	<u>Maximum outstanding endorsement/guarantee amount during the year</u>	<u>Endorsement/guarantee amount at the end of year</u>
Subsidiaries				
HaPod	\$ 41,715	\$ 41,535	\$ -	\$ -
Jollybuy	30,000	30,000	30,000	30,000
	<u>\$ 71,715</u>	<u>\$ 71,535</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>

#### (4) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Wages and salaries	\$ 146,990	\$ 116,147
Post-employment benefits	229	324
Share-based payments	-	31,796
	<u>\$ 147,219</u>	<u>\$ 148,267</u>

#### 8. PLEDGED ASSETS

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

<u>Pledged assets</u>	<u>Book value</u>		<u>Pledge purpose</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>	
Other current assets			
Demand deposits	\$ 50,000	\$ 5,000	Performance bond of on-line game card's standard contracts
Time deposits	22,152	-	Guarantee for short-term borrowing facility
Property, plant and equipment			
Land	2,140,662	2,140,661	Short-term and long-term loans / Credit lines
Buildings	4,976	225,182	Short-term and long-term loans / Credit lines
	<u>\$ 2,217,790</u>	<u>\$ 2,370,843</u>	

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

### (1) Contingencies

None.

### (2) Commitments

The Company contracted the use of cable lines, T1 and T3, with rental charges based on utilisation. In addition, the Company 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 10, 2022, the Company's board of directors has approved the following significant events:

- A. Please refer to Note 6(20) G. appropriation of retained earnings.
- B. The Company plan to increase shares issued by the subsidiary, Jellybuy, by not over \$80,000, the company's share holding percentage remain 97.90% when the capital increasing completed.
- C. The Company plan to increase share issued by the subsidiary, NOWnews, by not over \$80,000, the company's share holding percentage can be up to 82.04% when the capital increasing completed.

## 12. OTHERS

### (1) Capital risk management

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

### (2) Financial instruments

#### A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 162,155	\$ 120,449
Financial assets at amortised cost		
Cash and cash equivalents	\$ 725,321	\$ 479,706
Accounts receivable (including related parties)	872,280	518,820
Other receivables (including related parties)	69,900	70,948
Other current assets	27,152	-
Guarantee deposits paid	14,918	11,930
	<u>\$ 1,709,571</u>	<u>\$ 1,081,404</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ -	\$ 102,533
Notes payable	-	1,211
Accounts payable (including related parties)	312,677	258,352
Other payable (including related parties)	717,167	1,097,279
Long-term borrowings (including current portion)	80,000	240,000
Guarantee deposits received	72	60
	<u>\$ 1,109,916</u>	<u>\$ 1,699,441</u>
Lease liability	<u>\$ 67,771</u>	<u>\$ 43,542</u>

#### B. Financial risk management policies

The Company'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 Company's risk management program considers the effect of economic environment, competition and market value risk. The Company 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 Company'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 Company 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 Company 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 Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: Functional currency)	December 31, 2021		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<b>Financial assets</b>			
<u>Monetary items</u>			
USD:NTD	\$ 16,706	27.680	\$ 462,422
HKD:NTD	27,810	3.549	98,698
<u>Non-monetary items</u>			
USD:NTD	27,770	27.680	768,672
<b>Financial liabilities</b>			
<u>Monetary items</u>			
USD:NTD	9,589	27.680	265,424
HKD:NTD	8,022	3.549	28,470

(Foreign currency: Functional currency)	December 31, 2020		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<b>Financial assets</b>			
<u>Monetary items</u>			
USD:NTD	\$ 7,967	28.480	\$ 226,900
HKD:NTD	8,754	3.673	32,153
RMB:NTD	1,010	4.377	4,421
<u>Non-monetary items</u>			
USD:NTD	26,813	28.480	763,645
<b>Financial liabilities</b>			
<u>Monetary items</u>			
USD:NTD	47,032	28.480	1,339,471
HKD:NTD	9,842	3.673	36,150

- iv. The total exchange loss, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2021 and 2020 amounted to \$269 and \$1,256, 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, 2021		
	Sensitivity analysis		
	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
USD:NTD	1%	\$ 4,624	\$ -
HKD:NTD	1%	987	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	2,654	-
HKD:NTD	1%	285	-

(Foreign currency: Functional currency)	Year ended December 31, 2020		
	Sensitivity analysis		
	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
USD:NTD	1%	\$ 2,269	\$ -
HKD:NTD	1%	322	-
RMB:NTD	1%	44	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	13,395	-

#### Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise shares by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. However, the Company has set stop-loss amounts for those assets; therefore, no material market risk is expected. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant for the years ended December 31, 2021 and 2020, other comprehensive income classified as equity investment at fair value through other comprehensive income would have increased/decreased by \$1,622 and \$1,205, respectively.

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

- i. The Company's interest rate risk arises from borrowings issued at variable rates and expose the Company to cash flow interest rate risk. The interest rate for short-term borrowings of the Company are mainly floating rate and for long-term borrowings are fixed and variable rates. During the years ended December 31, 2021 and 2020, the Company's borrowings at variable rate were denominated in NTD.
- ii. At December 31, 2021 and 2020, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, after-tax profit for the years ended December 31, 2021 and 2020 would have been \$16 and \$34 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 Company 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.
- ii. According to the Company's credit policy, each local entity in the Company 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. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on accounting and administrator segment ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk mainly arose from cash and cash equivalents and receivables generated from operating activity. Only banks and financial institutions with optimal credit ratings are accepted.
- iii. The Company 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 Company expects that payment cannot be collected and reclassified as overdue receivables.
- v. The Company classifies customer's accounts receivable and contract assets in accordance with product types. The Company applies the simplified approach using the provision matrix to estimate expected credit loss.
- vi. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. On December 31, 2021, the Company had no written-off financial assets that are still under recourse procedures.
- vii. The Company uses the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2021 and 2020, the

provision matrix is as follows:

December 31, 2021			
	Expected loss rate	Total book value	Loss allowance
Not past due	0.01%	\$ 857,836	\$ 43
Up to 30 days	0%	9,147	-
31 to 60 days	0%	2,310	-
61 to 90 days	0%	2,221	-
91 to 120 days	0%	-	-
Over 121 days	0%	809	-
		<u>\$ 872,523</u>	<u>\$ 43</u>

December 31, 2020			
	Expected loss rate	Total book value	Loss allowance
Not past due	0.01%	\$ 515,352	\$ 34
Up to 30 days	0%	1,814	-
31 to 60 days	0%	284	-
61 to 90 days	0%	226	-
91 to 120 days	0%	258	-
Over 121 days	0.65%	926	6
		<u>\$ 518,860</u>	<u>\$ 40</u>

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

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

	2021	2020
At January 1	\$ 98,279	\$ 128,668
Recognise (reversal of) impairment loss	3 (	18)
Write-off	-	( 30,371)
At December 31	<u>\$ 98,282</u>	<u>\$ 98,279</u>

Reversal of losses for the years ended December 31, 2021 and 2020, which was reversal of (recognized) expected credit loss arising from customers' contracts amounted to (\$3) and \$18, respectively.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating units of the Company and aggregated by the capital management department. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure that it has sufficient cash to meet operational needs.
- ii. The table below is the Company'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, 2021	Less than 1 year	Between 1 and 3 years	Over 3 years
Accounts payable	\$ 265,789	\$ -	\$ -
Accounts payable - related parties	46,888	-	-
Other payables	568,878	-	-
Other payables - related parties	148,289	-	-
Lease liabilities	18,861	30,369	19,898
Long-term borrowings (including current portion)	80,420	-	-
December 31, 2020	Less than 1 year	Between 1 and 3 years	Over 3 years
Short-term borrowings	\$ 102,533	\$ -	\$ -
Notes payable	1,211	-	-
Accounts payable	225,025	-	-
Accounts payable - related parties	33,327	-	-
Other payables	934,341	-	-
Other payables - related parties	162,938	-	-
Lease liabilities	17,813	17,150	9,310
Long-term borrowings (including current portion)	162,520	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 Company'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 Company'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 Company'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, notes receivable, accounts receivable (including related parties), other receivables (including related parties), guarantee deposits paid, notes payable, accounts payable (including related parties) and other payables (including related parties), lease liabilities and guarantee deposits received approximate to their 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, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets measured at fair value through other comprehensive income - non-current				
Equity securities	\$ 101,424	\$ -	\$ 60,731	\$ 162,155
<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets measured at fair value through other comprehensive income - non-current				
Equity securities	\$ 46,209	\$ -	\$ 74,240	\$ 120,449

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

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

	<u>Listed (OTC) and emerging shares</u>
Market quoted price	Closing 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 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 Company 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 Company'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 Company'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 parent company only 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, 2021 and 2020, 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, 2021 and 2020:

	Equity securities	
	2021	2020
At January 1	\$ 74,240	\$ 388,934
Losses recognised in other comprehensive income	( 7,964)	( 20,578)
Disposal during the year	( 5,545)	( 294,116)
At December 31	\$ 60,731	\$ 74,240

G. Treasury department segment 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, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments					
Unlisted and non-OTC shares	\$ 60,731	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

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments					
Unlisted and non-OTC shares	\$ 74,240	Market comparable companies	Enterprise value to operating income ratio multiple	31.58-42.05 (35.87)	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 Company 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, 2021					
				Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets							
Equity instrument	Enterprise value to operating income ratio multiple	±1%	\$ -	\$ -	\$ 338	(\$ 338)	
	Discount for lack of marketability	±1%	-	-	608	( 608)	

		December 31, 2020					
				Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets							
Equity instrument	Enterprise value to operating income ratio multiple	±1%	\$ -	\$ -	\$ 387	(\$ 387)	
	Discount for lack of marketability	±1%	-	-	742	( 742)	

#### (4) Other matters

In response to the impact of the novel coronavirus, the Company has activated relevant response mechanisms, and all offices have adopted high-standard epidemic prevention measures. The Company maintains normal operations and adopts different methods in response to government regulations, such as a comprehensive working from home model, the use of group A and B obtaining approval before entering the office, etc. In order to reduce physical contact and avoid the possibility

of mutual infection, meetings are conducted online as much as possible and employees are required to report their health status on a routine basis. So far, the Company has resumed normal work mode and Covid 19 has no significant impact on the overall operations and financial situation of the Company.

### 13. SUPPLEMENTAL DISCLOSURES

The disclosure information of certain investments was audited by the investee companies' auditors.

#### (1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Please refer to table 1.
- C. Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures): Please 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 from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

#### (2) Information on investees

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

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

- A. Basic information: Please 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: Please refer to table 8.

### 14. OPERATING SEGMENT INFORMATION

Disclosure is not required.

**VI. Financial distress of the company or an affiliate and the impacts on the company's finance in the recent year and until date of annual report publication: None.**

**VII. Review and analysis of financial position and financial performance and risk management**

**I Financial position**

Unit: NTD thousand

Item \ Year	2021	2020	Difference		Variation Analysis (Note 1)
			Value	Ratio (%)	
Current assets	5,432,401	4,382,635	1,049,766	23.95	(Note 2)
Real estate, plants, and equipment	2,797,267	2,845,436	(48,169)	(1.69)	
Intangible assets	630,744	1,411,663	(780,919)	(55.32)	(Note 3)
Other assets	612,103	665,161	(53,058)	(7.98)	
Total assets	9,472,515	9,304,895	167,620	1.80	
Current liabilities	3,459,294	3,579,602	(120,308)	(3.36)	
Non-current liabilities	161,168	213,562	(52,394)	(24.53)	(Note 4)
Total liabilities	3,620,462	3,793,164	(172,702)	(4.55)	
Capital stock	1,754,936	1,754,936	-	-	
Additional paid-in capital	1,335,163	1,352,471	(17,308)	(1.28)	
Retained earnings	2,823,692	2,429,145	394,547	16.24	
Other equities	(505,352)	(551,904)	46,552	(8.43)	
Non-controlling interests	443,614	527,083	(83,469)	(15.84)	
Total equity	5,852,053	5,511,731	340,322	6.17	

(Note 1) When the increase or decrease has reached 20% and the value involved has reached NTD 10,000,000.00, it shall be analyzed and explained.

(Note 2) Increase in current assets: Mainly because of the increase in cash.

(Note 3) Decrease in intangible assets: Mainly because of the decrease in agency rights.

(Note 4) Decrease in non-current liabilities was mainly the result of repayment of long-term borrowings.

## II Financial performance

### i. Financial Performance Comparison and Analysis

Unit: NTD thousand

Item \ Year	2021	2020	Increased (Decreased) Value	Change ratio (%)
Operating income	11,372,477	10,443,042	929,435	8.90
Operating Cost	(6,615,392)	(6,474,304)	(141,088)	2.18
Operating gross profit	4,757,085	3,968,738	788,347	19.86
Operating expense	(3,022,990)	(2,831,323)	(191,667)	6.77
Operating loss or profit	1,734,095	1,137,415	596,680	52.46
Non-operating income and expenditure	(288,999)	(71,868)	(217,131)	302.12
Pre-tax net profit (loss)	1,445,096	1,065,547	379,549	35.62
(Expenditure) Profit from Income Tax	(435,981)	(283,227)	(152,754)	53.93
Net profit of current term	1,009,115	782,320	226,795	28.99
Other combined profits and losses	35,268	(109,948)	145,216	(132.08)
Sum of combined profits (losses) for the current term	1,044,383	672,372	372,011	55.33
Net profit attributable to the owner of the parent company	1,106,281	872,496	233,785	26.79
Net profit attributable to non-controlling interests	(97,166)	(90,176)	(6,990)	7.75
The sum of comprehensive income attributable to the owner of the parent company	1,145,337	759,822	385,515	50.74
Total combined profits or losses attributable to non-controlling interests	(100,954)	(87,450)	(13,504)	15.44

Note 1: Information on the analysis of decreases or increases in the past two years (when the operating gross profit has changed by over 20%, the differential analysis table shall also be produced; when the changes are less than 20%, analysis may be waived):

1. Increase in operating income (loss): Because of the increase in gross profit.
2. Increase in non-operating expenses: Mainly because of the increase in impairment loss.
3. Increase in income tax expenses: Mainly because of the increase in operating profit.
4. Increase in other comprehensive income: Mainly because of the increase in the unrealized profit of current financial assets measured at fair value through other comprehensive income.

Note 2: Reason for the change to the main scope of operation: There were no major changes to the Company's scope of operation and hence no analysis is intended.

Note 3: Expected sales in the coming year and the rationale and major influential factors for the expected sales of the Company to keep growing or declining:

1. Operating income of the Company includes the income from gaming software (online games, mobile services) and sales of goods. As we do not make financial forecast, no sales statistics are available.
2. Possible impacts on the future financial operations of the Company and the countermeasures: The Company will continue to add gaming software and the payment service to its scope of operation for a growth in the operational scale and to fulfill the

profitability goal.

- ii. Analysis of changes in operating gross profit: No analysis was made because changes in the operating gross profit was insignificant.

### III Cash flow

Unit: NTD thousand

Balance of cash at start of term	Net cash flows from operating activities throughout the year	Net cash flows associated with investments and capital raising throughout the year	Remaining (Shortage in) cash	Remedies in case of cash shortage	
				Investment plan	Wealth management plan
\$2,397,601	\$2,556,779	(\$1,535,484)	\$3,418,896	-	-

1. Analysis of change in cash flows of the year:

- (1) Operating activities: Net cash inward flow from normal operating activities.
- (2) Investment and fundraising activities: Net outward cash flow for acquiring intangible assets and distributing cash dividends.

2. Remedies for shortage in cash and liquidity analysis:

- (1) This did not happen.
- (2) Liquidity analysis: The ratio of current assets to current liabilities was 122.43 %; the liquidity was optimal.

Item	Year		Ratio of increase/decrease (%)
	December 31, 2021	December 31, 2020	
Cash flow ratio (%)	73.91	65.20	8.71
Cash flow adequacy ratio (%)	157.21	114.66	42.55
Cash re-investment ratio (%)	44.51	34.81	9.70

Information on decreases/increases:

- a. Cash flow ratio was the result of the increase in cash in-flows from operating activities for the current term.
- b. Cash flow adequacy ratio was the result of the increase in cash in-flows from operating activities for the current term.
- c. Cash re-investment ratio was the result of the increase in cash in-flows from operating activities for the current term.

3. Analysis of cash liquidity in the next year:

Balance of cash at start of term	Net cash flows from operating activities throughout the year	Net cash flows associated with investments and capital raising throughout the year	Remaining (Shortage in) cash	Remedies in case of cash shortage	
				Investment plan	Wealth management plan
\$3,418,896	\$2,250,000	(\$1,900,000)	\$3,768,896	-	-

- (1) Analysis of change in cash flows of the year:
  - a. Operating activities: Net inward cash flow from normal operating activities.
  - b. Investment activities: Net outward cash flow for long-term investments and for asset procurement.
- (2) Projected remedies for shortage in cash and liquidity analysis: Not applicable.

**IV Financial impact of material capital expenditure in the most recent year: None.**

## V Re-investment policies, main causes of profit or loss, and improvement plans in the most recent year, and investment plans in the next year

Reinvestment Analysis Table

Description Item (Note 1)	Investment amount (note 2)	Policy	Main reasons for profits or losses	Improvement Plan	Investment Plan for the coming year
Gamania Digital Entertainment (Beijing) Co., Ltd.	USD 35,300,000.00	Global deployment	The operation is yet to reach a profitable scale.	Operations are supported at the minimum cost.	Depending on the operation.
Gamania Digital Entertainment (H.K.) Co., Ltd.	HKD 25,500,000.00	Global deployment	The operational performance is optimal.	Continue to introduce new products and maximize the revenue and profitability.	Depending on the operation.
Foundation Digital Entertainment Co., Ltd.	NTD 220,000,000.00	Diversified deployment	The operation is yet to reach a profitable scale.	Operations are supported at the minimum cost.	Depending on the operation.
Jollybuy Digital Technology Co., Ltd.	NTD 540,000,000.00	Diversified deployment	The operation is yet to reach a profitable scale.	Continue to optimize operations and maximize revenue	Depending on the operation.
Joymobe Entertainment Company Limited	USD 3,950,000.00	Diversified deployment	The operation is yet to reach a profitable scale.	Continue to optimize operations and maximize revenue	Depending on the operation.
Two Tigers Co., Ltd.	NTD 6,269,000.00	Diversified deployment	The operational performance is optimal.	Continue to promote the animation business.	Depending on the operation.
Gash Point Co., Ltd.	NTD 169,000,000.00	Diversified deployment	The operational performance is optimal.	Continue to maximize revenue and profitability	Depending on the operation.
Gash Point (HK) Company Limited	HKD 750,000.00	Global deployment	The operational performance is optimal.	Continue to maximize revenue and profitability	Depending on the operation.
Gash Point Korea Co., Ltd.	NTD 11,662,000.00	Global deployment	Break even	Operations are supported at the minimum cost.	Depending on the operation.
Gash Point (Japan) Co., Ltd.	JPY 140,000,000.00	Global deployment	The operational performance is optimal.	Continue to maximize revenue and profitability	Depending on the operation.
Indiland Co., Ltd.	NTD 60,000,000.00	Diversified deployment	It is yet to reach a profitable scale.	Continue to optimize operations.	Depending on the operation.
Ciirco, Inc.	NTD 229,400,000.00	Diversified deployment	It is yet to reach a profitable scale.	Operations are supported at the minimum cost.	Depending on the operation.
Ants' Power Co., Ltd.	NTD 10,000,000.00	Diversified deployment	The operational performance is optimal.	Continue to maximize revenue and profitability	Depending on the operation.
Gama Pay Co., Ltd.	NTD 1,119,229,000.00	Diversified deployment	It is yet to reach a profitable scale.	Continue to maximize revenue and profitability	Depending on the operation.
Conetter Comarketing Co., Ltd.	NTD 29,250,000.00	Diversified deployment	The operational performance is optimal.	Continue to maximize revenue and profitability	Depending on the operation.

Achieve Made International (BVI)	USD 6,953,000.00	Diversified deployment	It is yet to reach a profitable scale.	Operations are supported at the minimum cost.	Depending on the operation.
Coture New Media Co., Ltd.	NTD 203,500,000.00	Diversified deployment	It is yet to reach a profitable scale.	Continue to maximize revenue and profitability	Depending on the operation.
Webackers Co., Ltd.	NTD 51,040,000.00	Diversified deployment	It is yet to reach a profitable scale.	Operations are supported at the minimum cost.	Depending on the operation.
Beango Co., Ltd.	NTD 214,000,000.00	Diversified deployment	It is yet to reach a profitable scale.	Operations are supported at the minimum cost.	Depending on the operation.
Hapod Digital Technology Co., Ltd.	USD 2,200,000.00	Diversified deployment	It is yet to reach a profitable scale.	Continue to maximize revenue and profitability	Depending on the operation.
Digicentre Company Limited	NTD 302,637,000.00	Diversified deployment	The operational performance is optimal.	Continue to maximize revenue and profitability	Depending on the operation.
China Post	NTD 1,000.00	Diversified deployment	It is yet to reach a profitable scale.	Operations are supported at the minimum cost.	Depending on the operation.
Nownews Network Co., Ltd.	NTD 494,303,000.00	Diversified deployment	It is yet to reach a profitable scale.	Continue to maximize revenue and profitability	Depending on the operation.

(Note 1): This table only shows reinvestments with actual operations and does not include holding companies that are invested in.

(Note 2): The cumulative investment value by December 31, 2021 including direct and indirect investments.

## **VI Risk analysis and evaluation**

- i. Effects on the company's profit/loss of interest and exchange rate fluctuations and changes in the inflation rate, and future countermeasures:

1. Effect on the company's profit/loss of interest rate fluctuation and future countermeasures:

The Central Bank reduced the interest rate for deposits and loans recently. Due to the fact that interest income and expenditure do not account for a large ratio in the operating profit and pre-tax net profit of the Company, however, changes in interest rate do not impact the Company much. As the Company expands its operating scale, the demand for funds from banks will be increased. In light of this, the Finance Unit of the Company evaluates interests rates at respective banks periodically and keep in close contact with banks in order to get preferred interest rates for borrowings and to reduce the impacts of changes in interest rate on the Company to a minimum.

2. Effect on the company's profit/loss of exchange rate fluctuation and future countermeasures:

As far as foreign currency assets are concerned, the Financial Unit of the Company stays in close contact with the foreign exchange department of each corresponding bank and pays attention to international finance at all times in order to keep track of the latest changes in exchange rate. Since loss or profit from exchange does not account for a large ratio in the operating profit or pre-tax net profit of the Company, changes in exchange rate do not have material impacts on the loss or profit of the Company.

3. Effects on the company's profit/loss of changes in the inflation rate and future countermeasures:

Current inflation has lead to an increase in expenses on respective daily consumables. Entertainment-related spending, nevertheless, is a necessity in life. Meanwhile, the Company has not suffered significant impacts from inflation in terms of profit or loss according to prior experiences. As such, inflation has limited impacts on the Company's loss or profit.

- ii. Policies for high-risk investments, high-leverage investments, loaning of funds, endorsements, guarantees, and derivatives transactions, the main reasons for the profits/losses generated, and future

countermeasures:

1. The “Procedures for Loaning of Funds and Making of Endorsements/Guarantees” and “Procedures for Acquisition or Disposal of Assets” have been approved by the meeting of shareholders to regulate the related matters.
2. We do not engage in high-risk and high-leverage investments, loaning of funds, or derivatives transactions.

iii. Future research and development plans and expenditures expected for research and development

To maintain future competitive strengths, we will invest about NTD 560 million in R&D in 2022. In order to keep investing in the development of mobile games and mobile life Apps and also to answer to the maturing environment for opening up the third-party payment market to related cloud services now, the development of cross-platform transaction-related technologies and electronic payment systems between mobile games and online platforms will be significantly increased in the future.

We will form the blockchain R&D team to engage in the R&D of blockchain technology and application to actively promote the development of Taiwan’s blockchain ecosystem. In the future, we will introduce the one-stop blockchain as a service (BasS) to include blockchain technology development, minting and issue of MFT and exclusive platform building, development and promotion of game finance (Game Fi), and development of decentralized finance (Defi) applications and services.

iv. Financial effects of important policies and legal changes at home and abroad and countermeasures:

Currently, respective financial operations of the Group have been handled in compliance with regulatory requirements. In addition, there are exclusive legal, financial, and accounting units inside the Group that have carefully evaluated respective laws and regulations and planned countermeasures in order to be compliant with regulatory requirements and to reduce their impacts on the financial operations of the Group. The financial operations of the Group had not suffered major negative impacts as a result of major changes to policies and laws domestically and internationally as of the date the Annual Report was printed.

v. Financial effect of science and technology development (including

cybersecurity risks) and industrial changes and countermeasures:

1. Financial effect of science and technology development and industrial changes and countermeasures:

Given the increasing popularity of network broadband and technology products, the constant breakthroughs in network communication technologies, and the constantly changing technological trends, Gamania makes comprehensive deployment in the hope to become a fully web-based flagship group that, with its robust gaming capabilities to comprehensive mobile life applications, takes on challenges and opportunities brought about by technological changes to satisfy the needs of customers.

2. Corporate information security risk and countermeasures

Corporate information security risks include not only external cyber attacks but also insufficient internal awareness and knowledge, viral threats that lead to abnormal or disrupted operations of systems, data alteration and damage; all of them are operational risk factors. Therefore, to ensure information security, besides defining that the information security policy shall be the highest guiding principle based on which applicable information security management organizations, regulations, and operating procedures shall be established, the Company has leaders to hold the management to call for the information security meeting periodically on a yearly basis where existing information security practice is reflected upon and the improvement plan is prepared. Information on possible risks facing the Company in its operation and the countermeasures are provided below.

- (1) Insufficient awareness of information security in employees

Since the data, information, and systems processed by employees directly concern the Company's operation, any carelessness can be subject to downloading or infection of malware to undermine the internal information security of the Company. Besides listing the online information security training that is prepared by the Company as a required course to take, related news on the Internet that has to do with information security is collected on a daily basis and information on the release of internal announcement on information security and implementation of drills is provided from time to time regarding information security attacks that pose relatively high risks at present and the safety protection to reinforce employee awareness about information security.

- (2) Viral threats

Computer viruses can come from websites visited, emails

containing malware, or mobile storage devices, downloading of malware, etc. In light of this, the Company builds multi-level protection and testing, comprehensively installs the international well-known anti-virus system, and imposes centralized monitoring and protection in order to reduce risks of infections or attacks by malware.

(3) Cyberattack

Internet hackers impact corporate operations the most directly. Therefore, besides imposing necessary preventive measures, such as separating important network segments and access control, firewalls, intrusion detection and blocking attacks, websites that offer external connections go through vulnerability and penetration testing periodically/from time to time. In addition, there are application protection and information security vulnerability reporting mechanism and repairing. All are meant to reduce loopholes and chances of attacks to a minimum. In addition, for malicious cyber attacks, related infringing behaviors and their impacts will be compiled and penalties will be imposed as required by law.

(4) Operational disruption

Necessary local/remote backup and recovery drills are organized for important operational services and data of the Company. In case of unavoidable damage to the main operating system or database or operational disruption, operation may be reinstated at different location within the specified timeframe.

(5) Protection of personal data

The Company cleaned up the date of members collected in the early several years ago and has required that the principle of minimal operation be applied in the collection of related data and that handling and protective measures be enforced for each segment in compliance with Personal Data Protection Act at respective operating units. Information security is ensured through the masking of confidential and sensitive data, field/database encryption, and the access control and warning mechanisms and ISO and PCI certifications are obtained. The legitimacy and rigidity at each node of the process are authenticated through audits.

- vi. Effects on crisis management of corporate image changes and countermeasures:

The Gamania Group has been maintaining robust operational performance over the long term, consolidating its core values, perfecting corporate governance, and devoted to seeking maximum benefits for its shareholders and its employees. Its corporate image has been good in the nation. The Company continues with its belief in “exploring infinite possibilities of delight”. Based on the games it creates to help people stay away from depression and remain ambitious and hopeful that are full of creativity to move the players, it has contributed to the long-term developments of the industry. Not only the international corporate image that has been boosted, improved competitive advantages of gaming contents from Taiwan internationally are also a goal.

The Group has its own brand center, customer service, global corporate marketing, investor relations, employee relations, risk management, internal control, and the Gamania Cheer Up Foundation to come together so that the Company can reach new heights on the basis of a good corporate image while at the same time having respective counter measures in place to eradicate and to keep any possible crisis under control.

- vii. Expected benefits and possible risks associated with mergers and acquisitions and mitigation measures: NA

- viii. Expected benefits and possible risks associated with any plant expansion and mitigation measures: NA.

- ix. Risks associated with purchase or sales centralization and mitigation:

For major sources of purchases and destinations of sales, refer to the descriptions provided in the preceding section. They reflect the characteristics of the gaming industry and phased operational strategies. In the future, goals of the Group will be adequately diversified reflective of the industrial growth pattern to decentralize the sources of purchases and destinations of sales and to hopefully maintain balanced and robust operational achievements.

- x. Effects and potential risks of the massive transaction of or conversion of shares of directors, supervisors, or dominant shareholders holding over 10% of the stakes and countermeasures: None.

- xi. Effects and risks of management change and countermeasures: NA.
  
- xii. Litigious and non-litigious matters. List the major litigious events, non-litigious events, or administrative remedies with confirmed verdicts or in progress of the company and its directors, supervisors, president, actual person-in-charge, and major shareholders holding over 10% of the stakes; subsidiaries; affiliates whose results may significantly affect the equity or stock prices in the most recent and until the date of annual report publication: None.
  
- xiii. Other important risks and countermeasures: None.

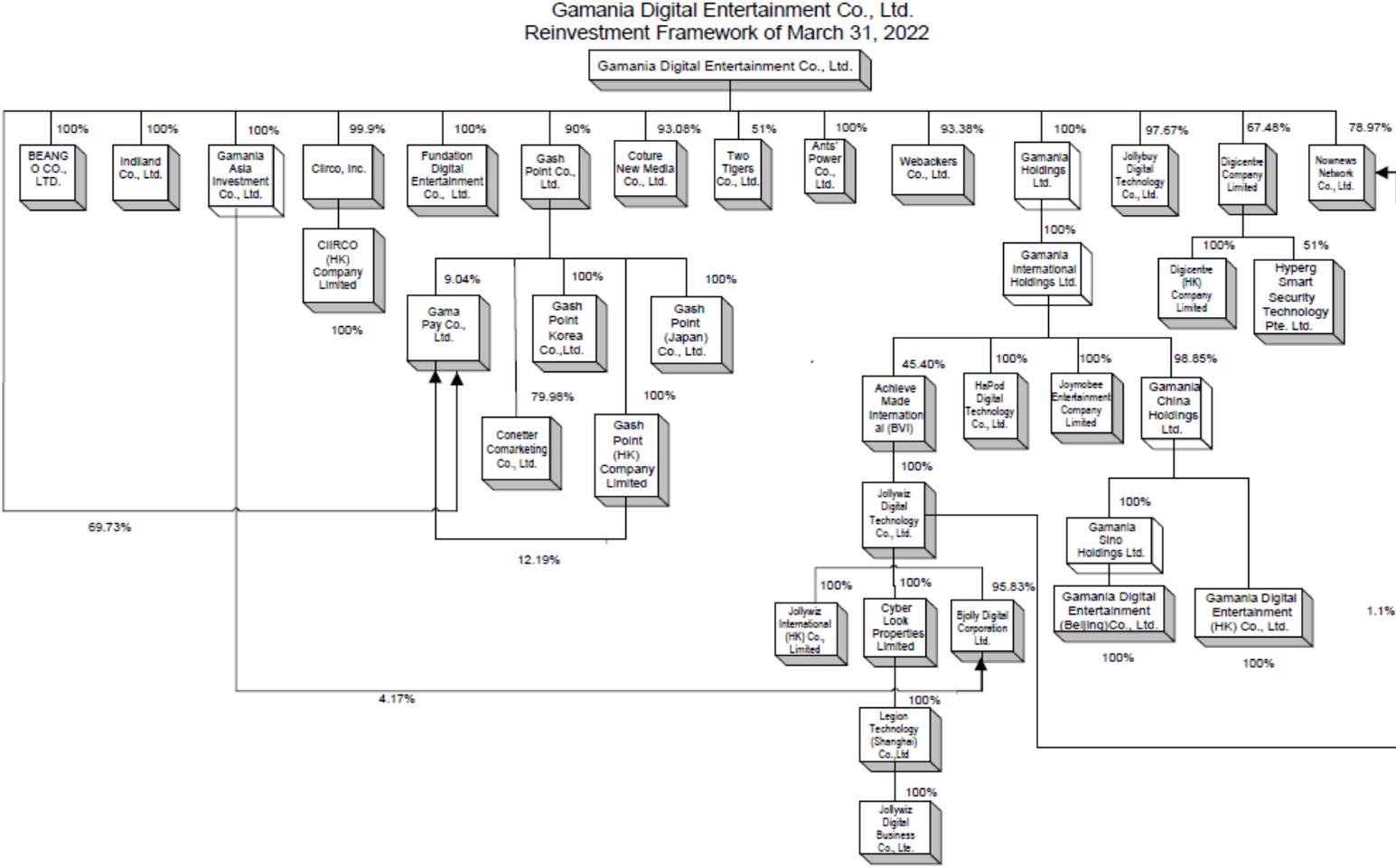
**VII Other important matters: None.**

# VIII. Special items to be included

## I. Information of affiliates

i. Consolidated business reports of affiliates

(1) Organizational chart of affiliates



## (2) Profile of affiliates

March 31, 2022

Name of affiliate	Date established	Address	Paid-in capital size	Main scope of operation or production
Gamania Holdings Ltd.	2001.04.13	4th Floor, Harbour Place, 103 South Church Street, George Town, PO Box 10240, Grand Cayman KY1-1002, Cayman Islands.	USD 46,278,000.00	Reinvestment, shares held
Gamania International Holdings Ltd.	2001.04.13	4th Floor, Harbour Place, 103 South Church Street, George Town, PO Box 10240, Grand Cayman KY1-1002, Cayman Islands.	USD 77,281,000.00	Reinvestment, shares held
Gamania China Holdings Ltd.	2001.04.13	P.O. Box 30592SMB, Cayside, 2nd Floor, Harbour Drive, Grand Cayman, Cayman Islands, BWI.	USD 40,889,000.00	Reinvestment, shares held
Gamania Digital Entertainment (HK) Co., Ltd.	2000.06.28	Unit 302B, 3/F, Tower 1, Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon	HKD 25,500,000.00	Information software service and distribution
Gamania Sino Holdings Ltd.	2001.09.18	4th Floor, Grand Cayman Capital Tower 1, British Cayman Islands	USD 39,520,000.00	Reinvestment, shares held
Gamania Digital Entertainment (Beijing) Co., Ltd.	2002.07.02	Room 612, Block A, Jiahua Building, No. 9 Shangdi Third Street, Haidian District, Beijing	USD 35,300,000.00	Software development and distribution
Gamania Asia Investment Co., Ltd.	2004.06.07	No. 111, Ruihu Street, Neihu District, Taipei City	NTD 189,000,000.00	General investment
FUNdation DIGITAL Entertainment Co., Ltd.	2007.01.24	No. 111, Ruihu Street, Neihu District, Taipei City	NTD 3,165,000.00	Magazine and journal publishing
Jollybuy Digital Technology Co., Ltd.	2009.02.25	No. 111, Ruihu Street, Neihu District, Taipei City	NTD 250,000,000.00	Electronic information supply
Two Tigers Co., Ltd.	2010.12.09	No. 111, Ruihu Street, Neihu District, Taipei City	NTD 12,292,000.00	Animation production
Joymobee Entertainment Company Limited	2010.08.04	Unit 302B, 3/F, Tower 1, Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon	HKD 30,702,000.00	Game software design and R&D
Gash Point Co., Ltd.	2011.02.11	No. 111, Ruihu Street, Neihu District, Taipei City	NTD 150,000,000.00	Information software and electronic information supply
Gash Point (HK) Company Limited	2010.12.09	Unit 302B, 3/F, Tower 1, Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon	HKD 750,000.00	Information software and electronic information supply

Name of affiliate	Date established	Address	Paid-in capital size	Main scope of operation or production
Gash Point Korea Co., Ltd.	2001.11.16	SEOUL, KANG-NAM GU , BONGUNSARO 84 GIL 8, 503	KRW 691,340,000.00	Information software and electronic information supply
Gash Point (Japan) Co., Ltd.	2013.09.10	Tri-Seven Roppongi 8F,7-7-7 Roppongi,Minato-KU,Tokyo 106-0032 JAPAN	JPY 98,000,000.00	Information software and electronic information supply
Indiland Co., Ltd.	2012.05.10	No. 111, Ruihu Street, Neihu District, Taipei City	NTD 20,500,000.00	Third-party payment
Ciirco, Inc.	2013.05.20	No. 111, Ruihu Street, Neihu District, Taipei City	NTD 90,000,000.00	Information software service and distribution
Ciirco (HK) Company Limited	2017.05.17	Unit 302B, 3/F, Tower 1, Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon	USD 1,750,000.00	Information software service and distribution
Ants' Power Co., Ltd.	2013.12.17	No. 111, Ruihu Street, Neihu District, Taipei City	NTD 10,000,000.00	Customer service
Coture New Media Co., Ltd.	2014.12.24	No. 111, Ruihu Street, Neihu District, Taipei City	NTD 14,125,000.00	TV program production and general advertising
Gama Pay Co., Ltd.	2014.11.06	No. 111, Ruihu Street, Neihu District, Taipei City	NTD 800,000,000.00	e-Payment
Conetter Comarketing Co., Ltd.	2014.11.18	No. 111, Ruihu Street, Neihu District, Taipei City	NTD 32,820,000.00	Information software service and electronic information supply
Webackers Co., Ltd.	2014.09.15	No. 111, Ruihu Street, Neihu District, Taipei City	NTD 4,000,000.00	Fund-raising platform
Jollywiz Digital Business Co., Ltd.	2010.03.24	Unit 01.02.06, 19th Floor, No. 500 Yan'an West Road, Changning District, Shanghai	CNY 5,000,000.00	Electronic information supply
Legion Technology (Shanghai) Co., Ltd.	2008.12.05	Room 3212.3213, No. 325 Tianyaoqiao Road, Shanghai	USD 3,950,000.00	Electronic information supply
Cyber Look Properties Limited	2008.02.01	British Virgin Islands, Totra Province, Road Town, Blake Avenue, Haibi Building, P.O. Box Number 116	USD 4,900,000.00	Reinvestment, shares held
Jollywiz Digital Technology Co., Ltd.	2006.11.30	3F-3, No. 88, Ruihu Street, Neihu District, Taipei City	NTD 261,457,000.00	Electronic information supply
Achieve Made International (BVI)	2006.09.01	P.O. Box 957, Offshore Incorporations Centre, Road Town,	USD 176,000.00	Reinvestment, shares held

Name of affiliate	Date established	Address	Paid-in capital size	Main scope of operation or production
Jollywiz International (HK) Co., Limited	2015.06.19	Tortola, British Virgin Islands. Unit 302B, 3/F, Tower 1, Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon	USD 5,119,000.00	Electronic information supply
Hapod Digital Technology Co., Ltd	2015.07.09	Room 302B, 3rd Floor, One Victoria Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon	USD 2,200,000.00	Information software service and distribution
Beango Co., Ltd.	2016.03.25	No. 111, Ruihu Street, Neihu District, Taipei City	NTD 4,000,000.00	Communication software
China Post	1982.12.28	No. 111, Ruihu Street, Neihu District, Taipei City	NTD 5,000,000.00	Newspaper publishing
Digicentre Company Limited	2009.02.24	No. 111, Ruihu Street, Neihu District, Taipei City	NTD 239,200,000.00	Information software service
Digicentre (HK) Company Limited	2017.04.05	Unit 302B, 3/F, Tower 1, Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon	HKD 300,000.00	Information software service
Hyperg Smart Security Technology Pte. Ltd	2019.04.01	3 Temasek Avenue #18-22 Centennial Tower Singapore (039190)	USD 1,961,000.00	Information software service
Nownews Network Co., Ltd.	June 8, 2006	3F, No. 160, Ruihu Street, Neihu District, Taipei City	NTD 467,850,000.00	TV program production and general advertising
Bjolly Digital Corporation Ltd.	September 21, 2017	No. 111, Ruihu Street, Neihu District, Taipei City	NTD 10,909,000.00	Electronic information supply

(3) Data of common shareholders inferred to have control or to be in a subordinate relationship: None.

## (4) Profile of directors, supervisors, and presidents of individual affiliates:

March 31, 2022

Unit: Thousand shares

Name of affiliate	Position	Name or Representative	Shareholding		Remarks
			Shares	Holding ratio	
Gamania Holdings Ltd.	Chairman	Liu, Po-Yuan	-	-	
Gamania International Holdings Ltd.	Chairman	GH Representative: Liu, Po-Yuan (Note 1)	-	-	
Gamania China Holdings Ltd.	Chairman	GIH Representative: Liu, Po-Yuan (Note 2)	-	-	
Gamania Digital Entertainment (Hong Kong) Co., Ltd	Chairman	Liu, Po-Yuan	-	-	
	Director	Su, Hsin-Hung	-	-	
	Director	Chang, Ya-Ling	-	-	
	Director	Wang, Da-Wei	-	-	
Gamania Sino Holdings Ltd.	Chairman	Liu, Po-Yuan	-	-	
Gamania Digital Entertainment (Beijing) Co., Ltd.	Director	Liu, Po-Yuan	-	-	
	Supervisor	Su, Hsin-Hung	-	-	
Gamania Asia Investment Co., Ltd.	Chairman	Gamania Digital Entertainment Co., Ltd. Representative: Liu, Po-Yuan	18,900	100.00%	
Foundation Digital Entertainment Co., Ltd.	Chairman	Gamania Digital Entertainment Co., Ltd. Representative: Liu, Po-Yuan	317	100.00%	
Jollybuy Digital Technology Co., Ltd.	Chairman	Gamania Digital Entertainment Co., Ltd. Representative: Liu, Po-Yuan	29,300	97.67%	
	Supervisor	Su, Hsin-Hung			
Gash Point Co., Ltd.	Chairman	Gamania Digital Entertainment Co., Ltd. Representative: Liu, Po-Yuan	13,500	90.00%	
	Director	Gamania Digital Entertainment Co., Ltd. Representative: Su, Hsin-Hung	13,500	90.00%	
	Director	Gamania Digital Entertainment Co., Ltd. Representative: Wang, Chi-Huang	13,500	90.00%	
	Supervisor	Wu, Chang-Hung	13	0.09%	
Gash Point (Japan) Co., Ltd.	Chairman	Liu, Po-Yuan	-	-	
	Director	Chen, Chin-Hua	-	-	

Name of affiliate	Position	Name or Representative	Shareholding		Remarks
			Shares	Holding ratio	
Gash Point (Hong Kong) Company Limited	Director	Su, Hsin-Hung	-	-	
	Director	Wang, Chi-Huang	-	-	
	Director	Liu, Po-Yuan	-	-	
	Director	Wang, Chi-Huang	-	-	
	Director	Su, Hsin-Hung	-	-	
Gash Point Korea Co., Ltd.	Chairman	Liu, Po-Yuan	-	-	
	Director	Wang, Chi-Huang	-	-	
	Supervisor	Su, Hsin-Hung	-	-	
Two Tigers Co., Ltd.	Chairman	Gamania Digital Entertainment Co., Ltd. Representative: Liu, Po-Yuan	627	51.00%	
	Director	Gamania Digital Entertainment Co., Ltd. Representative: Hsieh, Chun-wei	627	51.00%	
	Director	SOFA Studio Co., Ltd. Representative: Kuo, Sho-Cheng	602	49.00%	
	Director	SOFA Studio Co., Ltd. Representative: Liu, Hsin-Yi	602	49.00%	
	Supervisor	Su, Hsin-Hung	-	-	
Joymobee Entertainment Company Limited	Chairman	Liu, Po-Yuan	-	-	
	Director	Su, Hsin-Hung	-	-	
	Director	Chang, Ya-Ling	-	-	
Indiland Co., Ltd.	Chairman	Gamania Digital Entertainment Co., Ltd. Representative: Liu, Po-Yuan	2,050	100%	
Ciirco, Inc.	Chairman	Gamania Digital Entertainment Co., Ltd.	8,991	99.90%	
	Director	Representative: Liu, Po-Yuan Gamania Digital Entertainment Co., Ltd.	8,991	99.90%	
	Director	Representative: Wang, Chi-Huang	-	-	
	Supervisor	Unfilled Su, Hsin-Hung	-	-	
Ciirco (HK) Company Limited	Director	Liu, Po-Yuan	-	-	
Ants' Power Co., Ltd.	Chairman	Gamania Digital Entertainment Co., Ltd. Representative: Liu, Po-Yuan	1,000	100%	
Coture New Media Co., Ltd.	Chairman	Gamania Digital Entertainment Co., Ltd.	1,315	93.08%	

Name of affiliate	Position	Name or Representative	Shareholding		Remarks
			Shares	Holding ratio	
Gama Pay Co., Ltd.	Supervisor	Representative: Liu, Po-Yuan Su, Hsin-Hung	-	-	
	Chairman	Gamania Digital Entertainment Co., Ltd.	55,786	69.73%	
	Director act concurrently as General Manager	Representative: Liu, Po-Yuan Gamania Digital Entertainment Co., Ltd.	55,786	69.73%	
	Director	Representative: Hung, Chao-Hsuen Gamania Digital Entertainment Co., Ltd.	55,786	69.73%	
	Director	Spokesperson: Su, Hsin-Hung Gash Point Co., Ltd.	7,232	9.04%	
	Director	Representative: Chou, Fan-Shang Taiwan FamilyMart Co., Ltd.	2,411	3.01%	
	Director	Representative: Lin, Chi-Ching Taiwan Secom Co., Ltd.	2,411	3.01%	
	Supervisor	Representative: Lin, Chien-Han Wu, Chang-Hung	-	-	
	Conetter Comarketing Co., Ltd.	Chairman	Gash Point Co., Ltd.	2,625	79.98%
Director		Representative: Liu, Po-Yuan Gash Point Co., Ltd.	2,625	79.98%	
Director		Representative: Cheng, Chi-Hung JSDWAY Digital Technology Co. Ltd.	657	20.02%	
Supervisor		Representative: Huang, Chun-Jen Su, Hsin-Hung	-	-	
Webackers Co., Ltd.	Chairman	Gamania Digital Entertainment Co., Ltd.	374	93.38%	
	Supervisor	Representative: Liu, Po-Yuan Su, Hsin-Hung	-	-	
Jollywiz Digital Business Co., Ltd.	Director	Shih, Kai-Wen	-	-	
Legion Technology (Shanghai) Co., Ltd.	Director	Shih, Kai-Wen	-	-	
Cyber Look Properties Limited	Director	Chang, Ting-Wei	-	-	
Jollywiz Digital Technology Co., Ltd.	Chairman	ACHIEVE MADE INTERNATIONAL LIMITED Representative: Liu, Po-Yuan	26,146	100%	
	Director	ACHIEVE MADE INTERNATIONAL LIMITED Representative: Hung,	26,146	100%	

Name of affiliate	Position	Name or Representative	Shareholding		Remarks
			Shares	Holding ratio	
Achieve Made International (BVI)	Director	Meng-Ting ACHIEVE MADE INTERNATIONAL LIMITED Spokesperson: Su, Hsin-Hung	26,146	100%	
	Supervisor	ACHIEVE MADE INTERNATIONAL LIMITED Representative: Wang, Chi-Huang	26,146	100%	
	Director	Hung, Meng-Ting	-	-	
	Director	Liu, Po-Yuan	-	-	
	Director	Su, Hsin-Hung	-	-	
	Director	Wang, Chi-Huang	-	-	
Jollywiz International (HK) Co., Limited	Director	Alibaba Taiwan Entrepreneurs Fund I, L.P.	-	-	
	Director	Chen, Po-Liang	-	-	
Hapod Digital Technology Co., Ltd.	Director	Liu, Po-Yuan	-	-	
Beango Co., Ltd.	Chairman	Gamania Digital Entertainment Co., Ltd. Representative: Liu, Po-Yuan	400	100%	
China Post	Chairman	Gamania Asia Investment Co., Ltd. Representative: Liu, Po-Yuan	500	100%	
Digicentre Company Limited	Chairman	Gamania Digital Entertainment Co., Ltd. Representative: Liu, Po-Yuan	16,016	67.48%	
	Director	Gamania Digital Entertainment Co., Ltd. Spokesperson: Su, Hsin-Hung	16,016	67.48%	
	Director	Gamania Digital Entertainment Co., Ltd. Representative: Ting, Wei-Ming	16,016	67.48%	
	Director	Mercuries Data Systems Ltd. Representative: Chen, Chu-Wen	6,864	28.70%	
	Director	Mercuries Data Systems Ltd. Representative: Chung, Cheng-Ping	6,864	28.70%	
	Supervisor	Unfilled	-	-	
	Supervisor	Chen, Hsiang-Chung	-	-	
Digicentre (HK) Company Limited	Director	Liu, Po-Yuan	-	-	
Hyperg Smart Security	Chairman	Ting, Wei-Ming	-	-	

Name of affiliate	Position	Name or Representative	Shareholding		Remarks
			Shares	Holding ratio	
Technology Pte. Ltd.	Director	Wan, You-Shan	-	-	
	Director	Su, Hsin-Hung	-	-	
	Director	SOH XIAO LING	-	-	
Nownews Network Co., Ltd.	Chairman	Gamania Digital Entertainment Co., Ltd. Representative: Huang, Chun-Jen	36,948	78.97%	
	Director	Gamania Digital Entertainment Co., Ltd. Spokesperson: Su, Hsin-Hung	36,948	78.97%	
	Director	Gamania Digital Entertainment Co., Ltd. Representative: Wang, Chi-Huang	36,948	78.97%	
	Director	Taya Venture Capital Co., Ltd. Representative: Chang, Chi-Hung	800	1.71%	
	Director	Sinyi Realty Inc. Representative: Chou, Chuang-Yun	4,378	9.36%	
	Supervisor	Wu, Chang-Hung	-	-	

Note 1: GH stands for Gamania Holdings Ltd.

Note 2: GIH stands for Gamania International Holdings Ltd.

(5) The scope of operation of the Company's affiliates as a whole is:

The Company's operation centers a robust game cornerstone that is extended to the mobile life platform, combing diversified solutions within the Group, namely games, payment, e-commerce, media, and digital commerce for a brand new "Gamania" and to realize the vision of a wonderful digital life.

(6) Correlation in the scope of operation among respective affiliates:

Gamania continues to work with international well-known heavyweight gaming service provider. It introduces games that have been yearned for. Through the robust localized cultural operation capability, it precisely keeps track of the needs of players in order to enhance their loyalty and stickiness, which not only successfully leads its gaming products to become legendary but also makes optimal durability possible for the products. In addition, the Gamania Group has its reach covering solutions for e-commerce, payment, media, and digital commerce. Beanfun! was officially introduced in 2019 in a proactive effort to deploy a fully web-based corporate ecosystem.

## (7) Operational overview of respective affiliates

December 31, 2021 Unit: NTD thousand

Name of affiliate	Paid-in capital	Total assets	Total liabilities	Net worth	Operating income	Operating profit	Loss or profit of current term (Post-tax)	Earnings per share (\$ (post-tax)
Gamania Digital Entertainment (H.K.) Co.	90,500	343,288	127,967	215,321	1,077,173	257,279	209,348	8
Gash Point Korea Co., Ltd.	16,246	21,590	749	20,841	5,631	3,345	3,368	24
Gamania Holdings Ltd.	1,280,984	775,211	0	775,211	0	(286)	3,178	0
Gamania International Holdings Ltd.	2,139,078	775,179	0	775,179	0	(288)	20,711	0
Gamania China Holdings Ltd.	1,131,804	222,929	0	222,929	0	(188)	207,765	5
Gamania Digital Entertainment (Beijing) Co., Ltd.	977,104	5,118	31,187	(26,069)	5,690	(9,139)	(1,483)	(0)
Gamania Sino Holdings Ltd.	1,093,914	(2,223)	0	(2,223)	0	(288)	(1,771)	(0)
Gamania Asia Investment Co., Ltd.	189,000	101,671	365	101,306	0	(497)	(20,960)	(1)
Foundation Digital Entertainment Co., Ltd.	3,165	232	614	(382)	0	(20)	(20)	(0)
Jollybuy Digital Technology Co., Ltd.	253,000	99,775	48,685	51,090	19,965	(62,701)	(62,181)	(2)
Joymabee Entertainment Company Limited	108,961	10,083	2,457	7,626	17,336	1,216	879	0
Two Tigers Co., Ltd.	12,292	19,228	12	19,216	7,069	6,948	6,912	6
Gash Point Co., Ltd.	150,000	1,731,390	1,377,687	353,703	712,290	121,139	105,225	7
Gash Point (HK) Company Limited	2,662	624,386	469,232	155,154	215,556	50,708	4,412	6
Indiland Co., Ltd.	20,500	20,093	1,822	18,271	0	(1,823)	(1,823)	(1)
Ciirco, Inc.	90,000	21,349	40	21,309	50	(16,126)	(19,213)	(2)
Gash Point (Japan) Co., Ltd.	23,569	39,115	12,140	26,975	35,926	1,717	1,185	1,975
Ants' Power Co., Ltd.	10,000	134,368	56,547	77,821	204,226	52,705	41,907	42
Webackers Co., Ltd.	4,000	1,080	870	210	0	(78)	(78)	(0)
Gama Pay Co., Ltd.	800,000	620,628	118,195	502,433	5,168	(212,912)	(211,351)	(3)
Conetter Comarketing Co., Ltd.	32,820	256,826	180,052	76,774	729,564	26,452	20,662	6
Madsugr Digital Technology Co., Ltd.	90,000	6,228	115	6,113	0	(248)	17	0
Coture New Media Co., Ltd.	14,125	7,627	501	7,126	139	68	(107)	(0)
Achieve Made International Ltd.	4,862	274,914	668	274,246	0	(738)	(134,062)	(8)
Jollywiz Digital Technology Co., Ltd.	261,457	8,233,020	1,779,441	6,453,579	11,562,769	(1,702,567)	(122,634)	(5)
Cyber Look Properties Limited	135,632	(9,392)	0	(9,392)	0	(58)	(14,116)	(3)
Legion Technology (Shanghai) Co., Ltd.	109,336	197,522	108,212	89,310	237,586	18,849	(14,058)	(4)
Jollywiz Digital Business Co., Ltd.	21,720	1,274,638	1,029,163	245,475	981,053	4,554	(10,524)	(2)
Jollywiz International (Hk) Co., Limited	140,540	8,105	0	8,105	0	(16,316)	(16,316)	(0)
Hapod Digital Technology Co., Ltd.	60,896	41,538	56,143	(14,605)	55,671	(10,305)	(42,228)	(19)
Beango Co., Ltd.	4,000	7,769	30	7,739	0	(55)	1,120	3
Ciirco (Hk) Company Limited	48,440	1,260	0	1,260	0	(3,381)	(3,381)	(2)
Bjolly Digital Corporation Ltd.	10,909	40,557	205,125	(164,568)	12,874	(79,536)	(3,131)	(3)
China Post	5,000	236	1,708	(1,472)	0	(16)	(16)	(0)
Nownews Network Co., Ltd.	467,850	94,403	47,005	47,398	109,493	(84,413)	(85,488)	(2)
Digicentre Company Limited	239,200	490,456	192,110	298,346	721,705	23,314	19,165	1
Digicentre (Hk) Company Limited	1,065	104,212	75,773	28,439	375,533	4,189	6,597	22
Hyperg Smart Security Technology Pte.Ltd.	54,274	59,022	13,779	45,243	37,988	3,225	(726)	(0)

ii. Consolidated financial statements of affiliates: Please refer to page 132.

iii. Affiliation report: This Company is not an affiliate to any company and hence not applicable.

**II. Private placement of securities in the most recent year and until the date of annual report publication: None.**

**III. Shares of the company held or disposed of by subsidiaries in the most recent year and until the date of annual report publication: None.**

**IV. Other matters that require additional description: None.**

**IX. Matters with material impacts on the rights and interests of shareholders or stock prices as stated in Article 36, paragraph 3, subparagraph 2, Securities Exchange Act in the most recent year and until the date annual report publication: None.**