



Wayi International Digital Entertainment Co., Ltd.

2021 ANNUAL REPORT

Corporate Website:

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<http://www.wayi.net>

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Chapter 1 Letter to Shareholders

Dear Shareholders:

I. 2021 Business Report

(I) Operating Results for 2021

The Company's 2021 net consolidated operating revenue was NT\$248,364 thousands, which increased by approximately 114% compared with the net consolidated operating revenue of NT\$115,951 thousands in the same period in 2020.

The consolidated net profit for the period was NT\$92,944 thousands, of which the owner of the Company profit NT\$92,944 thousands, and the non-controlling interest lost NT\$0 thousand. The total consolidated comprehensive profit for the period was NT\$92,944 thousand, of which the owner of the Company profit NT\$92,944 thousands, and the non-controlling interest profit NT\$0 thousand. The Earnings per share after tax is NT\$4.80.

(II) 2021 Budget implementation:

The Company did not issue financial forecasts for the year 2021, so there is no budget execution.

(III) Financial Income, Expenditure and Profitability

(11) Financial Income, Expenditure and Profitability			2020	2021
Item				
Financial Income and Expenditure	Interest Income(NT\$ thousands)		956	283
	Interest Expenses(NT\$ thousands)		2,055	275
Profitability	Return on Assets (%)		0.72	26.63
	Return on Shareholders' Equity (%)		0.33	34.50
	Percentage in Paid-in Capital	Operating Profit (%)	0.92	49.53
		Pre-tax Net Profit (%)	0.29	47.98
	Net Margin (%)		0.49	37.42
	EPS (NT\$) - Retroactive adjustment		0.04	4.80

(IV) Research and Development

The Company will keep developing and updating subsequent game versions as per the release schedule, hoping to provide better game services and products for gamers to improve the competitiveness of the Company's game products.

II. Summary of the Business Plan for 2022

(I) Operating Strategies

1. Game agency operations

The expectation for 2022 is to distribute more than 2 games, including Japanese and Korean titles. Constantly looking for new game distributors, game types include leisure development, MMORPG, or FPS, etc., increasing the diversity of game projects.

2. Improve the efficiency of the operation team

Adjust the duties and manpower of the operation team, carry out labor cost control, strengthen the ability improvement of supervisors, the training process for new personnel, and improve the team to achieve the goal of improving the efficiency of the department. Strengthen the marketing operation ability of the operating colleagues to improve the accuracy of the marketing budget application and control the marketing expenses.

3. Artwork design and development

The Company will keep working on artwork foundry business, including digital

characters, environment scenes, interface design, and 3D models. The artwork design is provided by the Company's internal units to cut cost and reduce delays in development time by entrusting the work to outsourcing agencies. The Company will also improve the professional skills of the employees to speed up jobs and improve quality of final work to generate a higher profit margin.

(II) Sales Volume Forecast and the Basis

1. New products of mobile phones and online games will continue to be launched, and subsequent versions updated.
2. Revenue related to artwork design and foundry services.

(III) Significant Sales and Production Policies

1. Production Strategy: Continue to promote and sell virtual game products to reduce process costs and physical inventory of the Company.
2. Sales Strategy: Increase online payment channels and enhance the virtual cash flow channel to reduce channel costs.

III. Future Company Development Strategy

Given the rapid development in mobile devices, the Company will proactively act as an agent for the sale of various mobile games to increase sales momentum, improve service quality, and promote game products.

IV. Impact of External Competitive Environment, Legal Environment and Overall Business Environment

In assessing the impact of the external competitive environment, legal environment, and overall business environment, although there's increasingly fierce competitive environment, the company, under the effective control of the management, is taking appropriate measures in rapidly changing digital content industry. In legal environment, the Company will continue to track, update, and comply with current and future changes in the legal system. In overall business environment, there is still room for growth in the whole domestic game market. With increasing popularity of the Internet, the life, consumption, learning, and entertainment habits of the online population are changing accordingly. There still exist considerable number of potential business opportunities and space for development in development and application of the digital content industry. With the combination of Internet, communication, entertainment, and modern game industry, digital entertainment services are worth investing and will become the future direction of business development.

In the future, all members in the Company will continue to focus on the operation and development of game products and improve operational performance, actively achieving the Company's operational objectives in the hope of giving back to shareholders with excellent business results. Thank you, shareholders for your continued support and encouragement.

Finally, give my best wishes to you all.

Chairman: Chang Hsieh Chien

Manager: Chang Hsieh Chien

Accounting Supervisor: Huang Ya Ling

Chapter 2 Company Profile

I. Date of Founding

August 12, 1993.

II. Company History

Time	Principal Activities
1993	In August, the Company established, with paid-in capital of NT\$10 million.
1994	(1) In August, the first computer game "Boxing Ring Girl" (revised from the Japanese PC-98 version) was released and won the sales champion of the month. The Taipei Computer Association awarded the product the "Best Foreign Sports Game" award in 1995. (2) In November, the game "POWER DoLLS" was released and won the sales championship of that month.
1995	(1) In January, the game "First Queen 4" was released and won the sales championship of that month. (2) In July, the Southern District Sales System was established in Kaohsiung to expand the sales network to the central and southern parts of Taiwan.
1996	In October, the Central District Sales System was established in Taichung, and the provincial distribution network has been completed.
1997	(1) In February, the R&D Department was established and cooperated with the comic industry Dong Li Publishing Co. to adapt its comic book Mr. Right into a computer game. (2) In May, the computer game "Love Story" was released and won the sales champion of the month. The Taipei Computer Association also awarded the product the "Best Foreign Simulation Game" in 1998.
1998	(1) In April, the game "Fantasy Restaurant" was released and captured the female market successfully. (2) In October, the game "Pure Love Letters" was released and cooperated with the recording industry to drive a wave of the product endorser in the gaming software industry.
1999	(1) In April, "Pure Love Handwriting" was authorized to be issued in Mainland China and received a warm market response. (2) In May, the first self-developed game "Mr. Right" won the sales champion of the month. (3) In June, "Fantasy Restaurant-2" won the sales champion of the month. (4) In June, "Mr. Right" was authorized to be issued in Mainland China and received a warm market response. (5) In July, the "Wayi Online Games" (www.waei.net) was established.
2000	(1) The first online game "Blowing in the Wind" was launched, making the Company a pioneer in domestic online game market. (2) "Stone Age" was launched and soon went viral and became the first online game attracted over ten thousands keen players. (3) In June, Wayi International changed its name to Wayi International Digital Entertainment Co., Ltd. and formally transformed into a professional online game company. (4) In July, the Company developed its own "WGS" charging system, which is the inception of the modern online game charging mechanism.

Time	Principal Activities
2001	<ul style="list-style-type: none"> (1) In January, Beijing Wayi United Software Development Ltd. was established and officially entered the market of Mainland China. (2) In February, Sichuan Wayi Software Co., Ltd. was established, working hard on self-developed products. (3) In September, the Company became the online game and company with the maximum number of members in Greater China. (4) In November, the Company successfully developed the server-side Map-Based Division technique to distribute data processing and boost the service number and quality.
2002	<ul style="list-style-type: none"> (1) In January, the Game Elite Digital Magazine Co. Ltd was established to open up the magazine and advertising market. (2) In March, 3D sound technology was applied to develop the game products, adding Creative EAX environmental sound processing, and using a new generation of compression technology to store music, and strive to reproduce the original sound as accurately as possible. (3) In May, the Company held the online game design competition with open source code to enhance the cultivation and development of talent in the industry. (4) In July, the Company entered the Singapore market and was the first company in the industry to enter the English-speaking countries. (5) In October, the Company utilized the "Stone Magic Card" to create a new online game profit model, the first to transform a virtual online game into a real paper game.
2003	<ul style="list-style-type: none"> (1) In January, the first domestic developed large-scale swordsman online game "Ely Sium Online" started online testing and was launched in September. It is the largest swordsman myth work developed by Wayi International in recent years. (2) In April, the Company acquired the agency rights of Korea's "A3" game in Taiwan and Hong Kong, which went public in the summer vacation. (3) In May, the Company officially launched the New Silk Road Project and started the introduction of the New CIS. Starting from the game and based on the Asian market, Wayi International is expected to become a global digital entertainment service provider gradually. (4) In June, "Wayi Electronic Distributor System" was launched to provide partners with the safest and most effective business and sales channels through the perfect vendor on-shelf mechanism and Wayi's WGS (Wayi Global Settlement) cash flow system. (5) August 12 was the tenth operation anniversary of the Wayi International Digital Entertainment Co., Ltd. (6) In September, Wayi's first elaborate game work "Ely Sium Online" officially joined the charging operation. (7) In October, "SA2" was awarded the Digital Content Prototype Design Awards by Industrial Development Bureau of the Ministry of Economic Affairs.
2004	<ul style="list-style-type: none"> (1) In February, the Taipei Computer Association Game Star Selection assessment committee awarded Wayi's self-developed game "Ely Sium Online" the special award. (2) On March 29, Wayi International Digital Entertainment Co., Ltd. was listed on the Taiwan Stock Exchange. (3) In July, "Ely Sium Online" officially entered the Japanese market.

Time	Principal Activities
	<p>(4) In September, three self-developed games, "San Guo Online," "UE Online" and "Ely Sium Online" appeared at the Tokyo Game Show; Wayi International Digital Entertainment relished the pride and glory in Tokyo.</p> <p>(5) In October, the Company formed an alliance with new force, InterServ International, to work together in development and sales.</p> <p>(6) Sichuan Wayi Software Co., Ltd, Mainland China, was selected by Sichuan Provincial Government as one of the top ten digital game companies in Sichuan in 2004.</p>
2005	<p>(1) In January, the Company established the Integrated Marketing Company and formed a strategic alliance for game marketing activities.</p> <p>(2) In February, Wayi's self-developed games "Wayi Casino" and "UE Online" won the Taipei Computer Association Game Star awards, "Best Casual Game" and "Annual Innovation Award."</p> <p>(3) In February, "Wayi Casino" successfully entered the casual game market and went online operation.</p> <p>(4) In April, "Stone Age" marked its 5th anniversary.</p> <p>(5) In April, the original soundtrack of Wayi's self-developed game "San Guo Online" got nominated at the 16th Golden Melody Awards, writing a new history page of online game fighting into the music industry.</p> <p>(6) Wayi International acquired the exclusive operation rights of "Yulgang Online" in Taiwan, Hong Kong, and Macao.</p> <p>(7) In May, Wayi International cooperated with the Sony Ericsson Innovation Center to launch the first online game of 3G mobile phone "Stone Age M."</p> <p>(8) In June, Wayi International acquired the agency rights of "Granado Espada" in Taiwan. Wayi International and Hanbitsoft jointly dropped a bombshell in MMORPG domain.</p> <p>(9) In June, "Yulgang Online" was warmly put online on the official website of Taiwan.</p> <p>(10) In December, Wayi International announced a strategic alliance with Kingsoft, Mainland China, to jointly build the game market in the Greater China region.</p>
2006	<p>(1) In February, Taiwan's official website of Wayi International Granado Espada was officially established.</p> <p>(2) In April, "Three Princes Online" was open for public testing.</p> <p>(3) In May, the most radical chapter of "A3" was released with a new edition. And "The Settlers: Rise of an Empire" came on the scene and launched.</p> <p>(4) In July, the Company acquired the agency rights of South Korea's highest market share online shooting game "SF online," dominating the market of the online battle games.</p> <p>(5) In October, "SF Online" was open for public testing.</p>
2007	<p>(1) In May, Wayi's self-developed leisure game "Taike Mahjong" was officially launched.</p> <p>(2) In August, "GE Online" was open for public testing.</p> <p>(3) In November, Wayi Villa Entertainment Company was established to diversify and expand the business of the amusement machine market.</p> <p>(4) In December, the Company acquired the agency rights of Mainland China's "Shushan Online," which was expected to be</p>

Time	Principal Activities
	<p>launched in the next year.</p> <p>(5) In December, "GE Online" was officially exempted from monthly fees, and the Taiwan version was officially named "Granado Espada R."</p>
2008	<p>(1) In January, Wayi's self-developed leisure game "Taike Card Game" was open for public testing.</p> <p>(2) In February, Wayi made its own "Computer Lock" for free.</p> <p>(3) In March, the Company announced the Taiwan version of "Shushan Online" was renamed "Feixian Online," and conducted closed beta testing.</p> <p>(4) In April, "Feixian Online" launched OB in Taiwan, and the web game "Might and Hero WEB" launched OB.</p> <p>(5) In May, Wayi launched its "Wayi WEB GAME" platform. In the same month, "San Guo WEB" became the top web page online game in Taiwan.</p> <p>(6) In June, the Company acted as the agent of "Aircraft Warfare Online" of Netdragon, Mainland China, which was then officially launched and went viral of universal warfare in the summer vacation.</p> <p>(7) In July, Wayi launched "The Decision of the Monarch WEB" on the WEB GAME platform. The "Wayi Spider Professional Esports Competition Team" was established, and the first year of Taiwan Esports Competition was officially started.</p> <p>(8) In August, the Wayi WEB GAME platform launched "Atlantic War Records WEB." Wayi celebrated its fifteenth anniversary, holding a grand event to invite nearly 300 players to celebrate together.</p> <p>(9) In September, the Wayi WEB GAME platform launched "Yanlong Knight's Expedition WEB." The launch of "Wayi Communication Lock" provides players with a variety of new anti-theft options.</p> <p>(10) In September, Wayi's self-developed masterwork "81 Keys" launched the first experience, leading player fantasy trend across Taiwan.</p> <p>(11) In September, the Wayi WEB GAME platform launched "Warm Blood San Guo WEB."</p> <p>(12) In December, "81 Keys" started closed beta testing and attracted a large number of players. The test went well, and the game was officially launched in the first quarter of 2009.</p>
2009	<p>(1) In January, Wayi's self-developed masterwork "81 Keys" was officially open for public testing.</p> <p>(2) In April, the first overseas authorization of "81 Keys" was announced, and the agency rights of Hong Kong and Macao was acquired by GameCyber.</p> <p>(3) In May, the Company launched the new leisure shooting game "Apiao Online."</p> <p>(4) In May, the Company co-hosted with TROPA Entertainment Technology the first Mahjong Contest "Easy Internet Mahjong" finals, with a total bonus of NT\$15 million.</p> <p>(5) In June, "81 Keys" won the Bahamut Game Award "Popular Domestic Online Game Gold Award."</p> <p>(6) In June, Wayi Entertainment Network conducted a new revision, which was launched with a new look.</p> <p>(7) In July, the Wayi WEB GAME platform launched a brand new game "No Two in the World WEB," and cooperated with Hong Kong GameCyber to introduce eight web games to Hong Kong and Macao.</p>

Time	Principal Activities
	<p>(8) In August, Wayi WEB GAME launched a new game “Black Shop WEB” and launched the “Mini Game” platform which targeting on flash games.</p> <p>(9) In August, "Three Princes" conducted comprehensive revision of "Heaven and Earth."</p> <p>(10) In October, the Company acquired the agency rights of the Korean Joymax game "Bumpy Crash Online," which was launched the following year.</p> <p>(11) In November, the Wayi WEB GAME platform launched a brand-new game "Wen Ding Feng Shen WEB."</p> <p>(12) In November, Taiwan hosted the first Live broadcast of the large international event "World Cup of SFonline 2009" and won the second consecutive championship by Wayi Spider. At the same time, it also won the annual championship of Taiwan Esports Competition League.</p>
2010	<p>(1) In January, the Company set up the reinvestment company "Primary Explosion Point Digital Technology Co., Ltd."</p> <p>(2) In January, the Company signed a contract, authorizing "81 Keys" for YNK JAPAN to be officially launched in Japan in May.</p> <p>(3) In January, the Company officially announced acquiring the agency rights from the South Korea WeMade of its leisure sports game "Avalon," and named it "Dou Ta Zheng Ba."</p> <p>(4) In February, Wayi Entertainment Network conducted a comprehensive revision, striving towards an omnidirectional entertainment information website.</p> <p>(5) In April, the Company announced the contract renewal of "Yulgang Online" with the original company.</p> <p>(6) In May, the new green online game "Qitian Dasheng Online" was officially launched for public testing.</p> <p>(7) In June, "81 Keys" participated in the Electronic Entertainment Expo, one of the three largest video games exhibitions in the world.</p> <p>(8) In August, "81 Keys" was authorized to Soochow S.F Soft to enter the Mainland China market, and also participated in the Cologne Game Show in Germany in the same month.</p> <p>(9) In October, "Bounty Hounds" conducted its first elite test.</p> <p>(10) In October, the Company announced acquiring agency rights of the adult game "Kabod Online."</p> <p>(11) In November, "81 Keys" participated in the Korea G-Star Game Exhibition.</p> <p>(12) In November, the Company contracted with Guangzhou Baiyou to obtain the authorized agency of "Qing Guo Qing Cheng."</p> <p>(13) In December, the Company renewed the contract of "The Sword of King GE" with HanbitSoft, the original Korean company.</p>
2011	<p>(1) In January, the Company co-sponsored the Taiwan Esports Open and held the SF Legion Cup and the SF Inter-School Cup Final Championship.</p> <p>(2) In February, the self-developed Mengzhi style game "Shen Yao Wang " went public testing.</p> <p>(3) In March, "Expedition Online" was officially launched for public testing.</p> <p>(4) In March, the Company announced to act as agent in Taiwan for the action game "Dark Blood" of Actoz Soft, South Korea.</p> <p>(5) In March, "Avalon Online" conducted a CCB elite closed beta testing.</p> <p>(6) In March, the Company announced the official resale authorization of "81Keys" in Turkey.</p>

Time	Principal Activities
	<p>(7) In April, the Texas Hold'em game "MoneyMoney Club" was launched, and a debut press conference was held.</p> <p>(8) In May, "Dou Ta Zheng Ba Online," which combines the characteristics of DotA and MMO, was officially opened for public beta testing.</p> <p>(9) In June, the "2011 SF Inter-School Cup Summer Competition" was held.</p> <p>(10) In July, the Company co-sponsored the "2011 Taiwan Esports Open Championship," in which the "SF Inter-School Cup Final Competition" was held.</p> <p>(11) In August, the "Wayi Carnival" was held to gather all the game products of Wayi for an exciting feast of competition.</p> <p>(12) In October, the Company announced to act as the agent in Taiwan for the fight game masterwork "Rusty Heart" of WindySoft, South Korea.</p> <p>(13) In October, the "SF Autumn Challenge," which was presented for the first time in the form of challenging, was held.</p> <p>(14) In October, the 2D swordsman game "Dragon Sword Online" was officially opened for public beta testing.</p> <p>(15) In November, the Company announced to act as the agent in Taiwan for the leisure game "Point Blank" of Zepetto, South Korea.</p> <p>(16) In December, the "2012 SF Inter-School Cup Winter Competition" was held.</p>
2012	<p>(1) In January, the Company co-sponsored the "2012 Taiwan Esports Open Championship," in which the "SF Inter-School Cup Final Competition" was held.</p> <p>(2) In February, the Moon Fairy game "Tian Jian Shen Chiu" was officially opened for public beta testing.</p> <p>(3) In March, the SNS type web game "Rainbow Zoo" was launched.</p> <p>(4) In April, the ARPG game "Dak Brad" was endorsed by the sexy singer Weng Nan, and was launched with public testing for the enthusiastic players.</p> <p>(5) In May, the FPS game "Heart of Freedom" was launched under the endorsement of the goddess of electronic music, Xie Jinyan.</p> <p>(6) In July, Wayi's 20th birthday, "2012 Wayi Carnival" was expanded with combination of entertainment and Esports.</p> <p>(7) In July, Wayi's two new self-developed games participated in the 10th ChinaJoy.</p> <p>(8) In August, "SF Super Legion Racing Competition" was held, and the "Super Legion Headquarters" system was officially launched.</p> <p>(9) In September, the classic SLG online game "Warm Blood San Guo 2" was launched for public beat testing.</p> <p>(10) In October, the "2012 SF Autumn Challenge Competition" was held across Taiwan.</p> <p>(11) In November, a metamorphosed version of "SF Online" was launched, and a dream-themed microcinema was launched.</p> <p>(12) In December, the "2013 SF Inter-School Cup Winter Competition" was held.</p>
2013	<p>(1) In January, the "Wayi SPIDER" team represented Taiwan in the 7th SF World Cup to win the third place.</p> <p>(2) In February, the swordsman game "Du Gu Qiu Bai" was officially opened for public beta testing.</p> <p>(3) In March, the Taiwan team participated in the first "GE Granado Espada R World Championship."</p> <p>(4) In May, the first "2013 SF National Strongest Individual Competition" was held, and the war spread over all Internet cafes across Taiwan.</p>

Time	Principal Activities
	<p>(5) In June, the Company held the first Asia-Pacific Cup Competition of the game "Warm Blood San Guo 2," which was the world's first multinational online PK competition.</p> <p>(6) In June, the Company officially announced to act as the agent for the 3D double-ended super-combat RPG game "Light of Dawn."</p> <p>(7) In July, the leisure competition game "Free Heart" launched a new campaign of "100,000 young people for the competition " to summon the people across the nation to participate in the competition.</p> <p>(8) In August, the final Carnival of the "2013 SF Inter-School Cup Summer Competition" opened at Core Pacific City, Living Mall.</p> <p>(9) In September, the first anniversary of "Warm Blood San Guo 2" was celebrated with a new game of "S43 Sangu Maolu".</p> <p>(10) In October, the final of the "2013 SF Autumn Challenge" Competition became the first "Talent Qualification Competition" of the professional Esports team.</p> <p>(11) In November, the "Heroic Cup Memorial Gun Creation Competition" was held to celebrate the 7th anniversary of "SF Online."</p> <p>(12) In November, Wmall Esports goods came on the shelves.</p> <p>(13) In December, "2014 SF Inter-school Cup Winter Competition" was held.</p> <p>(14) In December, the Company announced to act as the agent for "SF2."</p>
2014	<p>(1) In January, the "G.O.D, God of Destiny" launched elite beta testing activity (CCB), with the high ladder prize of NT\$1 million.</p> <p>(2) In January, Wmall created a precedent to become the first shopping mall in the country to accept Bitcoin transactions.</p> <p>(3) In February, the "G.O.D" Focus Hero Symposium was held.</p> <p>(4) In March, "SF2" officially launched Open Beta (OB) testing, and "G.O.D" were deleted for Close Beta (CB) testing.</p> <p>(5) In April, "The Kingdom of Far Away" was launched on dual platforms, and "G.O.D" was not deleted for Close Beta 2(CB2) testing.</p> <p>(6) In April, the first "SF Spring Fun Festival" was held, and the original factory came to Taiwan to meet with the players.</p> <p>(7) In May, "World in Audition" conducted close beta testing.</p> <p>(8) In May, Wmall was opened to sell Bitcoin.</p> <p>(9) In June, "G.O.D, God of Destiny" was opened for the public beta testing and became the only designated domestic game for Taiwan Esports Competition League.</p> <p>(10) In June, the Company launched the self-developed "Funbuddy Talk."</p> <p>(11) In June, the Company signed a contract with Perfect World Co., Ltd. on "G.O.D, God of Destiny" at the press conference.</p> <p>(12) In July, "G.O.D, God of Destiny" passed the qualification review of the world's largest PC game platform Steam.</p> <p>(13) In July, the Company announced acting as the agent of Korea's new tower defense game "Tower of Ddin."</p> <p>(14) In July, the Company acquired the host rights to host the first World Cup Game of Special Force 2.</p> <p>(15) In August, the "Wayi Carnival" was held, attracted countless players to join and share the joy.</p> <p>(16) In September, the Company announced holding "Super Legion Racing Competition."</p> <p>(17) In September, "Special Force 2" was officially listed in the ESL, Europe's largest Esports league competition!</p>

Time	Principal Activities
	<p>(18) In September, the Company launched the first "Physical Professional Esports Training Course" in Taiwan.</p> <p>(19) In October, the Company officially established "SPIDER Professional Esports Academy."</p> <p>(20) In October, the Company officially announced acting as the agent for Japan's super popular mobile game "Nobunaga Strike."</p> <p>(21) In November, the Company announced to launch the Android version of "Nobunaga Strike."</p> <p>(22) The Company announced that the "SPIDER Professional Esports Academy" would be added advanced skills classes since December. The elite training would enable the strong skills to be upgraded to a higher level.</p> <p>(23) The Company announced that the "SF Online" annual Esports event "2015 SF Winter Contest" would debut in December.</p> <p>(24) In December, "The Kingdom of Far Away" won the Google Play 2014 Best Game of the Year.</p> <p>(25) In December, the Company announced that the "SF Online" annual Esports event "2015 SF Winter Contest" was open for registration.</p> <p>(26) In December, the Company held the "SF2 Taiwan Japan Double Match."</p> <p>(27) In December, "The Kingdom of Far Away," the super cute mobile game worldwide first cooperated with a live stream show.</p>
2015	<p>(1) In January, the Company announced that the Company would strive for dominating the mobile game market and that Japan's ultra-popular five-star game "Pocoron Maze" would be launched in February.</p> <p>(2) In January, the Company announced to contribute NT\$10 million to promote the "Six City Esports Professional Team" training program for "SF6."</p> <p>(3) In January, the Company launched "Nobunaga Strike" on dual platforms.</p> <p>(4) In February, the Company announced the 2015 overall competition plan for "SF Online" and "Special Force 2."</p> <p>(5) In February, "2015 SF Winter Contest" ended successfully.</p> <p>(6) In February, the Company launched "Pocoron Maze" on dual platforms.</p> <p>(7) In February, the "Pocoron Maze" went public and broke through 100,000 downloads in less than two weeks.</p> <p>(8) In April, "Pocoron Maze" co-starred in commercial advertisements with high school students for the first time.</p> <p>(9) In April, "Pocoron Maze" launched a joint fighting system.</p> <p>(10) In May, "Pocoron Maze" and "Dajia Jenn Lann Temple" jointly held a birthday party and a praying press conference to launch the "Hand Peace" electronic security card.</p> <p>(11) In May, the Company announced that the "2015 SF SF2 Summer Competition" would be held in June.</p> <p>(12) In June, the Company announced acting as the agent for Korea's pressure relief action mobile game "Lao Ban Bie Xiao Zhang."</p> <p>(13) In June, the Company launched "Lao Ban Bie Xiao Zhang" on dual platforms.</p> <p>(14) In June, the Company announced that "Lao Ban Bie Xiao Zhang" would be endorsed by Duncan, a well-known illustrator on the Internet.</p> <p>(15) In July, "Pocoron Maze" cooperated with 7-ELEVEN "OPEN! Family" to launch the special raid level "OPEN! Planet Adventure.</p> <p>(16) In July, "Pocoron Maze" broke through 1.5 million downloads.</p> <p>(17) In July, "Lao Ban Bie Xiao Zhang" broke through 0.5 million downloads.</p>

Time	Principal Activities
	<p>(18) In September, the Company launched "The Legend of Heroes" on dual platforms.</p> <p>(19) In September, "The Legend of Heroes" and "Golden light hand-puppet" jointly launched exclusive heroic roles.</p> <p>(20) In November, "Pocoron Maze" cooperated with Japan's super popular fantasy cartoon The Seven Deadly Sins.</p> <p>(21) In November, the Company announced to launch the Android version of "Dragonica Online."</p> <p>(22) In December, "Pocoron Maze" won Google's Best Puzzle Game of 2015.</p> <p>(23) In December, the Company launched the iOS version of "Dragonica Online."</p> <p>(24) In December, "Dragonica Online" broke through 0.5 million downloads.</p>
2016	<p>(1) In February, the Company held "Special Force 2" Pro League Championship.</p> <p>(2) In February, "Lao Ban Bie Xiao Zhang" broke through 1 million downloads.</p> <p>(3) In March, "Pocoron Maze" was nominated the "2016 Bahamut Anime Game Award" (Mobile Device—Mobile Phone / Tablet Group).</p> <p>(4) In March, "Special Force Online" was nominated at "2016 Bahamut Anime Game Award" (PC Game Online, Others).</p> <p>(5) In March, "Special Force 2" celebrated its second anniversary.</p> <p>(6) In April, the "SF Online Group A League" was held for three months.</p> <p>(7) In April, the "Special Force 2" Professional Esports League, Second Season was started.</p> <p>(8) In April, the "Super 8 Hero" Android version took the lead in launching.</p> <p>(9) In April, Taipei Mayor Ke Wenzhe came to the competition venue of professional Esports "Special Force 2" to cheer for the players.</p> <p>(10) In May, "Pocoron Maze" and the well-known Japanese animation Fairy Tail jointly launched exclusive equipment and levels.</p> <p>(11) In June, Ms. Xu Peijing took over as Chairman of Wayi International.</p> <p>(12) In July, "Wayi Cafe. APP" began cross-industry cooperation with Wei's Round Powder Packet, Jinyen Aesthetic Group and Grace Optical to provide players with preferential treatment.</p> <p>(13) In August, the Company held the second "Special Force 2" Pro League Championship.</p> <p>(14) In August, the Company co-organized "Special Force Online" World Cup. The Vice President of the Legislative Yuan and the Mayor of Taipei gave speeches and support to Esports industry.</p> <p>(15) In September, Ms. Xu Peijing took over as Chairman of the Taiwan Esports Competition League.</p> <p>(16) In September, the comforting mobile game "Pixel Tree" went on the shelf.</p> <p>(17) In October, the Company held VIP Players Meeting.</p> <p>(18) In October, "Pocoron Maze" cooperated with the Japanese mobile game community platform "Lobi" to provide different functions, such as community discussion, game video, etc. for players.</p> <p>(19) In October, the Company announced to reorganize the "Wayi Spider Professional Esports Competition Team" to enter the "League of Legends" LMS Professional Esports League for next season.</p> <p>(20) In November, the Company cooperated with 7-11 to hold the event of giving out NT\$2 million 7-11 "i gift" cash coupons for free.</p>

Time	Principal Activities
	(21) In December, the new generation strategy game "Warm Blood San Guo 3" launched closed beta testing without deleting files.
2017	<ul style="list-style-type: none"> (1) In January, "Warm Blood San Guo 3" began cross-industry cooperation with "Tripodking Inc." and "Wulao." (2) In January, "Warm Blood San Guo 3" held a blood donation drive to encourage players to donate blood to give back the society. (3) In February, "Pocoron Maze" celebrated its second anniversary in Taiwan's market. (4) In March, "Warm Blood San Guo 3" officially went on the market in Taiwan. (5) In April, the first "Warm Blood San Guo 3," Taiwan, Hong Kong and Macao, War of the Gods Matchless Competition started on the 24th. (6) In May, "Warm Blood San Guo 3" and "World Decisive Battle" were simultaneously revised to hold the battle between Taiwan, Hong Kong, and Macao. (7) In June, Mr. Chang Hsieh Chien took over as Chairman of Wayi International. (8) In July, the level limit for the "Pocoron Maze" was reset to 600. (9) In August, the Company held the "Special Force 2" August Legion League Competition. (10) In September, Wayi's new mobile game "The Kingdom of Far Away 2" would participate in the Tokyo Game Show. (11) In October, "The Kingdom of Far Away 2" was officially launched on dual platforms, featuring fighting by cultivating characters in the 8-bit pixel-style world! (12) In November, "Warm Blood San Guo 3, Xiong Ba Tian Xia" underwent a large-scale revision. (13) In December, Wayi's games celebrated the Dual Christmas event with the players.
2018	<ul style="list-style-type: none"> (1) In January, the Company announced to open the World BOSS level of "The Kingdom of Far Away 2" on February 1st. (2) In February, "Pocoron Maze" celebrated its second anniversary in Taiwan's market. (3) In March, "Special Force 2" celebrated its fourth anniversary in Taiwan's market. (4) In April, the New Year Holiday Special Offer of "The Kingdom of Far Away 2" started in Spring vacation. (5) In May, "San Guo Ding Li" of "Warm Blood San Guo 3" launched a new edition. (6) In June, "Special Force 2" Summer Online Challenge Competition started. (7) In July, "The Final Chapter of the New Age Symphony" of "GE Granado Espada R" underwent a revision. (8) In August, a new edition of the "Pocoron Maze" was launched, with the addition of the new "Pocoron Arena." (9) In September, the Company officially acted as the agent in Taiwan for "Welcome to My Home" of Kakao Games, South Korea. (10) In October, the "Funny Halloween" event in the "Pocoron Maze" started. (11) In November, "Welcome to My Home" began its pre-registration campaign. (12) In December, "Welcome to My Home" was officially launched on dual platforms.
2019	<ul style="list-style-type: none"> (1) In January, "Happy Pig Year" for "Pocoron Maze" started. (2) In February, Wayi's games celebrated Lunar New Year with the players. (3) In March, "Pocoron Maze" celebrated its fourth anniversary in Taiwan's market. (4) In April, "Pocoron Maze" launched the "Platinum Coupon Exchange," where players can designate monsters.

Time	Principal Activities
	<p>(5) In May, "Revisiting the Ice Magic Tower" of "GE Granado Espada R" underwent a revision.</p> <p>(6) In June, our games celebrated the "Dragon Boat Festival" with players.</p> <p>(7) In July, "Pocoron Maze" celebrated its fourth anniversary in Taiwan's market by launching an exclusive "4th Anniversary Festival."</p> <p>(8) In August, our games celebrated the "Chinese Valentine's Day" with players.</p> <p>(9) In September, "Wang Tu Ba Ye" of "Warm Blood San Guo 3" underwent a revision.</p> <p>(10) In October, our games celebrated the "Halloween" with players.</p> <p>(11) In November, a new edition of "GE Granado Espada R" was launched early.</p> <p>(12) In December, "Welcome to My Home" celebrated its first anniversary in Taiwan's market.</p>
2020	<p>(1) In January, a new online mobile game, "Slots," was launched.</p> <p>(2) In February, "Welcome to My Home" and "Goblin: The Lonely and Great God" jointly launched clothing and props.</p> <p>(3) In March, "Pocoron Maze" celebrated its fifth anniversary in Taiwan's market.</p> <p>(4) In April, "Warm Blood San Guo 3" made it easy for players to grow faster! Launch the "Hot Blood Sprint" version.</p> <p>(5) In May, the new feature of "Cave of the Holy Light Magic Stone" in "Pocoron Maze" was launched.</p> <p>(6) In June, "GE King's Sword R" was launched to save the parallel world! Revision comes today.</p> <p>(7) In July, "Welcome to My Home" opened a new era of guild expedition! Added "Starlight Guild" and "Balloon Expedition" system.</p> <p>(8) In August, the new task mode of "Welcome to My Home" was opened! Let's explore the dream of star pets together!</p> <p>(9) In September, "Warm Blood San Guo 3", a group of heroes fighting for the people! A new revamped version of "Tour the World" on stage!</p> <p>(10) In October, SSS hero for free for reservation in "Soul Ark"! Reservation campaign begins!</p> <p>(11) In November, "Soul Ark" fairy world war started! Officially launched on dual platforms!</p> <p>(12) In December, "2020 Kaohsiung E-Sports Carnival" amazed the world! "Soul Ark", "CODE 2040" stalls were hot.</p>
2021	<p>In January, the "Apotheosis Altar Hard to Break" of the "Soul Ark" made the debut.</p> <p>In February, the "Soul Ark" embraced campaign and revision! Large-scale strategic layout guild battle on stage.</p> <p>In March, the Wolf and Sheep sweet level of "Soul Ark" was launched.</p> <p>In June, "GE Granado Espada R", the final chapter of Aochihya: the coming of the end of the world, was launched.</p> <p>In July, a branch office in Taichung was established.</p> <p>In August, "MASS FOR THE DEAD" Japanese popular animation "OVERLORD" was authorized, and the news of game agencies in Taiwan, Hong Kong and Macao was published!</p> <p>In November, "MASS FOR THE DEAD", pre-registration and pre-booking activities for both platform stores were started immediately!</p> <p>In November, pre-booking activities of "FRIENDS RACING", a popular IP-based cute racing game, were officially launched!</p> <p>In November, promotional video of "MASS FOR THE DEAD" was released with the introduction of the characters.</p>

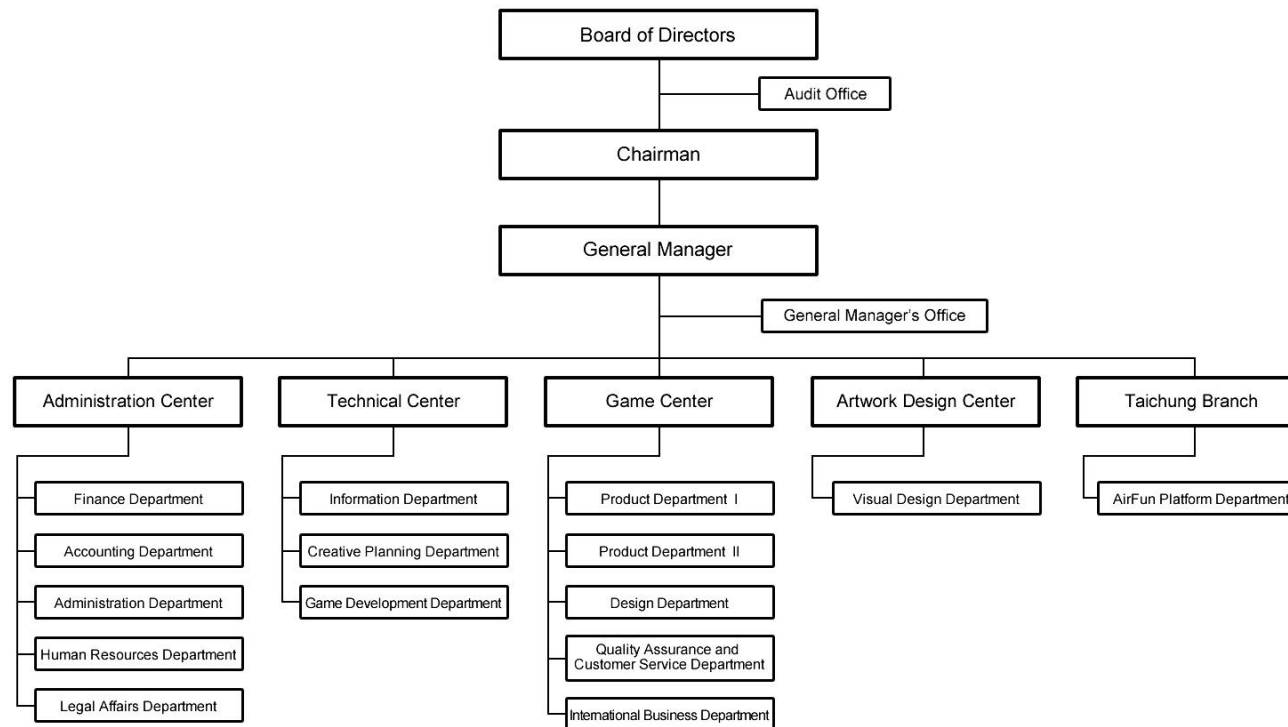
Time	Principal Activities
	<p>In December, dual-platforms of "MASS FOR THE DEAD" were officially launched, and the opening of service activities were fully initiated!</p> <p>In December, "Friends Racing" made its debut in 20 December! Catch up with RYAN and become a racer!</p>

Chapter 3 Corporate Governance Report

I. Organization

(I) Corporate Organization and Structure

Organizational Chart of Wayi International Digital Entertainment Co., Ltd.



(II) Department Functions:

(II) Department Functions.	
Department	Responsibilities
Audit Office	<div><div>1.</div><div>2.</div><div>3.</div><div>4.</div><div>5.</div><div>6.</div></div> <div>Establish and maintain the Company's internal audit system. Evaluate the efficiency of implementation of policies and provide recommendations for improvement. Protect corporate assets from waste, fraud, and inefficiency. Implement routine and project audits. Follow up tracking and assessment of tasks assigned. Inspection and reporting of abnormal matters.</div>
General Manager's Office	<div><div>1.</div><div>2.</div><div>3.</div><div>4.</div><div>5.</div></div> <div>Integration of artwork design projects. New game project planning. Group new game development teams. Project strategy planning. Assist General Manager in handling all affairs.</div>
Administration Center	
Finance Department	<div><div>1.</div><div>2.</div><div>3.</div><div>4.</div><div>5.</div><div>6.</div><div>7.</div><div>8.</div></div> <div>Planning, auditing and execution of investment affairs. Corporate funding and engagement with banks. Handling, applying and forecasting of long-term and short-term funds. Materials preparation, announcement and convening of the Board of Directors and the Shareholders' Meeting Credit and review of customer financial information. Handling cashier and stock operation. Financial supervision, performance appraisal and coordination and integration of operation strategies of subsidiaries within the Group. Function strengthening and convening of the Board of Directors.</div>
Accounting Department	<div><div>1.</div><div>2.</div><div>3.</div><div>4.</div><div>5.</div><div>6.</div><div>7.</div><div>8.</div></div> <div>Responsible for the compilation of the Company's accounting and tax declaration. Application and handling of tax reduction and tax exemption matters. Expenditure audit and inventory operation. Preparation of all financial statements and analysis statements. Convening, coordinating and summarizing the annual budget of the Group. Accounts consolidation of subsidiaries. Contact with accountants. Preparation of declaration materials for SFC, and public announcement.</div>
Administration Department	<div><div>1.</div><div>2.</div><div>3.</div><div>4.</div><div>5.</div><div>6.</div><div>7.</div><div>8.</div><div>9.</div></div> <div>Responsible for inquiries and purchasing of various general services, fixed assets, and product processes. Formulation and implementation of the asset inventory plan. Acquisition, maintenance, and management of all property equipment of the Company. Arrangement of supervisor's schedule and temporary assignments. Formulation of adhesive contracts, contract review, and the maintenance and management of intellectual property rights. Processing of the Company's external legal and litigation operations. Formulation and handling of regulations for employee recruitment, employment, transfer, rewards and punishments, assessment, and other personnel-related affairs. Insurance and employee salary accounting. Education and training and management of labor relations.</div>
Human Resources Department	
Legal Affairs Department	
Technical Center	
Information	<div><div>1.</div></div> <div>Testing, evaluation, installation, and maintenance of all information</div>

Department	<p>software/hardware equipment.</p> <ol style="list-style-type: none"> Enforcement, promotion, and management of Personal Information Protection Act. Introduction, management and maintenance of information security procedures. Releasing, building and updating of game products and on-duty maintenance of computer rooms. Information equipment procurement, bandwidth procurement, and IT budget execution. Hardware and software installation and maintenance of the Company's internal information equipment. (ERP, Mail, eHR) Technical support for organizing events; support, installation, and maintenance of information equipment at exhibition sites. Planning and promotion of corporate electronic IT systems. Cloud-based application and big data analytics applications. Membership system development. Development of Wayi membership, cash flow, and game AP systems.
Creative Planning Department	<ol style="list-style-type: none"> Planning game project functions. Project creative planning and implementation.
Game Development Department	<ol style="list-style-type: none"> Building, localization and revision of game products. Maintenance and operation of released game products. Technical support for integrating mobile games and the Wayi SDK. Development of new mobile games.
Game Center	
Product Department I	<ol style="list-style-type: none"> Research, proposal and implementation of marketing strategies for all products (including online games and peripheral products). Preparation for launching new games, schedule planning, version and business development, and progress tracking. Business planning and objective achievement, membership maintenance and community management. Schedule planning of version update and holding online and offline activities. Development of WGS cash flow business. Accounting management and other administrative work. Operation and maintenance of the online credit deposit center. Response and handling of customers' questions regarding online point purchase. Provision and analysis of game report data.
Product Department II	<ol style="list-style-type: none"> Research, proposal and implementation of marketing strategies for all products (including online games and peripheral products). Preparation for launching new games, schedule planning, version and business development, and progress tracking. Business planning and objective achievement, membership maintenance and community management. Schedule planning of version update and holding online and offline activities. Provision and analysis of game report data. Foreign authorized game operations and foreign language contact window. Collection and analysis of market and industry information. Evaluate and test unsigned games and consolidate internal opinions. Adjust, evaluate, and test the content of new games to be launched.

Design Department	<ol style="list-style-type: none"> 1. The Company's product advertising design. 2. Official game website and image web page design. 3. The Company's public website and brand image design. 4. Design of print media/magazine/advertising.
Quality Assurance and Customer Service Department	<ol style="list-style-type: none"> 1. Evaluate and test unsigned games and consolidate internal opinions. 2. Adjust, evaluate, and test the content of new games to be launched. 3. Adjust, evaluate, and test the content of launched games. 4. Answering customer questions and understanding and comforting customer complaints. 5. Dispute coordination in the games and handling of problematic events.
International Business Department	<ol style="list-style-type: none"> 1. Foreign authorized game operations and foreign language contact window. 2. Overseas market planning and copyright procurement evaluation. 3. Collection and analysis of market and industry information of peer competitors.
Artwork Design Center	
Visual Design Department	<ol style="list-style-type: none"> 1. Producing projects' 2D and 3D artwork special effects. 2. Artistic animation production of all projects.
Taichung Branch	
AirFun Platform Department	<ol style="list-style-type: none"> 1. Product planning and practice. 2. Negotiation and connection with suppliers for cash flow payment. 3. Negotiation and connection with game suppliers. 4. Vendor integration and quality process control. 5. Product related market information collection and comparison with competing products. 6. Answering customer questions and handling service exceptions. 7. Product operation, marketing strategy planning and execution.

II. Directors, Supervisors, General Manager, Deputy General Manager, Assistant Vice Presidents and Heads of Departments and Branches

(I) Directors and Supervisors

1. Directors and Supervisors

April 25, 2022

Title	Nationality / Place of Incorporation	Name	Gender Age	Date Elected (Appointed)	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangemen		Experience (Education)	Positions concurrently held at the company and other companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
							Number of Shares	Sharehol ding %	Number of Shares	Sharehol ding %	Number of Shares	Sharehol ding %	Number of Shares	Sharehol ding %			Title	Name	Relati onshi p	
Chairman	Seychelles	Given Business Inc.	Male 41-50	June 25, 2019	Three years	June 25, 2019	18,000,000	29.43	3,948,480	20.39	0	0	0	0	Not applicable	The Company: None Other companies: None	None	None	None	None
	The Republic of China	Given Business Inc. Representative: Chang Hsieh Chien					0	0	0	0	981,921	5.07	0	0	Executive Master of Business Administration, National Taipei University Chairman, Wayi International Digital Entertainment Co., Ltd.	The Company: General Manager Other companies: Director, WAYI SOFTMAGIC INVESTMENT (ASIA) LTD. Director, WAYI SOFTMAGIC INVESTMENT (CAYMAN) LTD. Chairman, DIT Startup Co. Ltd. Chairman, Hongxin Multimedia Co., Ltd. Director, Bonus Winner Online Entertainment Co., Ltd.	None	None	None	Note
Director	Seychelles	Given Business Inc.	Female 51-60	June 25, 2019	Three years	June 25, 2019	18,000,000	29.43	3,948,480	20.39	0	0	0	0	Not applicable	The Company: None Other companies: None	None	None	None	None
	The Republic of China	Given Business Inc. Representative: Wu Ai Yun					314,032	0.51	68,886	0.36	0	0	0	0	Accounting Department of Ming Chuan University Financial Officer, Jujiao Technology Co., Ltd.	The Company: None Other companies: Supervisor, Pioneer Media Social Enterprise Co., Ltd. Supervisor, Bonus Winner Online Entertainment Co., Ltd. Supervisor, JFI Games Co., Ltd. Director, Soft-World International Co., Ltd.	None	None	None	None
Director	Seychelles	Given Business Inc.	Male 41-50	June 25, 2019	Three years	June 25, 2019	18,000,000	29.43	3,948,480	20.39	0	0	0	0	Not applicable	The Company: None Other companies: None	None	None	None	None
	The Republic of China	Given Business Inc. Representative: Tu Yao Jen					8,000	0.01	1,754	0.01	0	0	0	0	Ph.D. of Beijing University Graduate Institute of Political Science, Tunghai University Master CEO of HE TI	The Company: None Other companies: CEO of HE TI HOTEL Lecturer of National Taichung University of Science and Technology	None	None	None	None

Title	Nationality / Place of Incorporation	Name	Gender Age	Date Elected (Appointed)	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangemen		Experience (Education)	Positions concurrently held at the company and other companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
							Number of Shares	Sharehol ding %	Number of Shares	Sharehold ing %	Number of Shares	Sharehol ding %	Number of Shares	Sharehol ding %			Title	Name	Relati onshi p	
															HOTEL					
Independent Director	The Republic of China	Hsiao Feng Hsiung	Male Over 60	June 25, 2019	Three years	June 15, 2007	0	0	0	0	0	0	0	0	PhD in Economics, Chinese Cultural University Dean, College Business, Tamkang University Vice Chairperson, Council for Economic Planning And Development, Executive Yuan	The Company: None Other companies: Honorary Professor, Tamkang University Independent Director, CMC Magnetics co., Ltd. Independent Director, EastTech Holding Limited, Co. Ltd. Independent Director, Transtouch Technology Inc. Supervisor, China Town Co., Ltd.	None	None	None	None
Independent Director	The Republic of China	Liang Mu Chun	Male Over 60	June 23, 2020	Three years	June 23, 2020	0	0	0	0	0	0	0	0	University of San Francisco Public Administration Director, Taiyen Biotech Co., Ltd. Chairman, Taiyen (Xiamen) Import and Export Co., Ltd.	The Company: None Other companies: Chairman, Big Tom International Co., Ltd.	None	None	None	None
Supervisors	The Republic of China	Lin Wen Peng	Male 41-50	June 25, 2019	Three years	June 25, 2019	0	0	0	0	0	0	0	0	Department of Law, National Taiwan University Lawyer, Giant Era International Law Office	The Company: None Other companies: Lawyer, Giant Era International Law Office Director of Formosa Oilseed Processing Co., Ltd. Director of UNI Air Co., Ltd.	None	None	None	None
Supervisors	The Republic of China	Huang Xin Investment Co., Ltd .	Male 41-50	June 25, 2019	Three years	June 25, 2019	5,000,000	8.17	1,096,800	5.66	0	0	0	0	Not applicable	The Company: None Other companies: None	None	None	None	None
	The Republic of China	Huang Xin Investment Co., Ltd . Representative Lu Shih Yun					0	0	0	0	0	0	0	0	Wufeng Agricultural Industrial High School Special Assistant of Chairman, Sun and Moon Management Consultant Co., Ltd.	The Company: None Other companies: Special Assistant of General Manager, Fantasy Technology Co., Ltd.	None	None	None	None

Note: The Chairman of the Company concurrently acts as General Manager to enhance operating efficiency and decision-making, and exchanges opinions with Supervisors and Directors on major business decisions at any time. Major business decisions are fully discussed in the Board meetings to fulfill corporate governance.

More than half of the Board members are not employees or managerial officers of the Company concurrently.

2. Major Shareholders of Institutional Shareholders: April 25, 2022

Name of Institutional Shareholders	Major Shareholders of Institutional Shareholders
Given Business Inc.	Chow Man Cheung Felix (100%)
Huang Xin Investment Co., Ltd.	Xiao Zhenghao (62.82%) Li Yiqi (33.33%) Other (3.85%)

3. Major Shareholders of the Company's Institutional Shareholders: April 25, 2022

Name of Institutional Shareholders	Major Shareholders of the Company's Institutional Shareholders
None	None

4. Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors:

Qualification Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	The number of positions held as Independent Director for other publicly-listed companies
Given Business Inc. Representative: Chang Hsieh Chien	Have Work Experience in the Areas of Commerce, Finance, or Accounting, or Otherwise Necessary for the Business of the Company. There is no any violations of the paragraphs of Article 30 of the Companies Act. Education/experience Executive Master of Business Administration, National Taipei University Chairman, DIT Startup Co. Ltd.	NA	None
Given Business Inc. Representative: Wu Ai Yun	Have Work Experience in the Areas of Commerce, Finance, or Accounting, or Otherwise Necessary for the Business of the Company. There is no any violations of the paragraphs of Article 30 of the Companies Act. Education/experience Accounting Department of Ming Chuan University Financial Officer, Jujiao Technology Co., Ltd.	NA	None
Given Business Inc. Representative: Tu Yao Jen	Have Work Experience in the Areas of Commerce, Finance, or Accounting, or Otherwise Necessary for the Business of the Company. There is no any violations of the paragraphs of Article 30 of the Companies Act. Education/experience Ph.D. of Beijing University Graduate Institute of Political Science, Tunghai University Master CEO of HE TI HOTEL	NA	None

Hsiao Feng Hsiung	<p>An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university</p> <p>Have Work Experience in the Areas of Commerce, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.</p> <p>There is no any violations of the paragraphs of Article 30 of the Companies Act.</p> <p>Education/experience PhD in Economics, Chinese Cultural University Dean, College Business, Tamkang University Vice Chairperson, Council for Economic Planning And Development, Executive Yuan</p>	<p>1. I, my spouse, and relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or its affiliates.</p> <p>2. I, my spouse, and relatives within the second degree of kinship (or using the name of another person) do not hold the number and proportion of shares of the Company.</p> <p>3. Not being a director, supervisor or employee of a company with a specific relationship with the Company (in accordance with Subparagraphs 5~8, Paragraph 1, Article 3 of the Regulations Governing the Establishment and Compliance of Independent Directors of Public Listed Companies).</p> <p>4. Have not provided any remuneration for business, legal, financial, or accounting services to the Company or its affiliates in the last two years.</p>	3
Liang Mu Chun	<p>Have Work Experience in the Areas of Commerce, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.</p> <p>There is no any violations of the paragraphs of Article 30 of the Companies Act.</p> <p>Education/experience University of San Francisco Public Administration Director, Taiyen Biotech Co., Ltd. Chairman, Taiyen (Xiamen) Import and Export Co., Ltd.</p>	<p>1. I, my spouse, and relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or its affiliates.</p> <p>2. I, my spouse, and relatives within the second degree of kinship (or using the name of another person) do not hold the number and proportion of shares of the Company.</p> <p>3. Not being a director, supervisor or employee of a company with a specific relationship with the Company (in accordance with Subparagraphs 5~8, Paragraph 1, Article 3 of the Regulations Governing the Establishment and Compliance of Independent Directors of Public Listed Companies).</p> <p>4. Have not provided any remuneration for business, legal, financial, or accounting services to the Company or its affiliates in the last two years.</p>	None
Lin Wen Peng	<p>Have Work Experience in the Areas of Commerce, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.</p> <p>Passed the national examination and obtained a certificate for the lawyer.</p> <p>There is no any violations of the paragraphs of Article 30 of the Companies Act.</p> <p>Education/experience Department of Law, National Taiwan University Lawyer, Giant Era International Law Office</p>	NA	None
Huang Xin Investment Co., Ltd Representative Lu Shih Yun	<p>Have Work Experience in the Areas of Commerce, Finance, or Accounting, or Otherwise Necessary for the Business of the Company.</p> <p>There is no any violations of the paragraphs of Article 30 of the Companies Act.</p> <p>Education/experience Wufeng Agricultural Industrial High School Special Assistant of Chairman, Sun and Moon Management Consultant Co., Ltd.</p>	NA	None

Note 1: Professional qualifications and experience: state the professional qualifications and experience of individual directors. If they are members of the audit committee and have accounting or financial expertise, their accounting or financial background and work experience should be stated, and whether there is no any violations of the paragraphs of Article 30 of the Companies Act.

Note 2: Independent directors shall state their independence, including but not limited to whether they, their spouse, or relatives within the second degree are the directors, supervisors or employees of the Company or its affiliated companies; The number and proportion of the Company's shares held

in the name of another person; whether to serve as a director, supervisor or employees of a company that has a specific relationship with the Company (refer to the provisions of Article 3, Subparagraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Independent Directors and Matters to be Obeyed by Public Offering Companies). In addition, the amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years should be disclosed as well.

5. Board Diversity and Independence:

(1) Board Diversity: Describe the diversity policy, objectives and achievement of the Board of Directors. The diversity policy includes, but is not limited to, the criteria for selecting directors, the professional qualifications, experience, gender, age, nationality and culture of the Board of Directors, and the composition or proportion of the Board of Directors, as well as the specific objectives of the Company and the achievement of those objectives.

In accordance with Article 20 of the Company's Corporate Governance Best-Practice Principles:

The Board of Directors of the Company shall direct the Company's strategies, supervise the management, and be responsible to the Company and its shareholders. The operations and arrangements of the Company's corporate governance system shall ensure that the Board of Directors shall exercise its authority in accordance with the provisions of the Act, the Articles of Association, or the resolutions of the shareholders' meeting.

The Company's Board of Directors shall be structured in such a way as to determine the appropriate number of directors with five or more members, taking into account the scale of the Company's operations and development and the shareholdings of its major shareholders, and taking into account practical operational needs.

The composition of the Board of Directors shall take into consideration diversity, except that the number of directors who are also managers of the Company shall not exceed one-third of the number of directors, and shall formulate appropriate diversity guidelines with respect to its operation, business model and development needs, including but not limited to the following two major criteria:

- I. Basic requirements and values: gender, age, nationality and culture, etc., with the proportion of female directors reaching one-third of the Board of Directors.
- II. Professional knowledge and skills: professional background (e.g., law, accounting, industry, finance, marketing, or technology), expertise, and industry experience, etc.

Board members should generally possess the knowledge, skills and qualities necessary to perform their duties. To achieve the desired goals of corporate governance, the Board of Directors as a whole shall possess the following competencies: operational judgment, accounting and financial analysis, management and operation capabilities, crisis management, industry knowledge, international market perspective, leadership, and decision-making skills.

The specific management objectives and achievements of the Company's diversity

policy are as follows:

The Board of Directors of the Company consists of 5 directors (including 2 independent directors) and 2 supervisors, with 20% of directors with employee status, 20% of female directors, and 40% of independent directors; age distribution of directors and supervisors: 57% aged 41~50, 14% aged 51~60, and 29% aged 60 or above; one independent director has a tenure of less than 3 years.

The Board members of the Company have different expertise and rich industrial experience, including experience in the gaming industry, finance and accounting, legal profession, and management expertise, which can achieve diversified and complementary effects on the execution of duties of directors and corporate governance. The number of directors who are also managers of the Company shall not exceed one-third of the directors, which has been achieved by the current session of the Board of Directors.

(2) Independence of the Board of Directors: Specify the number and proportion of independent directors, and state that the Board of Directors is independent, with reasons as to whether there are no cases of the Paragraphs of 3 and 4 of Article 26-3 of the Securities and Exchange Act, including the cases of spouse and relatives within the second degree of kinship among directors, supervisors, or directors and supervisors.

The Board of Directors of the Company consists of five directors (including two independent directors) and two supervisors, with independent directors accounting for 29% of all directors and supervisors. None of the directors are related to each other by spouse or relative within the second degree of kinship, as required by Paragraph 3, Article 26-3 of the Securities and Exchange Act. The Company has no spouse or relative within the second degree of kinship among the supervisors or between the supervisors and the directors as stipulated in Paragraph 4, Article 26-3 of the Securities and Exchange Act.

(II) Information of the General Manager, Deputy General Manager, Assistant Vice Presidents and Heads of Departments and Branches

April 25, 2022

Title	Nationality	Name	Gender	Date Elected (Appointed)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Positions Currently Held in Other Companies	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relationship	
General Manager	The Republic of China	Chang Hsieh Chien	Male	June 22, 2017	0	0	981,921	5.07	0	0	Executive Master of Business Administration, National Taipei University Chairman, Wayi International Digital Entertainment Co., Ltd.	Director, WAYI SOFTMAGIC INVESTMENT (ASIA) LTD. Director, WAYI SOFTMAGIC INVESTMENT (CAYMAN) LTD. Chairman, DIT Startup Co. Ltd. Chairman, Hongxin Multimedia Co., Ltd. Director, Bonus Winner Online Entertainment Co., Ltd.	None	None	None	Note
Administration Center CFO	The Republic of China	Li Chun Te	Male	July 10, 2017	0	0	0	0	0	0	PhD in Economics, Fujian Normal University Master of Business Administration, National Chengchi University Director, Counselor, Financial Supervisory Commission of the Executive Yuan Deputy General Manager, Motor Vehicle Accident Compensation Fund	Quanzhou Sansda Asian plastic Co., Ltd. Independent Director Members of the Audit Committee. Members of the Remuneration Committee. Ching Feng Home Fashions Co., Ltd. Independent Director Members of the Audit Committee. Members of the Remuneration Committee. Toplus Global Co., Ltd. Independent Director Members of the Audit Committee. Members of the Remuneration Committee.	None	None	None	None
Accounting Manager	The Republic of China	Huang Ya Ling	Female	December 22, 2016	0	0	0	0	0	0	Department of Accounting, National Chung Hsing University PwC Taiwan KG Telecommunication/Far EasTone Telecommunications Heaven Skincare Taiwan Co. Ltd.	None	None	None	None	None

Note: The Chairman of the Company concurrently acts as General Manager to enhance operating efficiency and decision-making, and exchanges opinions with Supervisors and Directors on major business decisions at

any time. Major business decisions are fully discussed in the Board meetings to fulfill corporate governance. More than half of the Board members are not employees or managerial officers of the Company concurrently.

(III) Remuneration of Directors, Independent Directors, Supervisors, General Manager, and Vice General Manager

1. Remuneration of Directors and Independent Directors

December 31, 2021: Unit: NT\$ thousands/Thousand shares

Title	Name	Remuneration of Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income After Tax (%)	
		Base Compensation (A)		Severance Pay (B)		<u>Directors' Compensation (C)</u>		Allowances (D)			
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Chairman	Given Business Inc. Representative: Chang Hsieh Chien	100	100	0	0	61	61	35	35	0.21	0.21
Director	Given Business Inc. Representative: Wu Ai Yun	100	100	0	0	61	61	35	35	0.21	0.21
Director	Given Business Inc. Representative: Tu Yao Jen	100	100	0	0	61	61	35	35	0.21	0.21
Independent Director	Liang Mu Chun	500	500	0	0	61	61	135	135	0.75	0.75
Independent Director	Hsiao Feng Hsiung	500	500	0	0	61	61	135	135	0.75	0.75

Title	Name	Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income After Taxes(%)		Compensation from Invested Companies Other than the Company's Subsidiary
		Salaries, Bonuses and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
						Cash	Stock	Cash	Stock			
Chairman	Given Business Inc. Representative: Chang Hsieh Chien	3,250	3,250	0	0	0	0	0	0	3.71	3.71	None
Director	Given Business Inc. Representative: Wu Ai Yun	0	0	0	0	0	0	0	0	0.21	0.21	None
Director	Given Business Inc. Representative: Tu Yao Jen	0	0	0	0	0	0	0	0	0.21	0.21	None
Independent Director	Liang Mu Chun	0	0	0	0	0	0	0	0	0.75	0.75	None
Independent Director	Hsiao Feng Hsiung	0	0	0	0	0	0	0	0	0.75	0.75	None

Note 1: The policy, system, standards, and structure regarding the remuneration of independent directors and the correlation between the amount of remuneration with factors including job position, risks, input time: In accordance with Articles of Incorporation, the Board of Directors shall be authorized to determine the remuneration paid to directors for the performance of their duties based on the degree of participation and contribution value with reference to the standards of the industry. The distribution of remuneration paid to Directors and Supervisors shall be less than 3% of income before tax for the current year before deducting employee remuneration and remuneration paid to Directors and Supervisors. The change in remuneration paid to Directors and Supervisors with income before tax shall be reasonable.

Note2: In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors.: Not applicable

2. Remuneration of Supervisors

December 31, 2021: Unit: NT\$ thousands/Thousand shares

Title	Name	Remuneration of Supervisors						Ratio of Total Remuneration (A+B+C) to Net Income After Tax (%)		Compensation from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Bonus to Supervisors (B)		Allowances (C)				
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	
Supervisors	Lin Wen Peng	100	100	61	61	30	30	0.21	0.21	None
Supervisors	Huang Xin Investment Co., Ltd Representative Lu Shih Yun	100	100	61	61	30	30	0.21	0.21	None

3. Remuneration of General Manager and Deputy General Manager

December 31, 2021; Unit: NT\$ thousands/1000 shares

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Employees' Remuneration (D)				Ratio of Total Compensation (A+B+C+D) to Net Income After Tax (%)		Compensation from an Invested Company Other than the Company's Subsidiary
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
General Manager	Chang Hsieh Chien	3,000	3,000	0	0	250	250	0	0	0	0	3.50	3.50	None

4. Executive remuneration

December 31, 2021; Unit: NT\$ thousands/1000 shares

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Employees' Remuneration (D)				Ratio of Total Compensation (A+B+C+D) to Net Income After Tax (%)		Compensation from an Invested Company Other than the Company's Subsidiary
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	

								Cash	Stock	Cash	Stock			
General Manager	Chang Hsieh Chien	3,000	3,000	0	0	250	250	0	0	0	0	3.50	3.50	None
CFO	Li Chun Te	1,560	1,560	0	0	130	130	72	0	72	0	1.90	1.90	None
Accounting Manager	Huang Ya Ling	840	840	0	0	70	70	42	0	42	0	1.02	1.02	None

5. The Name of the Manager who Distributes Employees' Bonuses and the Distribution:

December 31, 2021; Unit: NT\$ thousands/1000 shares

Title	Name	Total Share Remuneration	Total Cash Remuneration	Total	Ratio of the Aggregate Amount to the Net Income After Tax (%)
General Manager	Chang Hsieh Chien	0	114	114	0.12
CFO	Li Chun Te				
Accounting Manager	Huang Ya Ling				

(IV) Comparison of remuneration paid by all companies included in the consolidated financial statements for the most recent two fiscal years to the Directors, Supervisors, General Manager and Vice General Manager of the Company, to the net income after tax and Paid by the Company, and the policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance

1. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income after tax

Title	2020, the ratio of the total remuneration to the net income after tax (%)		2021, the ratio of the total remuneration to the net income after tax (%)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Director	800.14	800.14	5.63	5.63
Supervisors	42.58	42.58	0.41	0.41
General Manager	558.86	558.86	3.50	3.50

Note: The Company's net income after tax was NT\$564 thousands for 2020 and NT\$92,944 thousands for 2021.

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance

The remuneration of directors, supervisors, general manager and vice general manager is based on the Company's Articles of Association (as set forth in the following paragraph) and the Company's "Salary Payment Methods", with reference to the salary level in the industry, the scope of authority and responsibility within the Company and the degree of contribution to the Company's operational objectives, and taking into account the risk of decision making, the risk of failure to achieve operational objectives and the risk of non-compliance with policies and regulations do to achieve the reasonable payment of remuneration. The remuneration of directors, supervisors, general manager and vice general manager is based on the results of the annual performance evaluation in addition to the overall operating performance of the Company. The remuneration of directors and supervisors, general manager and vice general manager of the Company shall be reviewed by the Remuneration Committee and approved by the Board of Directors.

Article 21 of the Company's Articles of Association: The Company may remunerate its directors and supervisors for performing their duties for the Company, regardless of operating profit or loss, and the Board of Directors shall be authorized to determine their remuneration in accordance with their participation in the Company's operations and the value of their contributions, based on the usual industry standards;

Article 25 of the Company's Articles of Association: The Company shall allocate not less than 1% of its profit for the year (i.e., profit before tax before the distribution of employees' remuneration and directors' and supervisors' remuneration) to employees' remuneration, and not more than 3% to directors' and supervisors' remuneration, which shall be distributed in shares or cash by

resolution of the Board of Directors, and shall be paid to employees who meet certain criteria for control or subordination of the Company. The Board of Directors is authorized to set the terms and conditions. However, if the Company still has accumulated losses, it shall reserve the amount of compensation in advance and then allocate the compensation to employees and directors and supervisors in accordance with the aforementioned proportion.

III. Implementation of Corporate Governance:

(I) Board of Directors:

1.A total of 7 (A) meetings of the Board of Directors were held in the previous period. The attendance of director and supervisor were as follows:

Title	Name (Note 1)	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A) (Note 2)	Remarks
Chairman	Given Business Inc. Representative: Chang Hsieh Chien	7	0	100	Newly appointed on June 25, 2019 Required to attend 7 meetings
Director	Given Business Inc. Representative: Wu Ai Yun	7	0	100	Newly appointed on June 25, 2019 Required to attend 7 meetings
Director	Given Business Inc. Representative: Tu Yao Jen	7	0	100	Newly appointed on June 25, 2019 Required to attend 7 meetings
Independent Director	Hsiao Feng Hsiung	7	0	100	Newly appointed on June 25, 2019 Required to attend 7 meetings
Independent Director	Liang Mu Chun	7	0	100	Newly appointed on June 23, 2020 Required to attend 7 meetings

Other mentionable items:

I. If any of the following circumstances occurs, the dates of the meetings, sessions, contents of motion, all Independent Directors' opinions and the Company's response shall be specified

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act.

Date and term of the board meeting	Proposal content	Independent Directors' opinion	Handling of the opinions of the independent directors
5/13/2021, the thirteenth meeting of the tenth term	Proposal on the change of CPAs in response to the internal rotation of the accounting firm. Proposal on acquiring the right of using the real estate from the related party.	No objections	Not applicable
7/14/2021 the fifteenth meeting of the tenth term	Supplemental proposal on the acquisition of property right-of-use assets from related parties	No objections	Not applicable
8/12/2021, the sixteenth meeting of the tenth term	Addition of the "Rules Governing the Management of Game Currency" for AirFun platform Addition of the "Regulations governing Cooperative Development and Operation" The term of the remaining unraised amount of the private placement of cash increase submitted by the shareholders' interim meeting in 2020 will	No objections	Not applicable

		expire soon, and no further private placement will be made during the remaining period.		
	<p>The above proposal was passed without objection after the chairman consulted all the directors present, and independent directors had no other opinions.</p> <p>(II) Other matters involving objections or expressed reservations by Independent Directors that were recorded or stated in writing that require a resolution by the Board of Directors:None.</p> <p>II. If there are Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motion, causes for avoidance and voting shall be specified:At the Board of Directors' meeting on March 24, 2022, regarding the proposal on the remuneration distribution of directors and supervisors and the employees of the Company for 2021, directors including Chang Hsieh Chien, Wu Ai Yun, Tu Yao Jen, Hsiao Feng Hsiung and Liang Mu Chun recused himself/herself from voting on the distribution of his/her own remuneration because the case involves his/her own interests.</p> <p>III. Measures taken to strengthen the functionality of the Board (e.g. the establishment of Audit Committee, or the improvement of information transparency) during the year:</p> <p>(I) On March 24, 2022, the Company's Board of Directors approved the amendment of the "Rules of Procedure for Board of Directors Meetings" and convened Board meetings in accordance with the relevant regulations to implement the resolutions of the Board of Directors and their implementation.</p> <p>(II)The Company conducts performance evaluation of the Board of Directors and functional committees on a regular basis in accordance with the "Regulations Governing the Evaluation of the Performance of the Board of Directors".</p> <p>(III)The Company has established a Remuneration Committee to evaluate the compensation policies and systems of the Company's directors, supervisors and managers, and to make recommendations to the Board of Directors for its reference in making decisions in order to strengthen corporate governance.</p>			

Note 1: For Directors and Supervisors acting as the representatives of institutional Shareholders, the name of the Shareholders and their representatives shall be disclosed.

Note 2:

- (1) If Directors or supervisors resigned before the end of the year, the remark column shall be annotated with the date of resignation. The actual attendance rate shall be calculated based on the number of meetings held by the Board of Directors and the actual presence during the term of service.
- (2) Before the end of the year, if a director or supervisor is re-elected, the new and old Directors or Supervisors shall be listed in the table, and the former, new or reappointed and reelection date of the Director or Supervisor shall be indicated in the remarks column. The actual attendance rate (%) shall be calculated using the number of Directors' Meetings convened and actual attendance during the term of service.

2. Evaluation of the Board performance:

Frequency / Period	Scope	Method	Content	Result
Once a year/ From January 1, 2021 to December 31, 2021	The Board of Directors	Performance Evaluation of the Board of Directors	<ol style="list-style-type: none"> 1. Involvement in the operation of the Company. 2. Improvement in the decision making quality of the Board of Directors. 3. Composition and structure of the Board of Directors. 4. Selection and continuing education of directors. 5. Internal control. 	The Company completed the 2021 internal performance evaluation of the Board of Directors, Board members and the Remuneration Committee in March 2022, and the results of the overall internal performance evaluation of the Board of Directors, Board members and the Remuneration Committee were rated as "excellent".
	Individual directors	Self-evaluation of Performance Evaluation of Directors	<ol style="list-style-type: none"> 1. Mastery of the Company's goals and tasks. 2. Cognition of the directors' roles and responsibilities. 3. Involvement in the operation of the Company. 4. Management and communication of the internal relations. 5. Expertise and continuing education of directors. 6. Internal control. 	
	Remuneration committee	Self-evaluation for Performance Evaluation of Functional Committees	<ol style="list-style-type: none"> 1. Involvement in the operation of the Company. 2. Cognition of the duties of the functional committees. 3. Improvement in the quality of decision making by the functional committees. 4. Composition of the functional committees and the election of their members. 5. Internal control. 	

(II) Audit Committee (or Attendance of Supervisors at Board Meetings):

No audit committee is established in the Company, and there is no operation of the audit committee.

Attendance of Supervisors at Board Meetings:

A total of 7 (A) meetings of the Board of Directors were held in the previous period.
The attendance of supervisors was as follows:

Title	Name	Attendance in Person (B)	Attendance Rate (%) (B/A) (Note)	Remarks
Supervisor	Lin Wen Peng	6	86	Newly appointed on June 25, 2019 Required to attend 7 meetings
Supervisor	Huang Xin Investment Co., Ltd Representative Lu Shih Yun	6	86	Newly appointed on June 25, 2019 Required to attend 7 meetings

Other mentionable items:

I. Composition and responsibilities of Supervisors:

The Company currently has two Supervisors, who regularly attend the Company's Board of Directors and discuss major resolutions.

(I) Communications between Supervisors and the Company's employees and Shareholders (e.g. communication channels, methods, etc.): The Supervisors of the Company can learn about the Company's performance through the audit reports provided by the Board of Directors and the auditors or by accessing relevant information of the Company's finance and business at any time, and can request relevant units for reports submission. Employees or Shareholders, stakeholders, and substantial Shareholders of the Company may contact the Company's Supervisors by letter.

(II) Communications between Supervisors and the Company's chief internal auditor and CPA (e.g. items, methods and results of the audits of corporate finance or operations): The auditing unit of the Company will regularly provide internal auditing reports to the Supervisors, and report the latest audit situation on the Board of Directors. The Supervisors are allowed to check the financial and business execution status of the Company at any time. If the Supervisor has any question about the operation of the Company, he can communicate with the head of the relevant unit and review the improvement. Besides, if the Supervisor has any questions about the Company's financial and business status, he may communicate with the Company's accountants at any time and direct the relevant units for shortage review and improvement.

II. If a supervisor expresses an opinion during a meeting of the Board of Directors, the dates of the meetings, sessions, contents of motion, resolutions of the Directors' meetings and the Company's response to the Supervisor's opinion shall be specified: None.

Note 1: If Supervisors resigned before the end of the year, the remarks column shall be annotated with the date of resignation. The actual attendance rate shall be calculated using the number of meetings actually attended during the term of service.

Note 2: Before the end of the year, if a supervisor is re-elected, the new and old Supervisor shall be listed in the table, and the former, new or reappointed and reelection date of the Supervisor shall be indicated in the remarks column. The actual attendance rate (%) is calculated using the number of meetings actually attended during the term of service.

(III) Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
I. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		In order to establish a good corporate governance system, the Company has established the "Corporate Governance Best-practice Principles" and disclosed the principles on the Market Observation Post System (MOPS).	No deviation
II. Shareholding Structure & Shareholders' Rights				
(I) Does the Company establish an internal operating procedure to deal with Shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		The Company has a spokesperson system and staff in place to handle shareholder relations. The legal department will assist with legal matters.	No deviation
(II) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		The Company keeps track of the shareholdings of directors, supervisors, and major shareholders holding 10% or more of the shares, and files reports in accordance with the information reporting regulations.	
(III) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	V		The Company's affiliated enterprises are all independent corporate entities, with internal control systems.	
(IV) Does the Company establish internal rules against insiders trading with undisclosed information?	V		The Company has formulated "Code of Ethical Conduct for Directors, Supervisors, and Managers" and "Internal Material Information Processing Procedures," which prohibit insiders from trading securities using undisclosed information in the market.	
III. Composition and Responsibilities of the Board of Directors				
(I) Does the Board of Directors prepare diversified guidelines and concrete management objectives in response to the organization of members and actualize the execution?	V		The Company's "Corporate Governance Best-Practice Principles" and "Procedures for the Election of Directors" specify that the composition of the Board of Directors shall take into account diversity, and that a diversity policy shall be formulated with respect to the Company's operations, business model and development needs, including but not limited to gender, age and professional background. Please refer to page 23for details of the	No deviation

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(II) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		implementation of the policy on diversity of Board members. The Company has established a Remuneration Committee in accordance with law and will establish other functional committees in the future depending on business needs.	No deviation
(III) Does the Company establish standards to measure the performance of the Board, and does the Company implement such annually? Are the results submitted to the Board of Directors and used as references for Directors' remuneration and nomination for reappointment?	V		The Company has established Board of Directors' performance evaluation method, and the performance evaluation is conducted and reported to the Board of Directors on a regular basis every year, and is used as a reference for salary and compensation and nomination for reappointment. Please refer to page 34 for details of the evaluation of the Board of Directors' performance in 2021.	No deviation
(IV) Does the Company regularly evaluate the independence of CPAs?	V		The Company regularly evaluates the independence of CPAs, has obtained the "Statement of CPAs' Independence" issued by the CPAs and submitted the evaluation results to the Board of Directors for approval on March 24, 2022. The Company's CPAs have been assessed to meet the independence evaluation criteria, with the criteria as follows: 1. Whether it has direct or indirect material financial interests with the Company 2. Whether it has financing or guarantee activities with the Company or the directors and supervisors of the Company 3. Whether it has close business relationship or potential employment relationship with the Company 4. Whether the CPAs and members of the audit team serve as directors, supervisors or managerial officers or holding positions with significant influence on the audit work of the Company at present or in the past 2 years 5. The non-audit services provided do not directly affect the materiality of the audit case 6. Whether the CPAs promote or broker the shares or other securities issued by the Company	No deviation

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>7. Whether the CPAs serve as a defense counsel of the Company or represent the Company in mediating conflicts with third parties</p> <p>8. Whether the CPA is a family member or relative of a supervisor, director or managerial officer or person holding a position that has a significant impact on the audit work of the Company</p>	
IV. Does the Company have an adequate number of corporate governance personnel with appropriate qualifications and appoint a chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs (including but not limited to providing Directors and Supervisors with information needed for undertaking their duties, assisting Directors and Supervisors with legal compliance, handling matters relating to Board meetings and shareholders' meetings according to laws, producing minutes of Board meetings and shareholders' meetings)?		V	<p>On May 12, 2022, the Board of Directors resolved to appoint Yu Hsuan Di, a senior manager of the Finance Department, as the Corporate Governance Officer of the Company effective June 1, 2022, to safeguard the interests of shareholders and strengthen the functions of the Board of Directors. The Corporate Governance Officer has more than three years of experience as a financial officer of public listed companies. The Corporate Governance Officer is mainly responsible for handling matters related to Board of Directors and shareholders' meetings, preparing minutes of Board of Directors and shareholders' meetings, assisting directors and supervisors in their appointment and continuing education, providing information necessary for directors and supervisors to perform their duties, and assisting directors and supervisors in complying with laws and regulations. The Corporate Governance Officer of the Company was established on June 1, 2022, and the deadline for completion of further study hours is May 31, 2023. There are no further study hours for the Corporate Governance Officer for the current year.</p>	No deviation
V. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to Shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social		V	<p>Depending on the situation, the Company shall instruct the legal, personnel, business, technical and finance departments to communicate with stakeholders. The Company's website and annual report both includes contact information.</p>	No deviation

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
responsibilities?			The spokesperson will speak to the public and announce the latest important information.	
VI. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company has appointed the Taishin International Bank's Shareholder Services Agency to handle Shareholders' Meetings.	No deviation
VII. Information Disclosure (I) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance? (II) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (III) Does the Company announce and register the annual financial statements within two months after the close of each fiscal year and the quarterly financial statements and the monthly operating status within the given time limits?	V V V		The Company discloses the corporate status and governance information over the corporate website at http://www.wayi.net . The Company has a spokesperson system and discloses financial information and corporate governance information on the MOPS (Market Observation Post System) (http://mops.tse.com.tw). The Company announces the quarterly financial statements and the monthly operating status within the given time limits.	No deviation
VIII. Is there any other important information to facilitate a better understanding of the Company’s corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, Directors’ and Supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for Directors and Supervisors)?	V		About the Company's employee rights and employee wellness, please refer to "5. Labor Relations" in "V. Operational Highlights." For investor relations of the Company, please refer to the Company's website at http://www.wayi.net . Since 2004, the Company has continuously purchased liability insurance for all directors and supervisors to insure against liability for damages arising out of the scope of their duties and reported to the Board of Directors. The insurance is underwritten by Fubon Insurance Company Limited in the amount of US\$5 million.	No deviation
IX. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. According to the regulations of the competent authority, the Company conducts self-evaluation of corporate governance to improve the corporate governance				

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
situation gradually, so as to enhance the image of corporate governance.				

(IV) Composition, Responsibilities and Operations of the Remuneration Committee

1. Profiles of the Members of the Remuneration Committee

Position (Note 1)	Qualification Name	Professional qualifications and experience (Note 2)	Independence (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Independent Director Convener	Hsiao Feng Hsiung	An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university Have Work Experience in the Areas of Commerce, Finance, or Accounting, or Otherwise Necessary for the Business of the Company. There is no any violations of the paragraphs of Article 30 of the Companies Act. Education/experience PhD in Economics, Chinese Cultural University Dean, College Business, Tamkang University Vice Chairperson, Council for Economic Planning And Development, Executive Yuan	1. I, my spouse, and relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or its affiliates. 2. I, my spouse, and relatives within the second degree of kinship (or using the name of another person) do not hold the number and proportion of shares of the Company. 3. Not being a director, supervisor or employee of a company with a specific relationship with the Company (in accordance with Subparagraphs 5~8, Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange). 4. Have not provided any remuneration for business, legal, financial, or accounting services to the Company or its affiliates in the last two years.	3
Independent Director	Liang Mu Chun	Have Work Experience in the Areas of Commerce, Finance, or Accounting, or Otherwise Necessary for the Business of the Company. There is no any violations of the paragraphs of Article 30 of the Companies Act. Education/experience University of San Francisco Public Administration Director, Taiyen Biotech Co., Ltd. Chairman, Taiyen (Xiamen) Import and Export Co., Ltd.	1. I, my spouse, and relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or its affiliates. 2. I, my spouse, and relatives within the second degree of kinship (or using the name of another person) do not hold the number and proportion of shares of the Company. 3. Not being a director, supervisor or employee of a company with a specific relationship with the Company (in accordance with Subparagraphs 5~8, Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange). 4. Have not provided any remuneration for business, legal, financial, or accounting services to the Company or its affiliates in the last two years.	None
Others	Li Ji Fang	Have Work Experience in the Areas of Commerce, Finance, or Accounting, or Otherwise Necessary for the Business of the Company. There is no any violations of the paragraphs of Article 30 of the Companies Act. Education/experience Deputy Director, Business Office, Chinese National Federation of Industries Ph.D. Candidate, School of Social Development and Public Policy, Fudan University Institute of Business Administration, National Chiao Tung University College of Law, Department of Law, National Taiwan University	1. I, my spouse, and relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or its affiliates. 2. I, my spouse, and relatives within the second degree of kinship (or using the name of another person) do not hold the number and proportion of shares of the Company. 3. Not being a director, supervisor or employee of a company with a specific relationship with the Company (in accordance with Subparagraphs 5~8, Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange). 4. Have not provided any remuneration for business, legal, financial, or accounting services to the Company or its affiliates in the last two years.	None

Note 1: Please specify the relevant years of service, professional qualifications and experience, and independence of each

member of the Remuneration Committee in the form. In the case of independent directors, please note that they are listed in relevant information of (I) Directors and Supervisors, Appendix I of Directors and Supervisors on page OO. For the title, please fill in the status as an independent director or others (if you are a convener, please add a note).

Note 2: Professional qualifications and experience: Describe the professional qualifications and experience of individual Remuneration Committee members.

Note 3: Independence: The members of the Remuneration Committee shall be independent, including but not limited to whether themselves, their spouses or relatives within second-degree of kinship are directors, supervisors or employees of the Company or its affiliates; the number and proportion of shares held by themselves, their spouses or relatives within second-degree of kinship (or in the name of others); whether they are directors, supervisors or employees of companies with which the Company has specific relationships (refer to Subparagraphs 5~8, Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); and the amount of remuneration received for business, legal, financial, accounting or other services provided by the Company or its affiliates in the last two years.

2. Duties of the Remuneration Committee

The Committee shall faithfully perform the following duties and responsibilities as a good manager, and submit its recommendations to the Board of Directors for discussion.

- (1) Establish and regularly review the policies, systems, standards and structures for the evaluation of performance and remuneration of directors, supervisors and managers.
- (2) Regularly evaluate and determine the remuneration of directors, supervisors and managers, and submit recommendations to the Board of Directors for discussion.

3. Operations of the Remuneration Committee

- (1) The Company's Remuneration Committee consists of three (3) members.
- (2) Term of office: June 25, 2019 to June 24, 2022. A total of four (4) meetings (A) were held in the most recent year as of the printing the publication date of the Annual Report. The qualifications and attendance record of the Remuneration Committee members are as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A) (Note)	Remarks
Convener	Hsiao Feng Hsiung	4	0	100%	Reappointed on June 25, 2019; Required to attend four meetings
Members	Li Ji Fang	4	0	100%	Reappointed on June 25, 2019; Required to attend four meetings
Members	Liang Mu Chun	4	0	100%	Newly appointed on Dec 24, 2019; Required to attend four meetings

Other mentionable items:

- I. The Remuneration Committee convened four meetings on January 28, 2021, November 11, 2021, January 13, 2022 and March 24, 2022 for the following proposals:
 - (1) Payment of year-end bonus to the Company's managers for 2020
 - (2) Remuneration information of the Company's employees and the status of reporting in accordance with the law
 - (3) Payment of year-end bonus to the Company's managers for 2021
 - (4) Distribution of directors' and supervisors' and employees' remuneration for 2021
 The above proposals were approved by the Committee.
- II. If the Board of Directors declines to adopt or modifies a recommendation of the Remuneration Committee, it shall specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., if the

remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified): None.

III. Resolutions of the Remuneration Committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion shall be specified: None.

Note:

- (1) Where members of the Remuneration Committee resign before the end of the year, the Remarks column shall be annotated with the date of resignation. The actual attendance rate (%) shall be calculated using the number of meetings held by the Remuneration Committee and the number of actual attendance during the term of service.
- (2) When an election is held for the Remuneration Committee before the end of the year, members of both the new and old committee shall be listed in separate columns and noted as former, new or reelected members, along with the election date, in the Remarks column. The actual attendance rate (%) shall be calculated using the number of meetings held by the Remuneration Committee and the number of actual attendance during the term of service.

(V) Fulfillment of Sustainability Development, Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons:

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
I. Does the company establish a dedicated or concurrent unit in charge of promoting sustainability development with senior management authorized by the board to take charge of proposing sustainability development policies and reporting to the board?	V		The General Manager's Office and all units of the Company jointly promote the operation of CSR and plan to report the situation to the Board of Directors after consolidation.	No deviation
II. Does the Company conduct risk assessment of environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		In order to improve the management of CSR, the Company conducts risk management and strategies related to the Company's operation according to the principle of materiality, including environmental protection, employee rights and benefits, and related corporate governance issues.	No deviation
III. Environmental issues (I) Does the Company establish proper environmental management systems based on the characteristics of its industry?	V		1.The Company is an online game service provider, and its products are mainly online stored value, with no physical product packages. 2.The Company does resource recycling in accordance with the building, such as paper, plastic, iron and aluminum cans, and general garbage. 3.The Company uses electricity mainly to save electricity, such as switching to LED lighting and setting the computer screen to sleep automatically. 4.The Company uses automatic water supply device (using the water-saving label), so as not to waste water, and uses water-saving toilets to achieve the goal of water saving.	No deviation
(II) Does the Company endeavor to upgrade the utilization efficiency of various resources, and use the regenerated material with a low impact on environmental load?	V		1.The Company switches to online signature system for official documents to reduce the use of paper. 2.When the Company retires and replaces computers, 3C products, servers, etc., the usable parts are dismantled for spare use, and the remaining parts are collected by	No deviation

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons												
	Yes	No	Abstract Illustration													
			resource recycling. 3.When the Company retires office furniture, it sells (gives) the usable furniture to colleagues and sells the remaining to second-hand furniture companies.													
(III) Does the Company evaluate the potential risks and opportunities caused by climate change to the Company now and in the future, as well as taking corresponding measures to issues regarding the climate?	V		1.In order to fulfill our social responsibility, we continue to promote the reduction of emissions by paying attention to climate change and mitigating the greenhouse effect, which is a responsibility shared by all countries in the world. 2.The Company has no significant capital expenditure on environmental protection due to its operational characteristics. The Company has posted energy-saving and carbon-reduction policy slogans internally, and has promoted relevant regulations during education and training. 3.The air conditioning in the Company is adjusted to 26 degrees or higher. 4.The Company turns off unnecessary power during lunch break and after work. 5.The Company's office environment is planted with potted plants, which can shade the sunlight and reduce direct sunlight, thus saving energy and reducing carbon emissions.	No deviation												
(IV) Does the Company add up the amount of greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?	V		<table><tr><th>Item</th><th>2021</th><th>2020</th><th>Increase (Decrease)</th></tr><tr><td>Greenhouse gas emissions (metric tons of CO2e)</td><td>155.145</td><td>155.694</td><td>(0.549)</td></tr><tr><td>Water consumption(degree)</td><td>521</td><td>1017</td><td>(496)</td></tr></table>	Item	2021	2020	Increase (Decrease)	Greenhouse gas emissions (metric tons of CO2e)	155.145	155.694	(0.549)	Water consumption(degree)	521	1017	(496)	No deviation
Item	2021	2020	Increase (Decrease)													
Greenhouse gas emissions (metric tons of CO2e)	155.145	155.694	(0.549)													
Water consumption(degree)	521	1017	(496)													

Evaluation Item	Implementation Status					Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons				
	Yes	No	Abstract Illustration							
			<table><tr><td>Waste(kg)</td><td>-</td><td>-</td><td>-</td></tr></table> <div>1. The Company does not belong to the manufacturing industry, so there are no emissions, with a small amount of office waste. In line with the building, the Company carry out resource recycling and sorting, such as paper, plastic, iron and aluminum cans to minimize the amount of waste. 2. The Company posts energy saving and carbon reduction slogans in prominent areas to remind employees and promote them in education and training. 3. In order to reduce greenhouse gas generation and carbon emissions, the Company plants potted plants in the office, sets the air conditioning temperature above 26 degrees, sets automatic power saving for 3C products, uses products with national electricity saving labels, and replaces lighting equipment with LED energy-saving lighting equipment. 4. The Company uses water-saving toilets. 5. The Company’s shredded documents, 3C products, toner cartridges are recycled, and the office furniture are recycled by second-hand furniture companies.</div>			Waste(kg)	-	-	-	
Waste(kg)	-	-	-							
IV. Social Issues (I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		Following the Labor Standard Act, the Company formulates various provisions to protect the rights and interests of employees. For non-native employees in the Group, the treatment is the same as that of domestic employees, without employment discrimination.			No deviation				

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(II) Does the Company establish and offer proper employee benefits (including compensation, leave, and other benefits) and reflect the business performance or results in employee compensation appropriately?	V		<p>The Company considers its employees to be its most important asset and implements various employee benefit measures from various aspects. Please refer to Chapter 5 Operational Highlights- V. Labor Relation of this annual report for more information on the Company's employee welfare measures.</p> <p>The Company has established the "Wayi Remuneration Payment Plan" as the basis for employee remuneration, actively captures market salary level and reviews the market salary environment at any time for timely reference and adjustment in the hope of recruiting excellent employees to serve the Company.</p> <p>The Company maintains a high correlation between operating results and employee compensation. Article 25 of the Company's Articles of Association states that "If the Company makes a profit in a year, after deducting the accumulated losses, the Company shall pay not more than 3% of the remuneration to the directors and supervisors and not less than 1% of the remuneration to the employees" in appreciation of the employees' efforts to contribute and grow together with the Company.</p> <p>The Company has also established a performance appraisal system and work rules to clearly define the criteria for remuneration, rewards and sanctions. The performance appraisal of each employee is used as a reference for promotion, transfer, remuneration, bonus payment, education and training, and career planning.</p> <p>The Company has also established a Employee Welfare Committee, with members elected by employees, and regularly organizes staff trips, dinners, visits, and art appreciation activities, as well as handling various welfare measures such as holiday gifts, bonuses, and various wedding, funeral and childbirth subsidies.</p>	No deviation

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(III) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		Please refer to Chapter 5 Operational Highlights- V. Labor Relation of this annual report for more information on the Company's provision of a safe and healthy working environment for its employees. The Company fully complies with the Labor Standards Act, and from time to time implements safety and health education and conducts regular health checks for employees to understand their health status.	No deviation
(IV) Does the Company provide its employees with career development and training sessions?	V		The Company's human resources development strategy focuses on strengthening the management functions of all supervisors and the training of professional functions in all departments, supplemented with the promotion system and cultivating talent needed by the Company.	No deviation
(V) Does the Company comply with relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and develop relevant consumer protection policies and grievance mechanism?	V		The Company's game products conform to the grading management of game software. The Company will grade the game products and comply with relevant regulations. The Company has established a dedicated customer service unit and offers a range of solutions to meet the consumers' need and provides various timely services.	No deviation
(VI) Does the Company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health or labor rights, and their implementation?	V		In preparing the Company's procurement contract, the Company will make the terms of terminating or rescinding the contract at any time if the suppliers have significant impacts on the environment and society, according to the circumstances.	No deviation
V. Does the Company, following internationally recognized guidelines or principles, prepare and publish reports such as sustainable development reports to disclose non-financial information? Does the Company receive assurance or certification of the aforesaid reports from a third party accreditation institution?		V	The Company has not yet prepared a sustainability report, and will refer to international standards or guidelines for preparation of the report.	In the future, CSR reports and other non-financial information will be prepared and published as needed.

Evaluation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
VI. If the Company has established the sustainable development best practice principles based on “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” please describe any discrepancy between the Principles and their implementation: The Company has not established the Sustainable Development Best Practice Principles.				
VII. Other important information to facilitate better understanding of the Company’ s sustainable development practices :				
(I) When recruiting and appointing personnel, the Company does not discriminate on the bases of gender, race, or nationality. We also spare no effort to safeguard the rights and interests of our employees. All employees participate in Labor Insurance and National Health Insurance according to law. The Company allocates the retirement reserve pursuant to the law to protect employees' rights and interests and provide employees with a healthy working environment.				
(II) Regarding environmental protection, the Company conforms to environmental protection laws and regulations to mitigate the impact on the environment and move towards the goal of pollution-free.				
(III) With regard to the investor relationship and the rights of the stakeholders, the Company shall maintain an open communication channel at all times, give full play to the spokesperson mechanism, and, in accordance with the principle of good faith, immediately update public information to protect investor relations and the rights and interests of the stakeholders.				

(VI) Ethical Corporate Management, Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and Reasons Thereof:

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>I. Establishment of Ethical Corporate Management Policies and Programs</p> <p>(I) Does the Company declare its ethical corporate management policies and procedures in its guidelines and external documents, and do the Board of Directors and management work proactively to implement their commitment to those management policies?</p> <p>(II) Does the Company establish appropriate precautions against high-potential unethical conduct or listed activities stated in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(III) Does the Company establish policies to prevent unethical conduct, with clear statements regarding relevant procedures, conduct guidelines, punishments for violation, and rules for appeal, and does the Company regular review such policies?</p>	V		<p>The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Procedures and Guidelines for Ethical Corporate Management", as well as relevant internal rules and regulations to declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from the Board of Directors and management to implement the policies.</p> <p>The Company has set forth in the "Procedures and Guidelines for Ethical Corporate Management" the rules of conduct to be followed by all employees in the performance of their duties, and the disciplinary actions to be taken against those who violate these rules. In addition, to ensure the implementation of ethical corporate management, the Company has established an effective accounting system and internal control system. The internal auditors regularly review the compliance of each system and report to the Board of Directors.</p> <p>The Company's "Procedures and Guidelines for Ethical Corporate Management" provides for the prevention of dishonest conduct, including operating procedures, conduct guidelines, and education and training. If the Company's personnel are found to have committed dishonest acts, they will be dealt with in accordance with the relevant laws and regulations and the Company's "Work Rules" after verification.</p>	No deviation
<p>II. Fulfill Operations Integrity Policy</p> <p>(I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?</p>	V		<p>Before conducting business transactions, the Company shall launch a credit investigation to dodge counterparties with illegal or dishonest conduct records. When signing a contract, the terms</p>	No deviation

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>(II) Does the Company establish an exclusively dedicated unit under the Board to implement ethical corporate management, and report to the Board on a regular basis (at least once a year)?</p> <p>(III) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p> <p>(IV) Does the Company establish effective accounting systems and internal control systems to implement ethical corporate management and have its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?</p> <p>(V) Does the Company regularly hold internal and external educational trainings on operational integrity?</p>	V		<p>that the Company may terminate or rescind the contract at any time, once the counterparty gets involved in unethical acts, will be included as required by the actual situation.</p> <p>The Company has designated the Legal Department as the dedicated unit responsible for promoting and monitoring the implementation of the ethical corporate management policies and preventive programs, and reports to the Board of Directors at least once a year.</p> <p>If any Directors, Supervisors, or Managers get involved with transaction or decision-making that incurs conflicts of interest, such personnel should recuse themselves from operating the transaction or decision-making.</p> <p>The Company has established the accounting system according to the regulations of the competent authority and prepared financial statements following the Financial Statements Standards. Regarding the internal control system, the aforementioned policies shall be checked regularly by auditors to reduce the risk rate of unethical conducts.</p> <p>During recruit training, the Administration Department of the Company shall regularly promote the concept of ethical management and organize education and training when relevant acts and regulations are revised, or significant policies are promulgated.</p>	
<p>III. Operation of the Whistleblowing System</p> <p>(I) Does the Company establish both a reward/punishment system and a whistleblowing channel? Can the accused be reached by an appropriate person for follow-up?</p> <p>(II) Does the Company establish standard operating</p>	V		<p>The Company explicitly regulates unethical conducts and related disciplinary in the "Code of Ethical Conduct for Employees." All laws or regulations violations can be reported to the Supervisors, Managers, internal auditors, or any person who is appropriate by e-mail or written report.</p> <p>After accepting the violation report, the Company will conduct a</p>	No deviation

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
procedures for investigating any reported misconduct, follow-up measures to be adopted after investigations, and relevant confidentiality mechanisms? (III) Does the Company provide proper whistleblower protection?	V		private investigation to protect the privacy of the parties concerned and allow them to raise the defense. The Company provides comprehensive protection measures to the whistleblower to ensure the quality of investigations while avoiding unfair retaliation or treatment of whistleblowers.	
IV. Strengthening Information Disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company’s website and MOPS?	V		The Company discloses relevant regulations relating to ethical corporate management on its website.	No deviation
V. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: The Company has established and complied with the "Ethical Corporate Management Best Practice Principles" and the "Procedures and Guidelines for Ethical Corporate Management". There has been no deviation as of the date.				
VI. Other important information to facilitate a better understanding of the Company’s ethical corporate management policies (e.g., review and amend its policies): The Company complies with the Company Law, the Securities and Exchange Act and the regulations related to the management of public listed companies as the basis for the implementation of the Company's ethical corporate management. The Company also keeps abreast of the changes in regulations and reviews the Company's internal rules and regulations in a timely manner.				

(VII) If the Company has established the Governance Best-Practice Principles and related regulations, the methods to access them shall be disclosed:

The Corporate Governance Best Practice Principles and relevant regulations can be found on the "Corporate Governance Section" of the Market Observation Post System (MOPS).

(VIII) Other material information that is helpful for understanding the status of implementation of corporate governance shall be disclosed together:

1. The Company takes the rights and interests of Shareholders seriously; to properly manage material information, the Company has formulated "Material Information Standard Operating Procedures" and make them familiar to employees, Managers, and Directors in the Company by promotion.
2. To improve the corporate governance mechanism and reduce the risks to the Company's Directors, Supervisors, and key staff, the Company has taken out Directors and Officers Liability Insurance.

3. Personnel concerned with transparency of financial information obtain certificates designated by the competent authority:
Personnel passed the Enterprise Internal Control Basic Competency Test: 2 (Audit Office)

(IX) Implementation of the Company's internal control system shall furnish the following:

1. Statement of Internal Control System

Wayi International Digital Entertainment Co., Ltd.

Statement of Internal Control System

Date: March 24, 2022

Based on the assessment of the internal control system for 2021, we hereby declare the following:

- I. The Company does understand that the establishment, implementation, and maintenance of the internal control system is the responsibility of the Board of Directors and Managers of the Company, and the Company has established this system. Its purpose is to ensure the achievement of operational effectiveness and efficiency (including profit, performance and asset security), reliability, timeliness, and transparency of reports, and compliance with relevant regulations and laws.
- II. The internal control system has its limitations. No matter how the design is perfected, an efficient internal control system can only ensure the achievement of the aforementioned three objectives. In addition, the efficiency of the internal control system can vary according to the changes of the environment and situations. However, the Company's Internal Control System is a self-monitoring mechanism. Once the deficiencies are identified, the Company will take corrective action.
- III. Based on the judgment items of the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "Processing Guidelines"), the Company judges whether the design and implementation of the internal control system have achieved the desired results. The judgment items adopted by the "Governing Regulations" is the process of management control. A public company's internal control systems shall comprise the following constituent elements: 1. Controlling the environment, 2. Risk assessment, 3. Control operations, 4. Information and communications, and 5. Monitoring activities. Each elements includes several sub-items. For the above items, please refer to the provisions of the Processing Guidelines.
- IV. The Company has already adopted the aforementioned ICS assessment items to evaluate the effectiveness of ICS design and implementation.
- V. Based on the results of such evaluation, the Company believes that, on December 31, 2021, it had maintained, in all material respects, an effective internal control system (including the supervision and management of subsidiaries), to provide reasonable assurance over the operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws, and regulations.
- VI. This Statement will become the primary content of the Company's Annual Report and prospectus, and shall be made public. If any of the above-mentioned contents are false, concealed, or other illegality in the content made public, it will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement had been approved by the Board of Directors on March 24, 2022. All five attending Directors agree with the contents of this Statement in unanimity and make this statement.

Wayi International Digital Entertainment Co., Ltd.

Chairman: Chang Hsieh Chien

General Manager: Chang Hsieh Chien

2. If any CPA is commissioned to conduct a project review of the ICS, the CPA's audit report shall be disclosed: None.

(X) In the most recent year and up to the publication date of the Annual Report, where the Company and its internal personnel were penalized according to laws or the Company had punished its personnel for violating the provisions of the internal control system, and the result of the penalty might have significant impacts on shareholders' rights or securities prices, the content of the penalty, the major deficiencies and the improvements shall be stated: None.

(XI) Significant resolutions made in/by the Shareholders' Meeting and the Board of Directors in the most recent fiscal year up to the publication date of the Annual Report:

1. Important resolutions of the shareholders' meeting and the implementation

Date	Important Resolution	Implementation Status
Shareholders' Meeting 8/4/2021	Passed the business report, individual financial statements and consolidated financial statements for 2020	The proposal was passed at the shareholders' meeting
	Passed the proposal on the allocation of 2020 loss allowances	The proposal was passed at the shareholders' meeting
	Passed the proposal on the revision of certain articles in the "Articles of Association"	The proposal was passed at the shareholders' meeting, and approved by the Taipei City Government on August 20, 2021.
	Passed the proposal on the revision of certain articles in the "Rules of Procedure for Shareholders' Meetings."	The proposal was approved at the shareholders' meeting, and was operated in accordance with the revision.

2. Important Resolutions of Board Meetings

Date	Important Resolution
1/28/2021	Proposal on deliberating the annual budget and annual business plan for 2021 Proposal on the year-end bonus distribution for managerial officers in 2020
3/25/2021	Assessment of the independence of CPAs Proposal on the business report, individual and consolidated financial statements for 2020 Proposal on loss appropriation in 2020 Proposal on the Company's "Statement on Internal Control System" for 2020 Proposal on amending some provisions of the "Board of Directors' Self-evaluation or Peer Evaluation Method". Proposal on amending some provisions of the "Rules of Procedure of the Board of Shareholders" Proposal on amending some provisions of the "Articles of Incorporation" Proposal on changing the business address Proposal on the convention of the regular meeting of shareholders in 2021
5/13/2021	Proposal on the change of CPAs in response to the internal rotation of the accounting firm Proposal on the consolidated financial report for the first quarter of 2021 Proposal on acquiring the right of using the real estate from the stakeholders. Proposal on establishing a branch in Taichung Software Park Discussed the proposal on amending some provisions of the "Articles of Incorporation"

5/18/2021	Proposal on amending some provisions of the “Articles of Incorporation”
7/14/2021	Proposal on the change of certain matters regarding the convention of the Company’s 2021 shareholders' meeting Supplemental proposal on the acquisition of property right-of-use assets from related parties
8/12/2021	Consolidated financial report for the first half of 2021. Addition of the "Rules Governing the Management of Game Currency" for AirFun platform Addition of the "Regulations governing Cooperative Development and Operation" The term of the remaining unraised amount of the private placement of cash increase submitted by the shareholders’ interim meeting in 2020 will expire soon, and no further private placement will be made during the remaining period.
11/11/2021	Formulated the 2022 Audit Plan. Establish the Company’s "Ethical Corporate Management Best Practice Principles" and the "Procedures and Guidelines for Ethical Corporate Management". Establish the Company’s “Corporate Social Responsibility Best-Practice Principles” Consolidated financial report for the first three quarters of 2021 Proposal on deliberating the annual budget and annual business plan for 2022
1/13/2022	Proposal on the renewal of transaction contracts with related parties Proposal on the year-end bonus distribution for managerial officers in 2021
3/24/2022	Assessment of the independence of CPAs Distribution of directors' and supervisors' and employees' remuneration for 2021 Proposal on the business report, individual and consolidated financial statements for 2021 Distribution of earnings for 2021 Cash dividend earnings distribution for 2021 Proposal on the capital increase from earnings to issue new shares Proposal on the Company's "Statement on Internal Control System" for 2021 Proposal on the renewal of directors, supervisors and major employees’ liability insurance Proposal on amending of the “Articles of Incorporation” Proposal on the amendment to the "Rules of Procedure for Shareholders' Meetings" Proposal on the amendment to the "Measure governing Election of Directors and Supervisors” Proposal on the amendment to the “Procedures for Acquisition or Disposal of Assets” Proposal on the amendment to the "Procedures for Loaning of Funds and Making of Endorsements/Guarantees". Proposal on the amendment to the "Rules of Procedure for Board Meetings" Proposal on the amendment to the "Code of Ethical Conduct for Directors, Supervisors and Managers" Proposal on the amendment to the "Audit Committee Charter” Proposal on the amendment to the “Accounting System” Proposal on the additional amendment to the Internal Control Measures Proposal on the overall re-election of directors Proposal on lifting the non-competition restrictions for new directors and their representatives Proposal on the supplemental public offering and over-the-counter trading application of

	private placement of common shares Proposal on the convention of the regular meeting of shareholders in 2022
5/12/2022	Proposal on the consolidated financial report for the first quarter of 2022 Proposal on the nomination of candidates for director (including independent director) Proposal on lifting the non-competition restrictions for new directors and their representatives Proposal on the establishment of the “Corporate Governance Best-Practice Principles” Proposal on the establishment of a corporate governance officer

(XII) During the most recent fiscal year or during the current fiscal year up to the publication date of the Annual Report, if any Directors or Supervisors have expressed any dissenting opinions with respect to a material resolution passed by the Board of Directors, which has been recorded or prepared as a written declaration, the principal content thereof shall be disclosed: None

(XIII) A summary of resignation and dismissal, during the most recent fiscal year or during the current fiscal year up to the publication date of the Annual Report, of the Company's personnel related to financial reports (including Chairman, General Manager, chief accounting officer, chief financial officer, chief internal auditor, Chief corporate governance officer and chief research and development officer):

Title	Name	Date of Appointment	Date of Dismissal	Reasons for Resignation or Dismissal
None	None	None	None	None

IV. Information Regarding the Company's Audit Fee

(I) Audit Fee

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-Audit Fee	Total	Remarks
Deloitte & Touche	Chi Rui Quan	2021.1.1 – 2021.12.31	1,800	450	2,250	Non-audit services: including tax certification and transfer pricing projects.
	Guo Nai Hua	2021.1.1 – 2021.12.31				

(II) If the Company is in any one of the following conditions, the following information shall be disclosed:

1. Where the CPA firm is replaced, and the audit fee in the fiscal year, when the replacement is made, is less than that in the previous fiscal year before replacement, the amount of audit fee paid before/after replacement and reasons for paying this amount shall be disclosed: Not applicable.
2. When the audit fee paid for the current fiscal year is lower than that for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fee, reduction percentage, and reasons shall be disclosed: Not applicable.

V. Replacement of CPAs:

(I) Regarding the former CPA:

Replacement Date	2021.5.13		
Replacement reasons and explanations	Internal adjustment of Deloitte Taiwan		
Describe whether the Company terminated or the CPA did not accept the appointment	Status	CPA	The Company
	Termination of appointment	Not applicable	Not applicable
	No longer accepted (continued) appointment	Not applicable	Not applicable
Opinions other than unmodified opinion issued in the last two years and the reasons for the said opinions	Not applicable		
Differences with the company	Yes	-	Accounting principles or practices
		-	Disclosure of financial statements
		-	Audit scope or steps
		-	Others
	None	None	
	Remarks/specify details		
Other disclosures Disclosures specified in Article 10.6.1.4–7 of the Standards	Not applicable		

(II) Regarding the successor CPAs:

Name of accounting firm	Deloitte & Touche
Name of CPA	Chi Rui Quan Guo Nai Hua
Date of appointment	2021.5.13
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the Company's financial reports that the CPA might issue prior to the engagement	Not applicable
Succeeding CPA's written opinion of disagreement toward the former CPA	Not applicable

(III) The reply of the former CPA on Article 10.6.1 and Article 10.6.2.3 of the Standards:
Not Applicable

VI. If the Company's Chairman, General Manager, and managers in charge of its finance and accounting operations hold a position in the accounting firm or its affiliated company in the most recent one year, the name, position title, and period shall be disclosed: Not applicable.

VII. Conditions of share transfer and changes in equity pledge from the Chairman, Supervisors, managers, and shareholders who hold more than 10% of shares, from the past year up to the publication date of the Annual Report

(I) Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Title	Name	2021		As of April 25, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Given Business Inc.	0	0	0	0
Representative Director and General Manager	Chang Hsieh Chien	0	0	0	0
Representative Director	Wu Ai Yun	0	0	0	0
Representative Director	Tu Yao Jen	0	0	0	0
Independent Director	Hsiao Feng Hsiung	0	0	0	0
Independent Director	Liang Mu Chun	0	0	0	0
Supervisor	Lin Wen Peng	0	0	0	0
Supervisor	Huang Xin Investment Co., Ltd.	0	0	0	0
Representative Supervisor	Lu Shih Yun	0	0	0	0
Chief Financial Officer, Administrative Center	Li Chun Te	0	0	0	0
Accounting Manager	Huang Ya Ling	0	0	0	0
Major Shareholders	Given Business Inc.	0	0	0	0
Major Shareholders	Wanin International Co., Ltd.	0	0	0	0

(II) Shares trading information:

No shares trading of Directors, Supervisors, Managers and major Shareholders who hold more than 10% of shares to related parties.

(III) Shares pledge information:

No Directors, Supervisors, managers and Shareholders holding more than 10% of shares have been pledged to related parties.

VIII. Top 10 shareholders who are related parties, spouses, or within second degree of kinship to each other

April 25, 2022

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees.		Remarks
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Title (or Name)	Relationship	None
Wanin International Co., Ltd.	5,952,000	30.73	0	0	0	0	Huang Xin Investment Co., Ltd.	The same chairman	None
Representative: Xiao Zheng Hao	0	0	60,000	0.31	0	0			
Given Business Inc.	3,948,480	20.39	0	0	0	0	None	None	None
Representative: Chow Man Cheung Felix	0	0	0	0	0	0	None	None	None
KGI Bank in Custody for the investment account of Tilun International Development Co. Ltd.	1,321,438	6.82	0	0	0	0	None	None	None
Huang Xin Investment Co., Ltd.	1,096,800	5.66	0	0	0	0	Wanin International Co., Ltd.	The same chairman	None
Representative: Xiao Zheng Hao	0	0	60,000	0.31	0	0			
Tsai Li Ping	981,921	5.07	0	0	0	0	Wang Jia Jen Chang Hsieh Tsung	Second-degree relative Second-degree relative	None
Wang Jia Jen	902,624	4.66	105,828	0.55	0	0	Chang Hsieh Tsung Tsai Li Ping	Spouse Second-degree relative	None
Huang Yi Jing	365,201	1.89	0	0	0	0	None	None	None
Investment Account, Federal Commercial Bank Platinum Giant Holdings Limited.	297,186	1.53	0	0	0	0	None	None	None
Zhou Ding Chen	167,645	0.87	0	0	0	0	None	None	None
Chang Hsieh Tsung	105,828	0.55	902,624	4.66	0	0	Wang Jia Jen Tsai Li Ping	Spouse Second-degree relative	None

- IX. The number of shares held by the Company, its Directors, Supervisors, Managers and businesses directly or indirectly controlled by the Company in the same reinvestment business and the consolidated calculation of the comprehensive share-holding ratio

April 25, 2022

Investee	Investments of the Company		Investments of Directors, Supervisors, Managers and directly or indirectly Controlled Businesses		Total Ownership	
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio
Wayi Softmagic Investment (Asia) Ltd.	Note	100.00%	Note	0	Note	100.00%
Wayi Softmagic Investment (Cayman) Ltd.	Note	0	Note	100%	Note	100.00%
DIT Startup Co. Ltd.	1,296,774	10.72%	0	0	1,296,774	10.72%

Note: No shares issued.

Chapter 4 Capital Overview

I. Capital and Shares

(I) Source of Capital

1. Capital Formation

Unit: 1000 shares; NT\$ thousands

Month/Year	Par value per share	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Number of Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
1993/08	10	1,000	10,000	1,000	10,000	Founding	None	820812 Ching-Shang-Tze No.767559
1996/07	10	1,500	15,000	1,500	15,000	Cash capital increase of NT\$ 5,000,000	None	850710 Ching-Shang-Tze No.85310812
1999/10	10	5,000	50,000	5,000	50,000	Cash capital increase of NT\$ 35,000,000	None	881203 Ching-Shang-Tze No.88357667
2000/04	10	20,000	200,000	10,000	100,000	Cash capital increase of NT\$ 50,000,000	None	890511 Ching-(89)-Shang-Tze No.114372
2000/06	10	20,000	200,000	11,000	110,000	Capitalization by capital reserves of NT\$ 10,000,000	None	890907 Ching-(89)-Shang-Tze No.133181
2000/11	10	20,000	200,000	19,000	190,000	Cash capital increase of NT\$ 80,000,000	None	891220 Ching-(89)-Shang-Tze No.147156
2001/12	10	34,000	340,000	23,625	236,245	Capitalization by retained earnings of NT\$ 46,245,000	None	910115 Ching-Shou-Shang-Tze No.09101014890
2002/01	10	34,000	340,000	24,325	243,245	Cash capital increase of NT\$ 7,000,000	None	910311 Ching-Shou-Shang-Tze No.09101083070
2002/07	10	34,000	340,000	31,158	311,580	Capitalization by retained earnings of NT\$ 47,655,000 Capitalization by capital reserves of NT\$ 20,680,000	None	910812 Ching-Shou-Shang-Tze No.09101318750
2003/08	10	65,000	650,000	42,842	428,420	Capitalization by retained earnings of NT\$ 116,840,000	None	920812 Fu-Chan-Shang-Tze No.09217523000
2004/09	10	70,000	700,000	48,197	481,970	Capitalization by retained earnings of NT\$ 53,550,000	None	930922 Fu-Chan-Shang-Tze No.09320097400
2007/11	10	70,000	700,000	63,197	631,970	Cash capital increase of NT\$ 150,000,000	None	961101 Ching-Shou-Shang-Tze No.09601266880
2007/11	10	70,000	700,000	62,697	626,970	Treasury stock retired of NT\$ 5,000,000	None	961102 Ching-Shou-Shang-Tze No.09601266890
2007/12	10	70,000	700,000	60,651	606,510	Treasury stock retired of NT\$ 20,460,000	None	961205 Ching-Shou-Shang-Tze No.09601298120
2008/06	10	70,000	700,000	60,286	602,860	Treasury stock retired of NT\$ 3,650,000	None	970624 Ching-Shou-Shang-Tze No.09701146880
2009/04	10	100,000	1,000,000	70,286	702,860	Cash capital increase of NT\$ 100,000,000	None	980410 Ching-Shou-Shang-Tze No.09801070750
2012/08	10	100,000	1,000,000	73,800	738,003	Capitalization by retained earnings of NT\$ 35,143,000	None	1010824 Ching-Shou-Shang-Tze No.10101175420
2014/10	10	100,000	1,000,000	59,251	592,510	Capital reduction for making up losses of NT\$ 145,493,000	None	1031003 Ching-Shou-Shang-Tze No.10301208960
2015/06	10	100,000	1,000,000	59,786	597,863	Conversion of	None	1040602

Month/Year	Par value per share	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Number of Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
						convertible bonds of 535,254 shares		Ching-Shou-Shang-Tze No.10401100110
2015/12	10	100,000	1,000,000	59,811	598,117	Conversion of convertible bonds of 25,488 shares	None	1041209 Ching-Shou-Shang-Tze No.10401249560
2016/05	10	100,000	1,000,000	60,976	609,757	Conversion of convertible bonds of 1,163,972 shares	None	1050530 Ching-Shou-Shang-Tze No.10501109460
2016/08	10	100,000	1,000,000	62,870	628,703	Conversion of convertible bonds of 1,894,637 shares	None	1050830 Ching-Shou-Shang-Tze No.10501207760
2016/11	10	100,000	1,000,000	62,921	629,213	Conversion of convertible bonds of 50,976 shares	None	1051128 Ching-Shou-Shang-Tze No.10501274430
2017/02	10	100,000	1,000,000	31,166	311,661	Capital reduction for making up losses of NT\$ 317,552,000	None	1060222 Fu-Chan-Ye-Shang-Tze No.10651462600
2017/11	10	100,000	1,000,000	61,166	611,661	Private placement of 30,000 thousand shares	None	1061115 Ching-Shou-Shang-Tze No.10601153650
2019/11	10	160,000	1,600,000	13,417	134,174	Capital reduction for making up losses of NT\$477,487,000	None	1081129 Fu-Chan-Ye-Shang-Tze No.10856494310
2020/12	10	160,000	1,600,000	19,369	193,694	Private placement of 5,952 thousand shares	None	1091215 Fu-Chan-Ye-Shang-Tze No.10956972700

2. Types of Shares Issued

Unit: 1000 shares

Type of Shares	Authorized Capital				Note
	Outstanding Shares (Note)	Treasury Stock	Unissued shares	Total Shares	
Registered Ordinary Shares	19,369	0	140,631	160,000	None

Note: Stocks of listed companies at OTC market

3. Information for Shelf Registration: Not applicable.

(II) Status of Shareholders

April 25, 2022

Status of Shareholders Items	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions & Natural Persons	Individuals	Total
Number of Shareholders	0	3	25	10	5,982	6,020
Shareholding (Shares)	0	181,500	7,055,964	5,579,757	6,552,179	19,369,400
Shareholding Percentage (%)	0	0.94	36.43	28.81	33.83	100.00

(III) Shareholding Distribution Status (face value of NT\$10 per share)

April 25, 2022

Class of Shareholding	Number of Shareholders	Shareholding (Shares)	Shareholding Percentage (%)
1 ~ 999	4,744	488,560	2.52
1,000 ~ 5,000	1,155	1,890,396	9.76
5,001 ~ 10,000	68	510,573	2.64
10,001 ~ 15,000	16	206,132	1.06
15,001 ~ 20,000	6	110,615	0.57
20,001 ~ 30,000	10	271,020	1.40
30,001 ~ 40,000	1	33,000	0.17
40,001 ~ 50,000	0	0	0
50,001 ~ 100,000	10	719,981	3.72
100,001 ~ 200,000	2	273,473	1.41
200,001 ~ 400,000	2	662,387	3.42
400,001 ~ 600,000	0	0	0.00
600,001 ~ 800,000	0	0	0.00
800,001 ~ 1,000,000	2	1,884,545	9.73
1,000,001 or more	4	12,318,718	63.60
Total	6,020	19,369,400	100.00

(IV) List of Major Shareholders

Names, shareholding, and shareholding percentage of Shareholders who hold more than 5% of shares or who are the top 10 Shareholders

April 25, 2022

Shareholder's Name	Shareholding Shares	Shareholding Percentage (%)
Wanin International Co., Ltd.	5,952,000	30.73
Given Business Inc.	3,948,480	20.39
KGI Bank in Custody for the investment account of Tilun International Development Co. Ltd.	1,321,438	6.82
Huang Xin Investment Co., Ltd.	1,096,800	5.66
Tsai Li Ping	981,921	5.07
Wang Jia Jen	902,624	4.66
Huang Yi Jing	365,201	1.89
Investment Account, Federal Commercial Bank Platinum Giant Holdings Limited	297,186	1.53
Zhou Ding Chen	167,645	0.87
Chang Hsieh Tsung	105,828	0.55

(V) Market Price, Net Worth, Earnings, and Dividends per Share in the Past 2 Years

Unit: NT\$/share

Item \ Year			2020	2021	Current year up to March 31, 2022
Market Price per Share	Highest Market Price		56.30	204.5	158.5
	Lowest Market Price		13.30	61.9	114
	Average Market Price		29.89	121.46	145.38
Net Worth per Share	Before Distribution		11.51	16.31	14.69
	After Distribution		11.51	Note 4	Not applicable
Earnings per Share	Weighted Average Shares		14,019,000 shares	19,369,000 shares	19,369,000 shares
	Earnings per Share	Before Adjustment	0.04	4.80	0.39
		After Adjustment	0.04	Note 4	Not applicable
Dividends per Share	Cash Dividends		0	2.00	Not applicable
	Stock Dividends	Dividends from Retained Earnings	0	1.50	Not applicable
		Dividend for Capital Surplus	0	0	Not applicable
	Accumulated Undistributed Dividends		0	0	Not applicable
Return on Investment	Price / Earnings Ratio (Note 1)		747.25	25.30	Not applicable
	Price / Dividend Ratio (Note 2)		Not applicable	60.73	Not applicable
	Cash Dividend Yield Rate (Note 3)		Not applicable	1.65	Not applicable

Note 1: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 2: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 3: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 4: Earnings distribution to be approved by the Shareholders' Meeting

(VI) Dividend Policy and Implementation Status

1. Dividend Policy

If earnings are available for distribution at the end of a fiscal year, 10% of net earnings – that is, after offsetting any loss from prior year(s) and paying all taxes and dues – shall be set aside as legal reserve, or it can be exempted if the legal reserve amount is equivalent to the Company's paid-in capital amount. The remaining balance thereafter shall be applied to have a special reserve appropriated or reversed as required by the Company's operations or law. The Board of Directors shall present a proposal for the distribution of the remaining amount, if any, plus the accumulated unappropriated earnings as Shareholders' dividend and bonuses in the Shareholders' Meeting.

The Company's dividend policy adopts the principle of stable balance and takes into account factors such as profitability, financial structure, and future development of the Company.

The Company pays dividends at a rate of not less than 10% of the current year's earnings, except that the accumulated available-for-distribution earnings

may not be distributed if they are less than 25% of the paid-in capital.

Shareholder dividends can be distributed in the form of cash dividends and stock dividends, of which the cash dividends shall not be less than 10% of the total dividends of the Shareholders in the current year. However, the Board of Directors may adjust the proportion according to the overall operating conditions at that time and submit it to the Shareholders' Meeting for resolution.

2. Proposed Distribution of Dividend at the Shareholders' Meeting

The Board of Directors' meeting on March 24, 2022 approved the distribution of cash dividends of NT\$2.00 per share and the earnings distribution of NT\$1.50 per share.

3. Anticipated Changes in Dividend Policy: None.

(VII) The impacts of issuing stock grants in the Shareholder's Meeting on the Company's operational performance and dividend per share: In accordance with the "Regulations Governing the Publication of Financial Forecasts of Public Companies", the Company is not required to disclose financial projection information. Therefore, the effect on the Operating Performance and Earnings per Share of Distribution of Stock Dividends Proposed or Adopted in the Most Recent Shareholders' Meeting, N/A.

(VIII) Compensation of Employees, Directors and Supervisors

1. Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation:

If earnings are available for distribution at the end of a fiscal year, the Board of Directors will make distribution in accordance with the following ration, and submit the resolution to the Shareholders' Meeting:

I. The remuneration of Directors and Supervisors shall be no more than 3%.

II. Employee remuneration shall be not less than 1%, which shall be distributed in the form of shares or cash resolved by the Board. The counterparties who receive the remuneration may include the employees of parents or subsidiaries of the Company meeting certain specific requirements. The Board shall be authorized to set the requirements.

However, the Company shall reserve a sufficient amount to compensate its accumulated deficits in advance before appropriating according to the previous ratio as the remuneration of Employees, Directors, and Supervisors.

The earnings mentioned previously refer to the pre-tax earnings before deducting the remuneration of Employees, Directors, and Supervisors.

2. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The Company's Board of Directors resolved on March 24, 2022 to distribute the remuneration to employees and directors and supervisors. If the actual distribution amount differs from the estimated amount, it will be treated as a change in accounting estimate and recorded as profit or loss in 2022.

3. Distribution of Compensation Approved in the Board of Directors Meeting:

- (1) If there is discrepancy between the amount of compensation of employees, Directors, and Supervisors distributed in cash or share and the estimated amount of recognized expenses for the current fiscal year, the amount, causes and treatment of such discrepancy shall be disclosed: On March 24, 2022, the Board of Directors resolved to distribute NT\$943,000 to employees and NT\$424,000 to directors and supervisors, which did not differ from the estimated amount of expenses to be recognized.
 - (2) The amount of employee compensation distributed by stock and the ratio of the amount to the after-tax net profit in the individual or individual financial statements and the total employee remuneration: On March 24, 2022, the Board of Directors resolved to distribute employees' remuneration in cash, therefore, it is not applicable.
4. When there is a discrepancy between the actual status of distribution (including the number of shares, the amount, and stock price) to employees, Directors, and Supervisors in the previous year and the recognized amount of compensation, the amount, causes, and response to such discrepancy shall be stated: No distribution of compensation for employees, Directors and Supervisors in 2020.

(IX) Buyback of Treasury Stock: None

II. Status of Corporate Bonds: None.

III. Preferred Stocks: None.

IV. Global Depository Receipts: None.

V. Employee Stock Options: None.

VI. Restricted Employee Shares: None.

VII. Issuance of New Shares in Connection with the Merger or Acquisition of Other Companies: None.

VIII. Implementation of Capital Utilization Plan

For each uncompleted public issue or private placement of securities, and for such issues and placements that were completed in the most recent three years but have not yet fully yielded the planned benefits. The explanation is as follows:

(I) Content:

The Company's first extraordinary Shareholders' Meeting on October 23, 2020, approved the private placement of common shares within 10,000 thousand shares. On November 13, 2020, the Board of Directors approved the price of private common shares and agreed on the candidates. This private placement of 5,952,000 common shares, with NT \$16.80 per share, totals NT \$99,993,600, which was fully collected on November 25, 2020. This private placement is intended to replenish working capital, repay loans and other capital needs in response to the Company's future development. It is expected to improve the financial structure, increase the sources of long-term funding and enhance the competitiveness of the Company, and have a positive impact on shareholders' equity.

(II) Implementation:

Unit: NT\$ thousands

Unit: MYR thousands

Planned Item	Implementation				Reasons for Running Schedule Ahead or Behind and Improvement Plans
	Amount of Expenses		Implementation Progress (%)		
	Planned	Actual	Planned	Actual	
Replenish working capital	23,693	23,693	100.00	100.00	Completed in the first quarter of 2021
Repayment of borrowings	76,300	76,300	100.00	100.00	Completed in the first quarter of 2021
Total	99,993	99,993	100.00	100.00	

Description of the Financial Structure:

After the private placement and the fund is invested in working capital, it will increase the current assets compared with that before capital increase with cash, increase the long-term capital source, strengthen the Company's competitiveness, and have a positive benefit to shareholders' equity.

Chapter 5 Operational Highlights

I. Business Activities

(I) Scope of Business:

1. Business Scope

- (1) CC01110 Computers and Computing Peripheral Equipment Manufacturing
- (2) F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
- (3) F113020 Wholesale of Household Appliance
- (4) F113050 Wholesale of Computing and Business Machinery Equipment
- (5) F118010 Wholesale of Computer Software
- (6) F209060 Retail Sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
- (7) F213010 Retail Sale of Household Appliance
- (8) F213030 Retail Sale of Computing and Business Machinery Equipment
- (9) F218010 Retail Sale of Computer Software
- (10) F401010 International Trade
- (11) I103060 Management Consulting Services
- (12) I301010 Software Design Services
- (13) I301020 Data Processing Services
- (14) I301030 Digital Information Supply Services
- (15) I401010 General Advertising Services
- (16) J303010 Magazine and Periodical Publication
- (17) J304010 Book Publishers
- (18) J305010 Audio Tape and Record Publishers
- (19) J602010 Agents and Managers for Performing Arts, Entertainers, and Models
- (20) J701040 Recreational Activities grounds and Facilities
- (21) JE01010 Rental and Leasing Business
- (22) JZ99050 Agency Services
- (23) J399010 Software Publication
- (24) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Proportion of Business

Unit: NT\$ thousands

Product Name	Total Sales in Year 2021	Percentage
Online games and digital content	55,006	22.15
Income of artwork design and foundry services	188,633	75.95
Labor income-other	4,431	1.78
Royalty income	103	0.04
Other Income	191	0.08
Total	248,364	100.00

3. Current products (services) offered by the Company

New products of mobile phones and online games will continue to be launched, and subsequent versions will be updated. Income of artwork design and foundry services will also be maintained.

4. New goods (services) and services under development:

New products of mobile phones and online games will continue to be launched, and subsequent versions will be updated.

(II) Industry Overview

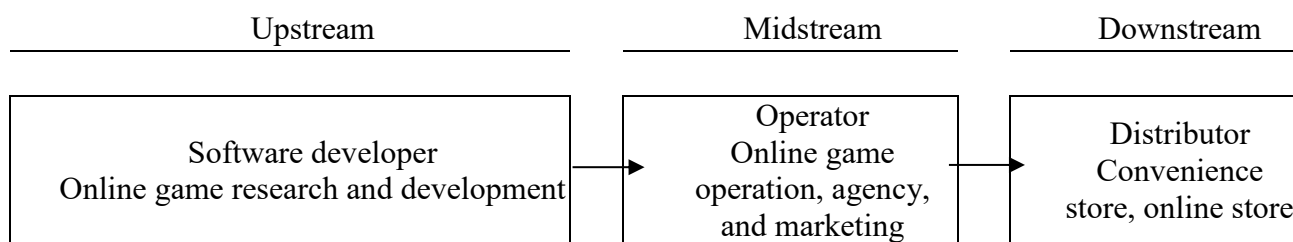
1. Current Status and Future Development

The game industry can be divided into categories of PC games, console games, tablets, and mobile games, depending on the platform it performs. Due to the popularity of broadband networks and smartphones, mobile games have become the fastest growing category in the overall game industry.

According to the Global Game Market Size Survey Report of game research company Newzoo, the size of global game market reached US\$180.3 billion in 2021, of which the mobile game market size reached US\$93.2 billion, accounting for 52%, and console game revenue reached US\$50.4 billion, accounting for 28%; computer game revenue reached US\$36.7 billion, accounting for 20%. Divided by region, the Asia-Pacific region is still the world's largest regional game market, and the global game market revenue continues to grow. It is estimated in the report that by 2024, the annual revenue of the global gaming market will reach US\$218 billion, including approximately US\$116.4 billion in mobile game, and US\$6.5 billion and US\$1.6 billion in cloud games and e-sports, respectively.

2. Relationship with Up-, Middle- and Downstream Companies

The upstream of the game software industry is the software developer, who designs the story structure, adds programming and artists to create characters and scenes to complete the development of the game; midstream is the game operator, responsible for marketing, online operation, and customer service; the downstream is the access provider, which helps operators sell point cards or product packages. At present, most of them are sold in convenience stores, virtual online stores, and mobile phone platforms, so that players can easily consume.



3. Product Trends

(1) Cross-platform Development

As hardware vendors of video game consoles and mobile devices are developing different game platforms, game development has moved towards multi-platforms to expand the market and increase competitiveness.

(2) Diversified Game Types

As the population of mobile games is increasing dramatically, developers are developing a variety of games to meet the needs of different groups of customers to open up new sectors of game markets for women, children, and the elderly.

(3) Combination of Game and Community

Computer users in Taiwan have the highest landing rate of social websites, which shows that social websites have become an indispensable part of computer users' lives. At the same time, due to the rise of social network sites, with the impact of users' high cohesion, install-free, easy-to-operate games will attract the players' attention. Mobile website games are usually social-focused, for it has much lower technical doorsill and often attracts various manufacturers.

4. Product Competition

With the popularity of mobile devices, smart phones, and tablets, almost everyone has one of them, which has driven the development of the mobile game industry. Game manufacturers continue to launch lots of mobile game products to seize the market, heating the competition. In addition to the original online game operators occupying the mobile game market, there are more new game agents have joined the market.

(III) Research and Development Overview:

1. Research and Development Expenses for the Past Three Years (Unit: NT\$ thousands)

Year	2019	2020	2021
Amount	3,233	3,681	2,182

2. Research and Development Results

Year	Product Name	Product Function or Usage	Launch Date
2006	Stone Age, version 8.5	Online games	2006.07
2007	Ely Sium, version 4.5	Online games	2007.03
	Formosa Club - Taike Mahjong	Online games	2007.05
	Bao-Dao Club - MahJong	Online games	2007.12
2008	Bao-Dao Club - Big Two	Online games	2008.01
	Bao-Dao Club - Five Card Stud	Online games	2008.03
	Formosa Club - Texas Hold'em	Online games	2008.05
	81 KEYS	Online games	2008.06
	Bao-Dao Club - Platform	Online games	2008.07
2011	MoneyMoney Club - Texas Hold'em	Online games	2001.01
	81Keys	Online games	2011.02
2014	G.O.D, God of Destiny	Online games	2014.06
2017	Far Away Kingdom 2	Mobile Games	2017.10

3. Future R&D Plans and Estimated Expenses

The Company will keep developing and updating subsequent game versions according to the release schedule, expecting to provide better game services and products for gamers to improve the competitiveness of the Company's game products.

(IV) Long-term and Short-term Development

1. Short-term Plan:

(1) Stable supply of products

Actively acts as an agent for foreign mobile games to increase the variety of products and market share.

(2) Diversification-oriented products

The scope of game products released by the Company includes online games and mobile games. Online games can be divided into different genres, including role-playing, leisure games, web games, etc. The Company also actively acts as an agent for many mobile games playing in different ways, and keeps launching new games to enhance revenue growth momentum.

2. Long-term Plan

The Company is positioned as digital entertainment service providers to conduct market strategies. With the popularity of the Internet, the life, consumption, learning, and entertainment habits of the online population change accordingly. There are still existing considerable potential business opportunities and development space for the development and application of digital content industry. With the combination of the Internet, communication, entertainment, and fashion, digital entertainment services are worth to invest and will become the future direction of the Company's business development. Wayi possesses substantial advantages over content production capability, complete operation mechanisms, and rich experience in integrated marketing. In the near future, the Company is expected to develop a more diversified digital entertainment service market to create higher corporate profit.

II. Market and Sales Overview

(I) Market Analysis

1. Sales (Service) Region:

Unit: NT\$ thousand; %

Main Product	Area	Sales	Weight
Online games and digital content	Domestic sales	55,006	22.15
Income of artwork design and foundry services	Domestic sales	188,633	75.95
Labor income-other	Domestic sales	4,431	1.78
Royalty income	Asia	103	0.04
Other income	Domestic sales	191	0.08
Total		248,364	100.00

2. Market Share, Demand and Supply Conditions and the Potential

According to the Global Game Market Size Survey Report of game research company Newzoo, the size of global game market reached US\$180.3 billion in 2021, of which the mobile game market size reached US\$93.2 billion, accounting for 52%, and console game revenue reached US\$50.4 billion, accounting for 28%; computer game revenue reached US\$36.7 billion, accounting for 20%. Divided by region, the Asia-Pacific region is still the world's largest regional game market, and the global game market revenue continues to grow. It is estimated in the report that by 2024, the annual revenue of the global gaming market will reach US\$218 billion, including approximately US\$116.4 billion in mobile game, and US\$6.5 billion and US\$1.6 billion in cloud games and e-sports, respectively.

3. Competitive Niches, Favorable and Unfavorable Factors for Future Development, and Response Measures:

(1) Competitive Niches

A. Experience accumulated in online games

The Company successfully launched its first online game in 2000, becoming the first domestic online game software manufacturer making profits. The self-built rooms also make the Company a rare domestic manufacturer with the ability to manage and maintain the computer room, which helps the Company to maintain game stability and solve problems in a timely manner. In addition to owning professional network management specialists, responsible for the operation of the computer rooms, the specialists, along with R&D Department and Customer Service Department also build a complete service maintenance system; with marketing strategies and promotion, all together accumulated the Company's large number of paid members.

B. Favorable Customer Service

To meet customers' satisfaction, the Company highly values customer service, establishing a comprehensive customer service system to timely solve players' problems. The Company also establishes a VIP service mechanism, provides many privileges and services for exclusive members, carefully listens to the players' needs, and creates different enjoyments in the physical and mental senses for players.

C. Integrated Marketing Experience

Game software industry combines other industries, such as the

Internet, communication, entertainment, and popularity, so innovative marketing methods have replaced the traditional marketing model. The Company adopts innovative and flexible marketing practices, such as placement marketing, and cross-industry alliance with physical stores, to integrate corporate image and product information with daily life, and even makes use of the fads of online game products to drive the purchasing power of customers to peripheral products.

D. Stable Operation Platform and Mature Paid Membership

The Company puts the concept of community management in the cash flow payment platform, providing members with space for interaction and community management. Members have always maintained high loyalty and the number paid members is stable.

(2) Favorable Factors

- A. The high penetration rate of computers and mobile devices, the mature broadband market, the growing game market in the Asia-Pacific region, the expansion of customer groups, and the developed light player groups, all contribute to the immense potential of the target market.
- B. A large-scale operation platform has been built and completed. In operation, it has a considerable number of membership bases, and provides various services and community functions for members. Sales channels are gradually mature. New sales channels, such as online cafes, e-commerce, micropayment, and consumption scale, are steadily developed to enhance products' visibility and further stimulate consumers' desire to purchase.

(3) Unfavorable Factors and Countermeasures

A. Limited domestic market size

The game market in Taiwan is small; at present, there are many competitors in the game industry producing game products with high homogeneity. There is no apparent market segregation, which makes the operation of the game market more difficult.

Countermeasures:

The Company continues to act as an agent to launch more games, focus on the goals of increasing market share of the game products, select game products with quality, novelty, and originality for operating, in order to highlight the market segmentation and expand market share.

B. Insufficient game professionals and recruitment difficulty

With the vigorous development of the game software market, the growth of game professionals lags behind the market demand, resulting in difficult recruitment.

Countermeasures:

1. Introduce more game products and increase exposure, attracting professionals who are enthusiastic about games to join in the Company.
2. Provide a well-developed welfare system, a comfortable working environment, an education and training system, and regular

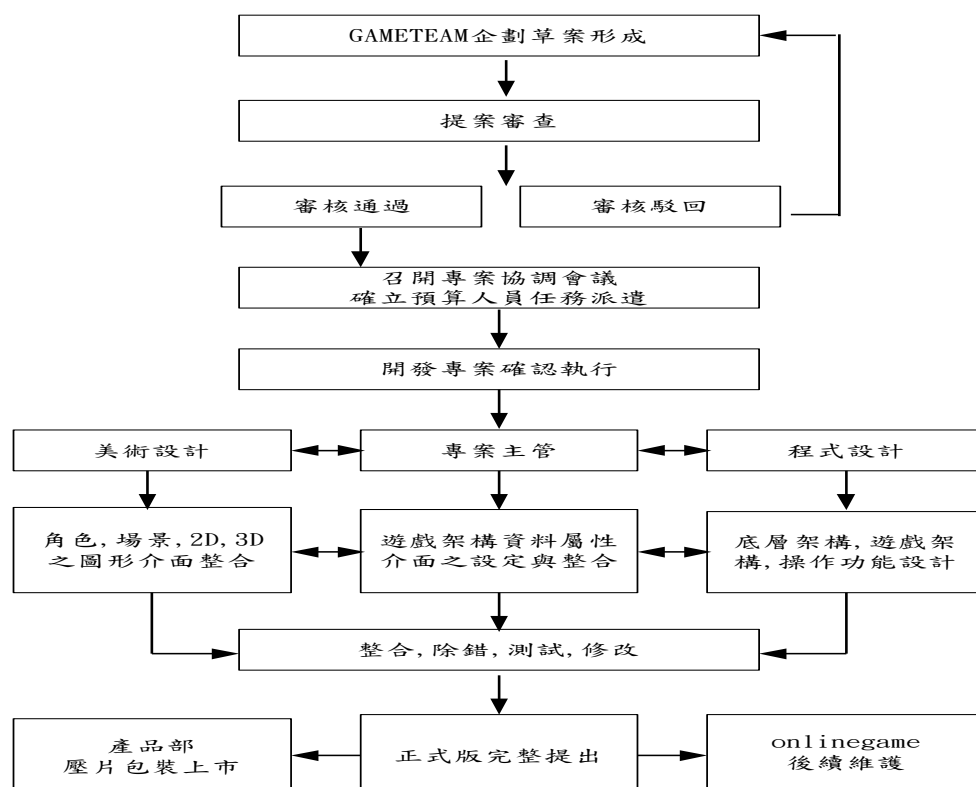
assessment of promotion, in order to enhance the centripetal force of employees toward the Company and reduce turnover rate.

(II) Applications and Production Procedure of Major Products

1. Major Products and Their Main Uses

Products or Services	Representative Products or Services	Main Uses or Function
Online games Mobile games	" Friends Racing " " MASS FOR THE DEAD " "Granado Espada"	Provide online connection or online casual games and interact with the community.
Wayi Entertainment Net	http://www.wayi.com.tw/	Provide services, such as Internet community, multimedia, audio-video entertainment, information, news, and game websites' portal collecting.

2. Major Products and Their Production Processes



GAMETEAM Draft Plan Formation		
Proposal Review		
Approval of Review		Rejection of Review
Convening of Project Coordination Meetings Budget Establishment and Task Assignment		
Confirmation of Implementation of Development Projects		
Artwork Design	Project Manager	Programming
2D and 3D Graphic Interface Integration of Game Characters and Scenes	Setting and Integration of the Interface and Data Attributes	Design of Underlying Architecture, Game Architecture and Operation Function
Integration, Debugging, Testing and Correction		
Product Department OEM Mass Replication, Packaging for Sale on the Market	Presentation of the Official Edition	Subsequent Maintenance of Online Games

(III) Supply Status of Major Outsourcings:

In addition to casual games, the development of mobile games also tends to be more focused on hardcore users, and various themes and playing methods. In addition to the operation of online games, in response to the trend of the industry, the Company also actively acts as a agent for mobile game products to be distributed on major channels, Google and Apple platforms, to provide players with richer choices. Besides, the Company provides a variety of payment channels, allowing gamers to purchase game points, in order to provide more convenient consumer services.

Raw materials, Components, or Outsourced Items	Company Name	Comment
T3 Bandwidth (ISP)	Taiwan So-net, New Century InfoComm, Digicentre, Taiwan Fixed Network	Providing bandwidth for online games
Online games	Hanbit,Kakao,TRY5,INC	Providing contents for online games
Channel costs	Wanin International, Gash Point,Google and Apple	Providing channels for sales services

(IV) Suppliers and Clients Accounting for 10% or More of the Company's Total Procurement (Sales) Amount in Either of the 2 Most Recent Years

1. Suppliers Accounting for 10% or More of the Company's Total Procurement Amount in the 2 Most Recent Years

Although the royalties paid by the Company to act as agent for the games are not included in the procurement amount (attributable to other operating costs), the cost is the primary expenditure. Also, bandwidth is also an indispensable element of online game management. So here is a list of the suppliers and net purchases whose amount exceeds 10% in terms of royalties, bandwidth, access costs, and procurement. The list is as follows:

Unit: NT\$ thousands, %

Ranking	2020				2021				2022up to the end of the first quarter			
	Name	Amount	Percentage of annual net procurement	Relationship with the issuer	Name	Amount	Percentage of annual net procurement	Relationship with the issuer	Name	Amount	Percentage of annual net procurement	Relationship with the issuer
1	Seednet	7,055	22.71	None	Seednet	5,564	17.65	None	TRY5, INC	4,272	32.65	None
2	Kakao	6,807	21.91	None	TRY5, INC.	4,551	14.43	None	Apple	2,036	15.56	None
3	Google	3,304	10.63	None	Kakao	4,258	13.50	None	Digicentre	1,755	13.42	None
4	Others	13,902	44.75	None	Apple	4,113	13.04	None	Google	1,651	12.62	None
5	-	-	-	-	Google	3,285	10.42	None	Others	3,369	25.75	None
6	-	-	-	-	Others	9,760	30.96	None	-	-	-	-
-	Total	31,068	100.00	-	Total	31,531	100.00	-	Total	13,083	100.00	-

Reason for changes: Cost per sales and distribution costs are changed depending on the sales revenue, which makes the suppliers change.

2. List of Clients Accounting for 10% or More of the Company's Total Sales Amount in the 2 Most Recent Years

Unit: NT\$1,000, %

Ranking	2020				2021				2022 up to the end of the first quarter			
	Name	Amount	Percentage of net sales in the year (%)	Relationship with the issuer	Name	Amount	Percentage of net sales in the year (%)	Relationship with the issuer	Name	Amount	Percentage of net sales in the year (%)	Relationship with the issuer
1	Wanin International	55,149	47.56	Related party in substance	Wanin International	192,178	77.38	Related party in substance	Wanin International	30,059	62.24	Related party in substance
2	Gash Point	12,536	10.81	None	Others	56,186	22.62	None	Apple	6,790	14.06	None
3	Others	48,266	41.63	None	-	-	-	-	Google	5,508	11.41	None
4	-	-	-	-	-	-	-	-	Others	5,937	12.29	None
5	-	-	-	-	-	-	-	-	-	-	-	-
-	Total	115,951	100.00	-	Total	248,364	100.00	-	Total	48,294	100.00	-

Reasons for change:

In the current period, the revenue increased. Therefore, the list of sales customers was slightly changed.

(V) Production in the Last Two Years

Unit: Set; NT\$ thousands

Output Major Products	Year	2020			2021		
		Capacity (Note 1)	Quantity	Amount	Capacity (Note 1)	Quantity	Amount
Online games	Online games		0	0	Online games	0	0
Others (Note 2)	Others		0	0	Others	0	0
Total	Total		0	0	Total	0	0

Note 1: The Company is a professional software developer that is not a manufacturing industry and thus there is no production capacity.

Note 2: There are many other peripheral products, each with a different unit.

Reasons for change:

The new products launched in 2021 are mainly mobile games, and no online game packages are produced. Therefore, the relevant quantity and amount are zeros.

(VI) Sales in the Last Two Years

Unit: Set; NT\$ thousands

Quantity Major Products	Year		2020				2021			
			Domestic sales		Export sales		Domestic sales		Export sales	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Online games and digital content	-	58,903	-	-	-	55,006	-	-	-	-
Income of artwork design and foundry services	-	54,016	-	-	-	188,633	-	-	-	-
Labor income-other	-	2,228	-	-	-	4,431	-	-	-	-
Royalty income	-	-	-	796	-	-	-	-	-	103
Other income	-	8	-	-	-	191	-	-	-	-
Total	-	115,155	-	796	-	248,261	-	-	-	103

III. Human Resources

Unit: Person

Year		2020	2021	As of 31 March 2022
Number of Employees	Marketing	23	25	20
	R&D	10	9	4
	Management	13	13	12
	Others	18	27	24
	Total	64	74	60
Average Age		37.53	35.09	35.2
Average Years of Services		5.70	3.95	4.5
Education Distribution Ratio	Doctor	1	1	1
	Master	4	4	3
	University/College	51	64	52
	High school	6	5	4
	Below Senior High School	2	0	0

IV. Environmental Protection Expenditure

- (I) In the most recent years up to the publication date of the Annual Report, the losses suffered due to the environmental pollution (including indemnity and environmental protection audit results that violate environmental protection laws and regulations, the punishment date, the punishment font size, the provisions of the statute violated, the content of the statute violated, and the punishment content), current and future estimated amounts that may occur, and responding measures: None.
- (II) Whether RoHS related information is fully disclosed: Our products are not exported directly or indirectly to Europe or related to the EU Environmental Protection Directive (RoHS).

V. Labor Relation

- (I) The Company's employee welfare policies, continuing education, training, retirement systems and implementation status, the agreement between employees and employer, and employees' rights and interests:

1. Employee Benefits

- (1) Enrollment in labor insurance and health insurance

In accordance with the provisions of the Labor Insurance and National Health Insurance Act, all employees will be enrolled in insurance from the date of their employment.

- (2) Enrollment in employee group insurance

The Company provides group insurance for all employees, and the Company bears the cost of group insurance for employees. The scope of group insurance for employees includes term life insurance, cancer death insurance, cancer surgery insurance, accident insurance, critical illness insurance, accident medical insurance, and hospitalization medical insurance.

- (3) Provide annual bonuses or gifts depending on the Company's operating conditions.

- (4) Provide funds to establish an Employee Welfare Committee.

- (5) Subsidize annual travel for employees.

- (6) Employees are entitled to education and training inside and outside the Company.

- (7) Employee bonus according to the Company's operation.

- (8) Employee health checkups: Once every three years, we cooperate with hospitals or medical institutions to provide health checkups for employees.

- (9) Group activities: Various educational or recreational clubs are established within the Company to provide employees with various leisure activities, and the Company provides related subsidies.

- (10) Leisure Center: The Company has a leisure center with basketball court, gym, swimming pool and other facilities to provide employees with a variety of activities related to physical and mental relaxation.

- (11) Welfare activities: Our employees enjoy discounts on Company products, occasional dinners, occasional afternoon teas, occasional movie shows, and other related activities.

- (12) Employee Welfare Committee related subsidies: The Employee Welfare Committee provides employee related subsidies including birthday gifts, three festivals gifts or presents, wedding subsidies, maternity subsidies, funeral subsidies, medical comfort subsidies, emergency relief, etc.

2. Employee Continuing Education and Training:

- (1) Through the Company's "Staff Education and Training Methods," we encourage our colleagues to participate in education training to enhance their professional knowledge, work skills, wisdom, and potential.

- (2) The Company provides a comprehensive learning environment and a complete education and training framework for its employees, including new employee training, professional training, statutory education training and occasional seminars, etc.

- (3) The Company also encourages employees to pursue further studies at the workplace and provides subsidies for tuition and fees/credits for employees who pursue further studies.
 - (4) In 2021, there were 35 trainees with a total of 223 hours, and the cost of training for 2021 was NT\$68,000; the training includes financial accounting, management, internal audit and new personnel training.
3. Retirement system, and the Status of Implementation:
 - (1) The retirement system and method for our employees are governed by the Labor Standards Act and the Labor Pension Act.
 - (2) Contribution to pension: For employees subject to the pension system (new system of labor retirement) of the Labor Pension Act, the Company contributes 6% of their monthly wages to their individual pension accounts.
 - (3) Employees of the Company may apply for retirement under the following circumstances: (I) If they have worked for at least fifteen years and have reached the age of 55. (II) Those who have worked for more than 25 years. (III) If the employee has worked for at least ten years and has reached the age of 60.
4. The Agreement Between Employees and Employers: The Company's employees and employers work in harmony, and there is no employee-employer dispute.
5. Employee Code of Conduct or Ethics

In order to clearly regulate the relationship between rights and obligations between employers and employees, and allow employees to understand ethical concepts, rights, duties and codes of conduct, the Company has formulated relevant policies and measures, including employees' services, employment, assumption of office, work, vacation, leave of absence, salary, work overtime, discipline, rewards & punishments, resignation, laying off, retirement, disaster compensation, welfare, performance appraisal, safety & health, and professional training. Also, relevant policies and measures are disclosed on the Company's website for the staff.
6. Protective Measures for Workplace and Personal Safety of Employees:
 - Protective measures for the work environment:
 - (1) The working environment of the Company is all in compliance with the security inspection of the office building environment, and in accordance with the provisions of the fire safety regulations to set up a fire protection system, and cooperate with the fire department to conduct fire drills every year.
 - (2) We regularly replace the water dispenser filters in the pantry every quarter and cooperate with the office building management unit to clean the water tower to ensure the quality of drinking water.
 - (3) We regularly conduct quarterly air conditioning system maintenance operations, and cooperate with the office building management unit to carry out air conditioning system renewal operations to ensure the quality of air at work.
 - (4) We cooperate with the office building management unit to carry out daily cleaning of office areas and toilets to maintain a clean and comfortable working environment.

■ Protective measures for personal safety of employees:

- (1) The Company has a security monitoring system to monitor the working environment in order to provide a safe and secure working environment for employees.
 - (2) The Company cooperates with the office building management unit to carry out entrance and exit control operations, and regular patrol inspection of the floors.
 - (3) The Company cooperates with the office building management unit to carry out access control operations, and set access control privileges according to the operational needs of each employee.
- (II) In the most recent year up to the publication date of the Annual Report, the losses caused by labor disputes (including matters and punishment due to violating the Labor Standards Act after the labor inspection, the date of punishment, Letter No. of punishment, provisions of laws and regulations violated, contents of laws and regulations violated, and the content of the punishment), the estimated amount that may occur at present and in the future, and countermeasures (where the amount cannot be reasonably estimated, the fact that the amount cannot be reasonably estimated shall be stated): None.

VI. Cyber security management

- (I) Describe the information security risk management framework, information security policy, specific management plan and resources invested in information security management, etc.
1. Cyber security risk management structure:
The Information Technology Department is responsible for convening and establishing an inter-departmental information security management team. The Information Technology Department and the Administration Center Management Department are responsible for leading and planning, and each business-related unit cooperates in implementation. The group is responsible for formulating information security management policies, reviewing and amending them regularly and holding meetings to review their implementation, as well as reporting to the Board of Directors on a regular basis each year.
 2. Cyber security policy objectives:
In order to ensure the accuracy of all business information and the importance of personal data protection, we take stock of the operation of the information system in each unit of the Company, evaluate the degree of risk and the urgency and availability of risk treatment by level to determine the acceptable level of risk, prepare a treatment plan, execute it, and review the effectiveness of the execution of the treatment plan. The management team conducts a management review once a year to ensure the effectiveness and appropriateness of policies and measures.
 3. Specific management plans:
Firewalls are built on the external gateway side with intrusion detection system and anti-virus system to prevent and alert information security immediately, and to block advanced and continuous targeted attacks in addition to detection and regular review and adjustment of information policy. All external VPN connections are also subject to dynamic password or secondary authentication to strengthen the security of the connection.

Host vulnerability scans are also conducted for the year to evaluate the internal environment for security vulnerabilities.

The computer environment is regularly updated to new versions and anti-virus software is installed internally. In addition to system updates, we also control computer access privileges, regularly review the issuance of special privileges for system access, prevent special privileges from being obtained without formal authorization, and set up a data backup restoration system for file hosts according to the risk level.

In order to raise employees' awareness of information security and reduce information security risks, the Company arranges annual education and training to educate employees on information security and personal data protection, so that they can follow information security policies, management measures and standard procedures.

4. Investment of resources in cyber security management:

According to the Company's project budget, we execute the maintenance contract of information security protection and management every year to update and fix the vulnerability of the operating system and application software. The endpoint protection is achieved by the combination of anti-virus software and abnormal connection to achieve prevention and protection.

Education and training: The Company conducts a series of training sessions on information security and personal data protection law for new employees during the year.

(II) The aggregate total of impairment and penalty fines undertaken due to cyber security incidents in the most recent year and as of the printing date of this Annual Report.

In 2022 and up to the date of the annual report, the Company has not suffered any major cyber security incidents and has no related losses or impacts.

VII. Important Contracts

Up to the publication date of the Annual Report, the valid supply/distribution contracts, technical cooperation contracts, engineering and construction contracts, long-term loan contracts, and other vital contracts which can affect shareholders' rights and interests are as follows:

Contract Type	Counterparty	Period	Major Content	Restrictions
Software copyright				
Software Licensing Agreement	HanbitSoft, Inc., and IMC Games, Co., Ltd.	Until January 7, 2023	Granado Espada, online game	Taiwan
Software Licensing Agreement	Kakao Games,	Three years after the date of issue	Friends Racing, mobile game	Taiwan, Hong Kong and Macau
Software Licensing Agreement	Trys,	Two years after the date of issue	MASS FOR THE DEAD, mobile game	Taiwan, Hong Kong and Macau
Software Licensing Agreement	Appirits Inc.,	Two years after the date of issue	Mobile game	Taiwan, Hong Kong and Macau
Authorization agent				
Virtual Products Distribution Agreement	Gash Point Co, Ltd.	2022.01.01~2022.12.31	Wayi's products shall be sold by the distribution channel of GASH POINT Co, Ltd.	None
Virtual Products Distribution Contract	Wanin International Co., Ltd.	2021.01.01~2022.12.31	Wayi's products shall be sold by the distribution channel of Wanin International Co., Ltd.	None
Co-development				
Game Cooperative Development and Operation Agreement	Wanin International Co., Ltd.	2022.01.01~2022.12.31	Co-developed games are operated on the Star City platform	None

Chapter 6 Financial Information

I. Condensed Balance Sheet, Income Statement, and the Name of CPA and the Audit Opinion Thereof for the Most Recent Five Years

(I) Consolidated Condensed Balance Sheet–Based on IFRS

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years (Note 1)					Financial Summary for the Current Year as of March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Current assets		357,023	215,952	177,167	193,631	262,748	251,447
Property, plant and equipment		89,768	80,679	75,976	58,130	59,627	59,638
Intangible assets		8,703	4,242	363	1,660	6,019	5,385
Other assets		42,889	38,931	47,355	57,478	60,462	59,171
Total assets		498,383	339,804	300,861	310,899	388,856	375,641
Current liabilities	Before distribution	249,366	158,269	115,313	87,678	65,956	46,438
	After distribution	249,366	158,269	115,313	87,678	65,956	85,177
Non-current liabilities		60,200	47,360	64,429	328	7,063	5,835
Total liabilities	Before distribution	309,566	205,629	179,742	88,006	73,019	52,273
	After distribution	309,566	205,629	179,742	88,006	73,019	91,012
Equity attributable to owners of the parent company		188,617	134,175	121,119	222,893	315,837	284,629
Capital stock		611,661	611,661	134,174	193,694	193,694	193,694
Capital surplus		10,575	10,575	0	41,690	29,199	29,199
Retained earnings	Before distribution	(427,736)	(488,061)	(13,055)	(12,491)	92,944	61,736
	After distribution	(427,736)	(488,061)	(13,055)	(12,491)	92,944	61,736
Other equity		(5,883)	0	0	0	0	0
Treasury stock		0	0	0	0	0	0
Non-controlling equity		200	0	0	0	0	0
Total equity	Before distribution	188,817	134,175	121,119	222,893	315,837	323,368
	After distribution	188,817	134,175	121,119	222,893	315,837	284,629

Note 1: Financial information for each year is reviewed or audited by CPA.

(II) Consolidated Condensed Statement of Comprehensive Income—Based on IFRS:

Unit: NT\$ thousands

Item \ Year	Financial Summary for The Last Five Years (Note 1)					Financial Summary for the Current Year as of March 31, 2022 (Note 1)
	2017	2018	2019	2020	2021	
Operating revenue	95,056	77,833	123,407	115,951	248,364	48,294
Gross profit	17,605	23,273	63,385	74,551	187,971	26,984
Income from operations	(91,681)	(46,794)	(8,841)	1,788	95,928	2,028
Non-operating income and expenses	1,594	(6,682)	(4,215)	(1,224)	(2,984)	5,503
Income before tax	(90,087)	(53,476)	(13,056)	564	92,944	7,531
Income from operations of continued segments	(104,217)	(60,388)	(13,056)	564	92,944	7,531
Income from discontinued operations	0	0	0	0	0	0
Net income	(104,217)	(60,388)	(13,056)	564	92,944	7,531
Other comprehensive income (income after tax)	(2,731)	5,883	0	0	0	0
Total comprehensive income	(106,948)	(54,505)	(13,056)	564	92,944	7,531
Net income attributable to owners of the parent company	(104,066)	(60,325)	(13,056)	564	92,944	7,531
Net income attributable to non-controlling interest	(151)	(63)	0	0	0	0
Total comprehensive income attributable to owners of the parent company	(106,797)	(54,442)	(13,056)	564	92,944	7,531
Total comprehensive income attributable to non-controlling interests	(151)	(63)	0	0	0	0
Earnings per share	(2.80)	(0.99)	(0.97)	0.04	4.80	0.39

Note 1: Financial information for each year is reviewed or audited by CPA.

(III) Condensed Individual Balance Sheet–Based on IFRS

Unit: NT\$ thousands

Year Item		Financial Summary for the Last Five Years (Note 1)				
		2017	2018	2019	2020	2021
Current assets		210,989	187,483	145,367	163,652	233,935
Property, plant and equipment		88,008	80,679	75,976	58,130	59,627
Intangible assets		8,703	4,242	363	1,660	6,019
Other assets		185,176	71,627	79,155	87,457	89,275
Total assets		492,876	344,031	300,861	310,899	388,856
Current liabilities	Before distribution	244,033	162,470	115,313	87,678	65,956
	After distribution	244,033	162,470	115,313	87,678	65,956
Non-current liabilities		60,226	47,386	64,429	328	7,063
Total liabilities	Before distribution	304,259	209,856	179,742	88,006	73,019
	After distribution	304,259	209,856	179,742	88,006	73,019
Capital stock		611,661	611,661	134,174	193,694	193,694
Capital surplus		10,575	10,575	0	41,690	29,199
Retained earnings	Before distribution	(427,736)	(488,061)	(13,055)	(12,491)	92,944
	After distribution	(427,736)	(488,061)	(13,055)	(12,491)	92,944
Other equity		(5,883)	0	0	0	0
Treasury stock		0	0	0	0	0
Equity Total	Before distribution	188,617	134,175	121,119	222,893	315,837
	After distribution	188,617	134,175	121,119	222,893	315,837

Note 1: Financial information for each year is reviewed or audited by CPA.

(IV) Condensed Individual Statement of Comprehensive Income–Based on IFRS:

Unit: NT\$ thousands

Year \ Item		Financial Summary for the Last Five Years (Note 1)				
		2017	2018	2019	2020	2021
Operating revenue		92,172	78,126	123,407	115,951	248,364
Gross profit		21,012	25,225	63,385	74,551	187,971
Income from operations		(82,681)	(44,018)	(8,572)	2,137	96,327
Non-operating income and expenses		(7,255)	(16,307)	(4,484)	(1,573)	(3,383)
Income before tax		(89,936)	(60,325)	(13,056)	564	92,944
Income from operations of continued segments		(104,066)	(60,325)	(13,056)	564	92,944
Income from discontinued operations		0	0	0	0	0
Net income		(104,066)	(60,325)	(13,056)	564	92,944
Other comprehensive income (income after tax)		(2,731)	5,883	0	0	0
Total comprehensive income		(106,797)	(54,442)	(13,056)	564	92,944
Earnings per share		(2.80)	(0.99)	(0.97)	0.04	4.80

Note 1: Financial information for each year is reviewed or audited by CPA.

(V) Name of the CPA and audit opinions for the most recent five fiscal years:

Year	Accounting Firm	Name of CPA	Audit Opinion
2017	Deloitte & Touche	Weng Po Jen, Lin Yi Hui	Unqualified opinion
2018	Deloitte & Touche	Weng Po Jen, Lin Yi Hui	Unqualified opinion
2019	Deloitte & Touche	Weng Po Jen, Guo Nai Hua	Unqualified opinion
2020	Deloitte & Touche	Weng Po Jen, Guo Nai Hua	Unqualified opinion
2021	Deloitte & Touche	Chi Rui Quan, Guo Nai Hua	Unqualified opinion

II. Five-Year Financial Analysis

(I) Consolidated Financial Analysis – Based on IFRS:

Item \ Year		Financial Analysis for the Last Five Years (Note 1)					For the current year as of March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Financial structure (%)	Debt Ratio	62.11	60.51	59.74	28.31	18.78	24.23
	Ratio of long-term capital to property, plant and equipment	276.96	224.76	238.39	383.44	529.69	477.26
Solvency (%)	Current ratio	143.17	136.45	153.64	220.84	398.37	295.21
	Quick ratio	139.41	128.97	148.73	201.85	377.46	288.31
	Interest coverage ratio	-16.97	-15.48	-4.36	1.27	338.98	260.69
Operation performance	Accounts receivable turnover (times)	7.28	7.03	10.94	6.26	7.05	5.83
	Average collection period	50.13	51.90	33.37	58.33	51.80	62.62
	Inventory turnover (times)	47.75	34.69	45.63	38.87	56.71	80.04
	Accounts payable turnover (times)	6.56	7.46	9.69	7.27	4.77	5.87
	Average days in sales	7.64	10.52	8.00	9.39	6.44	4.56
	Property, plant and equipment turnover (times)	1.00	0.91	1.58	1.73	4.22	3.24
	Total assets turnover (times)	0.20	0.19	0.39	0.38	0.71	0.51
Profitability	Return on total assets (%)	-20.80	-13.77	-3.47	0.72	26.63	7.91
	Return on equity (%)	-65.47	-37.38	-10.23	0.33	34.50	10.03
	Pre-tax income to paid-in capital (%)	-14.73	-8.74	-9.73	0.29	47.98	3.89
	Profit ratio (%)	-109.64	-77.59	-10.58	0.49	37.42	15.59
	Earnings per share (NT\$)	-2.80	-0.99	-0.97	0.04	4.80	0.39
Cash flow	Cash flow ratio (%)	-19.38	-36.63	33.68	-30.02	164.47	33.51
	Cash flow adequacy ratio (%)	-267.73	-551.55	-2645.48	-3424.85	280.43	1798.90
	Cash reinvestment ratio (%)	-9.79	-13.49	10.28	-6.23	23.85	3.37
Leverage	Operating leverage	-0.19	-0.50	-7.17	41.70	1.96	13.31
	Financial leverage	0.95	0.94	0.78	-6.70	1.00	1.01

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Liability to assets ratio: due to the decrease in borrowings in the current period.
2. The ratio of long-term funds to real estate, plant and equipment: due to the increase in total equity in the current period.
3. Current ratio and quick ratio: due to the increase in current assets and the decrease in current liabilities.
4. Interest coverage ratio: due to the increase in net profit before tax for the current period.
5. Accounts receivable turnover rate and average cash collection days: due to the increase in accounts receivable at the end of the period.
6. Turnover rate of payables: due to the increase in accounts payable at the end of the current period.
7. Inventory turnover rate and average sales days: due to the increase in operating costs during the current period.
8. Return on assets, return on equity, ratio of net profit before tax to paid-in capital, net profit ratio, earnings per share: due to the increase in net profit before tax for the current period.
9. Cash flow ratio, cash flow fair ratio, cash reinvestment ratio: due to the increase in net cash inflow from operating activities during the current period.

Note 1: Financial information for each year is reviewed or audited by CPA.

Note 2: Formula for calculating the financial analysis:

1. Financial structure

(1) Debt Ratio = Total Liabilities / Total Assets

(2) Ratio of Long-Term Capital to Property, Plant and Equipment = (Total Equity + Non-current Liabilities) / Net Property, Plant and Equipment

2. Solvency

(1) Current Ratio = Current Assets / Current Liabilities

(2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities

(3) Interest Earned Ratio = Net Profit before Tax and Interest / Interest Expenses

3. Operating performance

(1) Accounts Receivable Turnover (including bills receivable resulting from accounts receivable and business operations) = Net Sales / Average Accounts Receivable in Various Periods (including bills receivable resulting from accounts receivable and business operations)

(2) Average Collection Period = 365 / Accounts Receivable Turnover

(3) Inventory Turnover = Cost of Sales / Average Inventory

(4) Accounts Payable Turnover (including bills payable resulting from accounts payable and business operations) = Cost of Sales / Average Accounts Payable in Various Periods (including bills payable resulting from accounts payable and business operations).

(5) Average Days in Sale = 365 / Inventory Turnover

(6) Property, Plant, and Equipment Turnover = Net Sales / Average Net Property, Plant, and Equipment

(7) Total Assets Turnover = Net Sales / Average Total Assets

4. Profitability

(1) Return on Total Assets = [Income After Tax + Interest Expenses x (1 - Interest Rates)] / Average Total Asset Value

(2) Return on Equity = Income After Tax / Average Equity

(3) Profit Ratio = Income After Tax / Net Sales

(4) Earnings per Share = (Income Attributable to Owners of the Parent Company – Dividends on Preferred Shares) / Weighted Average Number of Issued Shares (Note 4)

5. Cash flow

(1) Cash Flow Ratio = Net Operating Cash Flow / Current Liabilities

(2) Cash Flow Adequacy Ratio = Net Cash Flow from Operating Activities for the Most Recent Five Years / (Capital Expenditures + Inventory Increase + Cash Dividend) for the Most Recent Five Years

(3) Cash Reinvestment Ratio = (Net Cash Flow from Operating Activities–Cash Dividend) / (Gross Property, Plant and Equipment Value + Long-Term Investment + Other Non-current Assets + Working Capital) (Note 5)

6. Leverage:

(1) Operating Leverage = (Net Operating Revenue - Variable Operating Costs and Expenses) / Operating Income (Note 6)

(2) Financial Leverage = Operating Income / (Operating Income - Interest Expenses)

Note 3: Special attention shall be paid to the following matters when using the calculation formula of earnings per share above:

1. Based on the weighted average number of shares of ordinary share, not the number of issued shares at the end of the year.
2. For cash capital increase or transaction of treasury stock, the circulation period should be considered when calculating the weighted average number of shares.

3. For capital increase by retained earnings or capital surplus, the Company shall retrospectively adjust the earnings per share for the past fiscal year and the semi-annual earnings ratio retrospectively, without considering the issuance period of the capital increase.
4. If the preferred stocks are nonconvertible cumulative preferred stocks, its dividend of the year (whether is being distributed or not) shall add or subtract the net loss from the net income. If the preferred stock is non-cumulative, the dividend of the preferred stock should be deducted from the net profit after tax if the Company has net profit after tax; if the Company has deficiency, it shall not be adjusted.

Note 4: Special attention should be paid to the following matters when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditure is the annual cash outflow of capital investment.
3. The increase in inventory is included only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory decreases at the end of the year, it is counted as zero.
4. Cash dividends include cash dividends from ordinary shares and preferred stocks.
5. Gross property, plant and equipment refers to the total value of PP&E minus accumulated depreciation.

Note 5: The issuer shall classify the operating costs and operating expenses as fixed or variable in accordance with their nature. If it involves estimation or subjective judgment,

Note 6: If the Company's shares have no par value or a par value other than NT\$10, any calculations that involve paid-in capital ratio shall be replaced with the equity ratio attributable to owners of the parent company, as shown in the balance sheet.

(II) Individual Financial Analysis - IFRS:

Item \ Year		Financial Analysis for the Past 5 years (Note 1)				
		2017	2018	2019	2020	2021
Financial structure (%)	Debt ratio	61.73	61.00	59.74	28.31	18.78
	Ratio of long-term capital to fixed assets	282.49	224.76	238.39	383.44	529.69
Solvency (%)	Current ratio	86.46	115.40	126.06	186.65	354.68
	Quick ratio	84.13	108.22	121.17	167.87	334.06
	Interest earned ratio	-16.94	-17.60	-4.36	1.27	338.98
Operating performance	Accounts receivable turnover (times)	7.20	7.12	10.94	6.26	7.05
	Average collection period	50.66	51.23	33.37	58.33	51.80
	Inventory turnover (times)	42.96	33.71	38.33	26.44	38.57
	Accounts payable turnover (times)	6.15	7.31	9.69	7.27	4.77
	Average days in sales	8.50	10.83	9.52	13.81	9.46
	Property, Plant and Equipment turnover (Times)	0.99	0.93	1.58	1.73	4.22
	Total assets turnover	0.18	0.19	0.38	0.38	0.71
Profitability	Return on total assets (%)	-19.91	-13.80	-3.44	0.72	26.63
	Return on equity (%)	-65.47	-37.38	-10.23	0.33	34.50
	Pre-tax income to paid-in capital (%)	-14.70	-9.86	-9.73	0.29	47.98
	Profit ratio (%)	-112.90	-77.22	-10.58	0.49	37.42
	Earnings per share (NT\$)	-2.80	-0.99	-0.97	0.04	4.80
Cash flow	Cash flow ratio (%)	-16.61	-27.64	31.47	-27.72	166.20
	Cash flow adequacy ratio (%)	-129.75	-432.13	-1995.48	-3040.85	572.97
	Cash flow reinvestment ratio (%)	-8.33	-10.45	9.61	-5.76	24.10
Leverage	Operating leverage	-0.25	-0.57	-7.39	34.89	1.95
	Financial leverage	0.94	0.93	0.78	26.06	1.00

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Liability to assets ratio: due to the decrease in borrowings in the current period.
2. The ratio of long-term funds to real estate, plant and equipment: due to the increase in total equity in the current period.
3. Current ratio and quick ratio: due to the increase in current assets and the decrease in current liabilities.
4. Interest coverage ratio: due to the increase in net profit before tax for the current period.
5. Accounts receivable turnover rate and average cash collection days: due to the increase in accounts receivable at the end of the period.
6. Turnover rate of payables: due to the increase in accounts payable at the end of the current period.
7. Inventory turnover rate and average sales days: due to the increase in operating costs during the current period.
8. Return on assets, return on equity, ratio of net profit before tax to paid-in capital, net profit ratio, earnings per share: due to the increase in net profit before tax for the current period.
9. Cash flow ratio, cash flow fair ratio, cash reinvestment ratio: due to the increase in net cash inflow from operating activities during the current period.

Note 1: Financial information for each year is reviewed or audited by CPA.

Note 2: The end of the Annual Report shall list the formula as follows:

1. Financial structure

(1) Debt Ratio = Total Liabilities / Total Assets

(2) Ratio of Long-Term Capital to Property, Plant and Equipment = (Total Equity + Non-current Liabilities) / Net Property, Plant and Equipment

2. Solvency

(1) Current Ratio = Current Assets / Current Liabilities

(2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities

(3) Interest Earned Ratio = Net Profit before Tax and Interest / Interest Expenses

3. Operating performance

(1) Accounts Receivable Turnover (including bills receivable resulting from accounts receivable and business operations) = Net Sales / Average Accounts Receivable in Various Periods (including bills receivable resulting from accounts receivable and business operations)

(2) Average Collection Period = 365 / Accounts Receivable Turnover

(3) Inventory Turnover = Cost of Sales / Average Inventory

(4) Accounts Payable Turnover (including bills payable resulting from accounts payable and business operations) = Cost of Sales / Average Accounts Payable in Various Periods (including bills payable resulting from accounts payable and business operations).

(5) Average Days in Sale = 365 / Inventory Turnover

(6) Property, Plant, and Equipment Turnover = Net Sales / Average Net Property, Plant, and Equipment

(7) Total Assets Turnover = Net Sales / Average Total Assets

4. Profitability

(1) Return on Total Assets = [Income After Tax + Interest Expenses x (1 - Interest Rates)] / Average Total Asset Value

(2) Return on Equity = Income After Tax / Average Equity

(3) Profit Ratio = Income After Tax / Net Sales

(4) Earnings per Share = (Income Attributable to Owners of the Parent Company – Dividends on Preferred Shares) / Weighted Average Number of Issued Shares (Note 4)

5. Cash flow

(1) Cash Flow Ratio = Net Operating Cash Flow / Current Liabilities

(2) Cash Flow Adequacy Ratio = Net Cash Flow from Operating Activities for the Most Recent Five Years / (Capital Expenditures + Inventory Increase + Cash Dividend) for the Most Recent Five Years

(3) Cash Reinvestment Ratio = (Net Cash Flow from Operating Activities–Cash Dividend) / (Gross Property, Plant and Equipment Value + Long-Term Investment + Other Non-current Assets + Working Capital) (Note 5)

6. Leverage:

(1) Operating Leverage = (Net Operating Revenue - Variable Operating Costs and Expenses) / Operating Income (Note 6)

(2) Financial Leverage = Operating Income / (Operating Income - Interest Expenses)

Note 3: Special attention shall be paid to the following matters when using the calculation formula of earning per share above:

1. Based on the weighted average number of shares of ordinary share, not the number of issued shares at the end of the year.
2. For cash capital increase or transaction of treasury stock, the circulation period should be considered

when calculating the weighted average number of shares.

3. For capital increase by retained earnings or capital surplus, the Company shall retrospectively adjust the earnings per share for the past fiscal year and the semi-annual earnings ratio retrospectively, without considering the issuance period of the capital increase.
4. If the preferred stocks are nonconvertible cumulative preferred stocks, its dividend of the year (whether is being distributed or not) shall add or subtract the net loss from the net income. If the preferred stock is non-cumulative, the dividend of the preferred stock should be deducted from the net profit after tax if the Company has net profit after tax; if the Company has deficiency, it shall not be adjusted.

Note 4: Special attention should be paid to the following matters when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditure is the annual cash outflow of capital investment.
3. The increase in inventory is included only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory decreases at the end of the year, it is counted as zero.
4. Cash dividends include cash dividends from ordinary shares and preferred stocks.
5. Gross property, plant and equipment refers to the total value of PP&E minus accumulated depreciation.

Note 5: The issuer shall classify the operating costs and operating expenses as fixed or variable in accordance with their nature. If it involves estimation or subjective judgment,

Note 6: If the Company's shares have no par value or a par value other than NT\$10, any calculations that involve paid-in capital ratio shall be replaced with the equity ratio attribute to the owner of the parent company, as shown in the balance sheet.

III. Supervisors' Audit Report on the Financial Statements for the Most Recent Year

Supervisors' Audit Report

The Board of Directors has resolved to issue the Company's 2021 Individual Financial Statements, Consolidated Financial Statements, Business Report and Earnings Distribution Proposal. The Company's 2021 Individual Financial Statements and Consolidated Financial Statements have been audited by Deloitte & Touche, appointed by the Board, and the audit report with unqualified opinion was issued.

The Supervisors are responsible for overseeing the Company's financial reporting process.

The CPA has signed the following items to the Supervisors' Financial Statements and the Consolidated Financial Statements for 2021:

1. There is no material audit findings identified by the CPA's audit scope and time frame.
2. The CPA has provided a declaration of independence to the Supervisors in accordance with the independence guidelines for accountants who are considered to have an independent relationship with the Company. They have not found that they have any relationship or matters that may affect the independence of the CPA.
3. After communicating the key audit matters, the CPAs and Supervisors decided to include revenue from related-party art design in the key audit matters of the auditor's report.

The Company's 2021 Individual Financial Statements, Consolidated Financial Statements, Business Reports and Earnings Distribution Proposal were approved by the Board of Directors. These are considered to be in compliance with the provisions of Article 219 of the Company Act.

Please proceed to examine.

Sincerely,

2022 General Shareholders' Meeting of Wayi International Digital Entertainment CO., LTD.

Supervisor:

Lin Wen Peng

Huang Xin Investment Co., Ltd.

Representative: Lu Shih Yun

March 24, 2022

- IV. For the 2021 Consolidated Financial Statements and the audit report of CPA: Please refer to pages 107-171.
- V. For the 2021 Individual Financial Statements and the audit report of CPA: Please refer to pages 172-236.
- VI. Impact of financial difficulties of the Company and related companies on the financial status of the Company in the most recent year up to the publication date of the Annual Report: None.

Chapter 7 Review of Financial Conditions, Operating Results, and Risk Management

I. Financial Status

Unit: NT\$ thousands

Item	Year	2020	2021	Difference	
				Amount	%
Current Assets		193,631	262,748	69,117	35.70
Property, Plant and Equipment		58,130	59,627	1,497	2.58
Net amount of investment real estate		16,393	15,775	(618)	(3.77)
Intangible Assets		1,660	6,019	4,359	262.59
Other Assets		41,085	44,687	3,602	8.77
Total Assets		310,899	388,856	77,957	25.07
Current Liabilities		87,678	65,956	(21,722)	(24.77)
Non-current Liabilities		328	7,063	6,735	2,053.35
Total Liabilities		88,006	73,019	(14,987)	(17.03)
Capital		193,694	193,694	0	0
Capital Surplus		41,690	29,199	(12,491)	(29.96)
Retained Earnings		(12,491)	92,944	105,435	(844.09)
Other Equity		0	0	0	0
Non-controlling Equity		0	0	0	0
Total Equity		222,893	315,837	92,944	41.70

Explanation: (Please specify the difference if the difference exceed 20%)

1. Current assets: mainly due to the increase in cash and cash equivalents and accounts receivable as a result of the significant increase in revenue for the period.
2. Intangible assets: mainly due to the payment of software royalties and development fees for traditional Chinese version of computers for the launch of new games for the period.
3. Current liabilities: mainly due to the repayment of bank loans for the period.
4. Non-current liabilities: mainly due to the new lease contracts for the period, which resulted in the increase in lease liabilities- non current.
5. Capital surplus: mainly due to capital surplus for making up losses for the period.
6. Retained earnings: mainly due to the significant increase in revenue and the resulting net income for the year.

II. Financial Performance

(I) Comparative Analysis of Financial Performance

Unit: NT\$ thousands

Item \ Year	2020	2021	Increase (decrease) Amount	Variable Proportion (%)	Analysis of changes
Operating Income	115,951	248,364	132,413	114.20	1
Operating Costs	41,400	60,393	18,993	45.88	2
Gross Profit	74,551	187,971	113,420	152.14	
Operating Expenses	72,763	92,043	19,280	26.50	3
Operating Gain or Loss	1,788	95,928	94,140	5,265.10	
Non-operating Income and Expenses	(1,224)	(2,984)	(1,760)	(143.79)	4
Pre-Tax Profit (Loss)	564	92,944	92,938	16,379.43	
Income Tax Benefit (Expense)	0	0	0	0	
Net profit (loss)	564	92,944	92,938	16,379.43	
Other Comprehensive Income for the Period	0	0	0	0	
Total Comprehensive Income	564	92,944	92,938	16,379.43	
Net profit (loss) Attributable to					
Owners of the Company	564	92,944	92,938	16,379.43	
Non-controlling Equity	0	0	0	0	
Total Comprehensive Income Attributable to					
Owners of the Company	564	92,944	92,938	16,379.43	
Non-controlling Equity	0	0	0	0	

Analysis of changes: (Please specify the difference if the difference exceeds 20%)

1. Operating revenue: mainly due to the income of artwork design and foundry services benefited from the contribution of new game products launched to the market, which led to the growth in revenue compared to the same period last year.
2. Operating costs: mainly due to the increase in personnel costs as a result of the establishment of the new platform department and the provision of prepayment impairment loss as the operation of some games did not perform as expected for the period.
3. Operating expenses: mainly due to the significant increase in advertising expenses due to the launch of new games and the establishment of Product Department 2 in December 2020, which resulted in the increase in personnel expenses for the period.
4. Non-operating income and expenses: the decrease of 144% for the period compared to the previous period was mainly due to the application for tax refund from the National Taxation Bureau in the previous period.
5. In summary, the increase in income of artwork design and foundry services, whose operating costs are fixed personnel costs, resulted in a net profit for the period.
6. Reasons for changes in the Company's main business: There was no significant change in the Company's business.
7. Expected sales volume in the coming year and its basis, possible impact on the Company's future finance and business and response plans: The Company's operating income includes game and digital revenue; as the Company has no financial forecasting, there is no statistical value of sales. The Company will continue to increase the operation of its game and digital products and pursue the growth of its business scale and profit.

III. Cash flow

(I) Cash Flow Analysis in the Most Recent Two Years

Unit: NT\$ thousands

Item \ Year	2020	2021	Increase (decrease) in Amounts
Operating activity	(26,323)	108,480	134,803
Investment activity	32,188	(31,968)	(64,156)
Financing activity	15,755	(40,689)	(56,444)
Net cash outflow	21,620	35,823	14,203

Analysis of ratio changes:

1. Increase in net cash inflow from operating activities: mainly due to the increase in revenue for the current period.
2. Increase in net cash outflow from investment activities: mainly financial assets measured by cost after apportionment of current period.
3. Increase in net cash outflow from financing activities: mainly due to repayment of bank loan in the current period.

(II) Cash Liquidity Analysis for the Following Year

Unit: NT\$ thousands

Cash and cash equivalents at the beginning of the period (Note)	Estimated Net Cash Flow from Operating Activities for the Year	Estimated Cash Outflow for the Year	Estimated Cash Surplus (Deficit)	Remedy for Cash Deficit	
				Investment plan	Financial plan
206,601	263,219	227,670	242,150	-	-
Remedy for the cash flow deficit for 2022: None.					

Note: Sum of cash and cash equivalents and time deposits.

IV. Major Capital Expenditure Items and Impacts on the Company's Finance and Business for the Most Recent Year

The Company's major capital expenditures are the royalty of game vicarious authority and online devices. This capital expenditure is expected to increase the number of products in order to increase operating income, which has a positive impact on the Company's finance.

V. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

Review and Analysis of Significant Expenditures and Source of Capital:

Explanation Item	Recognized Investment Gain or Loss in 2021 (NT\$ thousands)	Policy	Main reasons for Gain or Loss	Improvement Plan	Other Investment Plans in the Future
WAYI SOFTMAGIC INVESTMENT (ASIA) LTD.	(1,166)	Reinvestment Company	Scale of operating not yet achieved	Searching for good investment and expanding revenue	depending on its operating conditions
DIT Startup Limited	(1,737)	Entrepreneurship, crowdfunding and venture capital investment	Scale of operating not yet achieved	Searching for good investment and expanding revenue	depending on its operating conditions

VI. Risk Analysis and Evaluation in the Most Recent Year up to the Publication Date of the Annual Report

(I) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on the Company's Finance, and Future Response Measures:

Item	2020	2021
Net Interest Income (NT\$ thousands)	-1,099	8
Ration of Net Interest Income to Operating Gross Profit	-1.47%	0.00%
Net Exchange Gain or Loss (NT\$ thousands)	-2,351	-3,072
Ration of Net Exchange Gain or Loss to Operating Gross Profit	-3.15%	-1.63%

1. Interest rate: The interest income from the consolidated company is mainly derived from the interest income from time deposits and interest expenses on borrowings. According to the balance estimate at the end of 2021, if the market interest rate changes by 1%, the net profit after tax will change by NT\$0 thousand. The Company will pay attention to the trend of future interest rate and adjust it at any time.
 2. Exchange rates: The foreign currency deposits of the consolidated company will expose the consolidated company to exchange rate changes. If the US dollar exchange rate changes by 1%, the impact on profit and loss will be NT\$1,015 thousand. The Company will pay attention to the trend of future exchange rates and take timely measures to avoid risks.
 3. Inflation: Inflation in the economic environment has increased. Due to the Company's business characteristics, inflation has little impact on the Company. However, the Company will keep abreast of fluctuations in market prices and provide timely information and management as a basis for decision-making and review.
- (II) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions: For derivative financial product transactions, please refer to financial instruments in the financial report.
- (III) Future Research & Development Projects and Corresponding Budget: Please refer to the Technical and R&D Overview, Operational Highlights of the Annual Report.
- (IV) Effects of and Response to Changes in Domestic and Oversea Policies and

Regulations Relating to the Company's Finance and Sales: None.

- (V) Effects of and Response to Changes in Technology and the Industry Relating to the Company's Finance and Sales: Not applicable.
- (VI) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures: Not applicable.
- (VII) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: Not applicable.
- (VIII) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: Not applicable.
- (IX) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration:

The Company's main source of goods and sales targets have different industrial characteristics and staged operational background. In view of the future growth trend of the Company and industry, the Company will further diversify future sources of procurement and sales targets in order to maintain a balanced and stable operation result. This is the goal of continuous efforts for the Company.

- (X) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None.
- (XI) Effects of, Risks Relating to and Response to the Changes in Management Rights: The Company reelected Directors and Supervisors on June 25, 2019, resulting in a more than 50% change in Directors and Supervisors; however, there was no significant change in the Company's business, so such change in Directors and Supervisors had no significant impact and risks on the Company.
- (XII) If major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by Directors, Supervisors or Shareholders with over 10% shareholdings may have an impact on Shareholder's right or the price of the securities, the facts of the lawsuits, the amount of the subject matter, the commencement date of the lawsuit, the parties involved in the proceedings, and the status up to the publication date of the Annual Report shall be disclosed: None.
- (XIII) Other Major Risks and Response Measures: Information security risks often occur due to phishing letters or files with malicious links and vulnerability infiltration. The Company has established "Information Security Management Measures" and related operational details, and implemented information work plans to manage important data, personal information utilization and privilege security maintenance. We also carry out employees' information security education and training to realize such goals. In addition, firewall equipment is adopted to prevent malicious links and file viruses. We monitor abnormal connection behavior to alert, continuously update the patches for vulnerabilities, and finally commence regular scanning of endpoint anti-virus software to achieve risk control and management.

The information system structure establishes a database backup mechanism according to the risk level and stores it off-site to reduce the risk of data loss, and simulates drills on a regular basis to ensure the normal operation of the information system and data preservation, which can reduce the risk of system interruption caused by unpredictable natural disasters and human errors and meet the target time for expected system recovery.

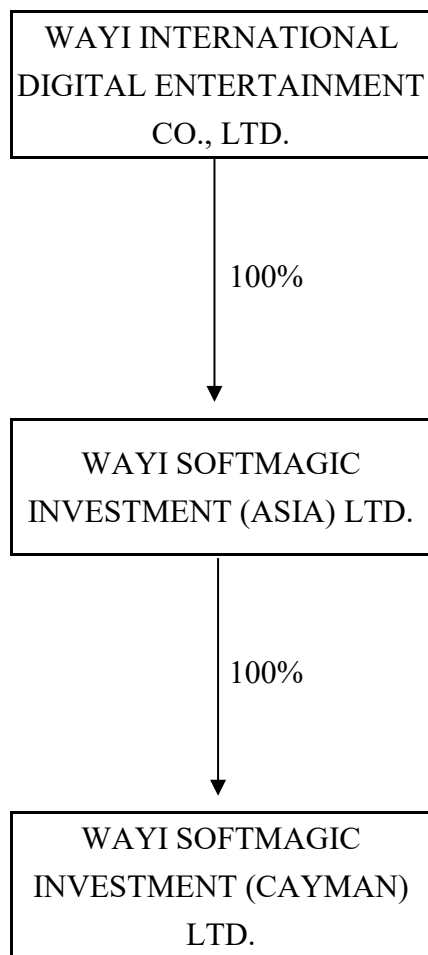
VII. Other Major Items: None.

Chapter 8 Special Disclosures

I. Summary of Affiliated Companies

(I) Consolidated Business Report of Affiliated Companies

1. Business organization chart of affiliated companies (December 31, 2021)



2. Basic information of affiliated companies:

Name of Company	Date of Incorporation	Address	Paid-up Capital	Main Business Projects
WAYI SOFTMAGIC INVESTMENT (ASIA) LTD.	2000.5.19	Caribbean Corporate Service Limited, 3 Floor, Omar Hodge Building, Wickhams Cay I, P.O. Box 362. Road Town. Tortola, British Virgin Island	US\$599,555	General investment
WAYI SOFTMAGIC INVESTMENT (CAYMAN) LTD.	2000.10.6	Harbour Trust Co., Ltd. P.O. Box 1787. Second Floor. One Capital Place, George Town. Grand Cayman, Cayman Islands. British West. Indies.	US\$50,000	General investment

3. The Company has established a control and subordination relationship: None.

4. Business scope of the affiliated businesses: The industry covered by the Company and its affiliated companies include the industry of the game software, electronic design, agency buying and selling, intellectual property rights, and computer games marketing.

5. Information of directors, supervisors and general managers in all affiliated companies:

Name of Company	Title	Name or Representative	Shareholding	Shareholding Ratio %
WAYI SOFTMAGIC INVESTMENT (ASIA) LTD.	Director	Chang Hsieh Chien	0	0
WAYI SOFTMAGIC INVESTMENT (CAYMAN) LTD.	Director	Chang Hsieh Chien	0	0

6. Operational report of affiliated companies:

Unit: NT\$ thousands

Name of Company	Capital	Total Assets	Total Liabilities	Net Value	Operating Income	Operating Profit	Current Profit and Loss	Earnings per Share (NT\$)
WAYI SOFTMAGIC INVESTMENT (ASIA) LTD.	20,216	28,813	0	28,813	0	(195)	(1,166)	-
WAYI SOFTMAGIC INVESTMENT (CAYMAN) LTD.	1,690	2,244	0	2,244	0	(204)	(268)	-

(II) Combined financial statements of affiliated companies: Please refer to #page 107-171#.

(III) Affiliation Report: Not applicable.

II. Private Placement Securities in the Most Recent Year up to the Publication Date of the Annual Report:

Item	The first private placement in 2020 Offering date (delivery date): December 23, 109				
The type of securities Private Placement	Common share				
The date and amount of the Shareholders' Meeting resolution	On October 23, 2020, the first interim meeting of shareholders approved a private placement of common shares within a quota of 10,000 shares. In 2020, 5,952,000 new shares were offered in the first private placement .				
Basis and reasonableness for determination of the subscription price	<p>1. The private placement pricing date was November 13, 2020. The reference price of the private placement price was calculated as the simple arithmetic average of the closing prices of the common shares in any of 1, 3 or 5 business days before the pricing date of the Company less the ex-rights of stock grants and dividends, plus the stock price after reverse ex-rights for capital decrease or the simple arithmetic average of the closing prices of the common stocks in 30 business days before the pricing date less the ex-rights of stock grants and dividends, plus the stock price after the reverse ex-rights for capital decrease, whichever the higher, i.e., NT\$20.85.</p> <p>2. Subject to the resolution of the interim meeting of shareholders, the actual offering price shall not be less than 80% of the reference price, and the actually private placement price was NT\$16.80 per share.</p>				
The method to determine specific investor(s)	The targets of the private placement of ordinary shares are limited to the places as specified in Article 43-6 of the Securities and Exchange Act and the relevant official announcements and regulations.				
The necessary of issuance for private Placement	In order to replenish working capital, repay loans and meet other future funding needs of the Company to improve its financial structure, strengthen its competitiveness, and taking into account the timeliness, convenience, cost of issuance of capital raising and the provision that the privately placed securities are not freely transferable within three years, the long-term cooperative relationship between the Company and the specific parties can be ensured, so it is intended to raise funds from specific people through private placement to improve the efficacy and maneuverability of this fund raising.				
Payment completion date	November 25, 2020				
The placee information	Private Placement Object	Qualification Conditions	Number of Subscriptions	Relationship with the Company	Participation in the Company's Operations
	Wanin International Co., Ltd.	In accordance with Article 43-6 of the Securities and Exchange Act	5,952,000 shares	Substantive related party	None
Actual subscription (or conversion) price	NT\$ 16.8 per share				
Actual subscription (or conversion) price and reference price difference	The actual subscription price was 80.58% of the reference price of NT\$20.85				
The Impact of Private Placement on Shareholders' Equity (e.g., increase in	None.				

Item	The first private placement in 2020 Offering date (delivery date): December 23, 109
accumulated deficiency) Impact on shareholders' equity for conducting private placement	
The use of funds acquired from private placement and the implementation progress of the plan	The fund of NT\$99,993,600 from the private placement was used to replenish working capital and repay loans, which have been completed in the first quarter of 2021.
Benefits of private placement	Improve the financial structure, increase the sources of long-term funding and enhance the competitiveness of the Company, and have a positive impact on shareholders' equity.

- III. Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Year up to the Publication Date of the Annual Report: None.
- IV. Other Necessary Supplements: None.

Chapter 9 Any event that has a significant influence on shareholders' equity or securities prices as prescribed by Article 36, Paragraph 2, Subparagraph 2 of this Act, shall be stated: None.

Declaration of Consolidated Financial Statements of Affiliates

The entities that are required to be included in the consolidated financial statements of the Company as of and for the year 2021 (from January 1 to December 31, 2021), under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission. Moreover, the disclosure information required for the Consolidated Financial Statements for Affiliates has been fully disclosed in the aforementioned Parent-Subsidiary Consolidated Financial Statements; hence, a separate Consolidated Financial Statements for Affiliates will not be prepared.

As hereby declared

Company Name: Wayi International Digital Entertainment
Co., Ltd.

Responsible Person: Hsieh-Chien Chang

March 24, 2022

Independent Auditors' Report

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

Audit opinions:

The consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated composite income statements, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements (including the summary of major accounting policies) from January 1 to December 31, 2021 and 2020, Wayi International Digital Entertainment Co., Ltd. and its subsidiary (Wayi Group) have been audited by the CPA.

In the opinion of the CPA, the above consolidated financial statements have been prepared in all material respects in accordance with the Financial Reporting Standards for Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretation and Interpretation Notices as endorsed and promulgated by the Financial Supervisory Commission, and are sufficient to give a fair representation of the consolidated financial position of Wayi Group as at December 31, 2021 and 2020, and the consolidated financial performance and consolidated cash flow from January 1 to December 31, 2021 and 2020.

Basis of Auditors' Comments

The CPA conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Individual Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS). Our responsibilities under said standards will be detailed in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of the 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 we have obtained sufficient and appropriate audit evidence to serve as a basis for our opinion.

Key Audit Matters

Key audit matters refer to those which, in accordance with the professional judgment of the CPA, are most important for the audit of the consolidated financial statements of Wayi Group for the year 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the consolidated financial statements of Wayi Group for the year 2021 are listed as follows:

Recognition of related party's revenue of artwork design and foundry services

The art design subcontract income of the related party of Wayi Group was NT\$187,562 thousand, accounting for 76% of the net operating income and growing compared with the same period last year. Considering the significant transaction amount of the related party, the art design subcontract income of the related party was identified as a key audit matter.

Please refer to Note 4 (12) for the related accounting policies on the recognition of relevant incomes.

The main audit procedures performed by the CPA on the aforementioned key audit matters are as follows:

1. Obtain a contract to identify the nature and conditions of the transaction.
2. Obtain the relevant plans of the development and design project and the communication records of the related parties as evidence of the authenticity of the transaction.
3. Inquire about transactions by sending letters to related parties.
4. Conduct receivables collection test.

Other Matters

Wayi has prepared the individual financial statements for 2021 and 2020, and the unqualified audit reports have been issued by the CPA for your reference.

Responsibility of the Management and the Governing Body for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations, and announcement of interpretations, 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 ability to continue as a going concern of the Group, 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.

The governing bodies of Wayi Group (including the Supervisors) have the responsibility to oversee the 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 auditor's report that includes our opinion. Reasonable assurance means a high degree of assurance that an audit conducted in accordance with generally accepted auditing standards does not guarantee that material misrepresentations in the consolidated financial statements will be detected. Misstatements can arise from fraud or error. And are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Wayi 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. Concluded on the appropriateness of the management's use of going concern basis of accounting, and determined whether there existed events or circumstances that might cast significant uncertainty over Wayi 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. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Wayi Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including related notes, and whether the individual 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 Wayi 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.

The matters communicated by the CPA and the governing body include the planned inspection scope and time, and major inspection findings (including the significant deficiencies in internal control identified during the verification process).

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 communication with the management unit, the accountant decided on the key audit matters for the consolidated financial statements of Wayi Group for 2021. 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.

Deloitte & Touche

CPA Rui-Quan Chi

CPA Nai-Hua Guo

Financial Supervisory Commission
Approval Document
No. 1060023872

Financial Supervisory Commission Approval
Document
NO. 1070323246

March 24, 2022

Wayi International Digital Entertainment Co., Ltd. And Subsidiaries
Consolidated Balance Sheets
December 31, 2021 and 2020

Unit: NT\$1,000

Code	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalent (Notes 6 and 28)	\$ 116,641	30	\$ 80,818	26
1136	Financial assets measured at amortized cost - current (Notes 8, 28 and 30)	89,960	23	66,928	22
1170	Accounts receivable (Notes 9 and 28)	20,536	5	3,358	1
1180	Accounts receivable - related party (Notes 9, 28 and 29)	21,372	6	25,225	8
1200	Other receivables (Notes 9 and 28)	66	-	77	-
1220	Current income tax assets (Note 24)	197	-	404	-
130X	Inventory	130	-	130	-
1410	Prepayments (Note 16)	13,659	4	16,524	5
1479	Other current assets (Note 16)	187	-	167	-
11XX	Total current assets	<u>262,748</u>	<u>68</u>	<u>193,631</u>	<u>62</u>
	Non-current assets				
1510	Financial assets measured at fair value through gains and losses - non-current (Notes 7 and 28)	21,654	6	21,275	7
1550	Equity-accounted investments (Note 11)	8,514	2	10,251	3
1600	Property, Plant & Equipment (Notes 12 and 30)	59,627	15	58,130	19
1755	Right-of-use assets (Note 13)	11,833	3	5,450	2
1760	Net amount of investment Property (Note 14)	15,775	4	16,393	5
1780	Other intangible assets (Note 15)	6,019	1	1,660	1
1990	Other non-current assets (Notes 16, 28 and 30)	2,686	1	4,109	1
15XX	Total non-current assets	<u>126,108</u>	<u>32</u>	<u>117,268</u>	<u>38</u>
1XXX	Total assets	<u>\$ 388,856</u>	<u>100</u>	<u>\$ 310,899</u>	<u>100</u>
C o d e	L i a b i l i t i e s a n d E q u i t y				
	Current liabilities				
2100	Short-term loans (Notes 17, 28 and 30)	\$ -	-	\$ 32,222	10
2130	Contract liabilities - current (Note 22)	14,804	4	29,025	9
2150	Notes payable (Notes 18 and 28)	1,633	-	2,490	1
2170	Accounts payable (Notes 18 and 28)	18,289	5	2,841	1
2180	Accounts payable - related party (Notes 18, 28 and 29)	-	-	45	-
2219	Other payables (Notes 19 and 28)	25,673	7	15,207	5
2220	Other payables - related party (Notes 28 and 29)	136	-	17	-
2280	Lease liability-current (Note 13)	5,010	1	5,396	2
2399	Other current liabilities (Note 19)	411	-	435	-
21XX	Total current liabilities	<u>65,956</u>	<u>17</u>	<u>87,678</u>	<u>28</u>
	Non-current liabilities				
2580	Lease liabilities-non-current (Note 13)	6,863	2	128	-
2670	Other non-current liabilities (Note 19)	200	-	200	-
25XX	Total Non-current Liabilities	<u>7,063</u>	<u>2</u>	<u>328</u>	<u>-</u>
2XXX	Total Liabilities	<u>73,019</u>	<u>19</u>	<u>88,006</u>	<u>28</u>
	Equity attributable to owners of the parent company (Note 21)				
	Capital stock				
3110	Common stock	<u>193,694</u>	<u>50</u>	<u>193,694</u>	<u>62</u>
3200	Capital surplus	<u>29,199</u>	<u>7</u>	<u>41,690</u>	<u>14</u>
	Retained earnings				
3350	Undistributed earnings (losses to be covered)	<u>92,944</u>	<u>24</u>	<u>(12,491)</u>	<u>(4)</u>
3300	Total retained earnings	<u>92,944</u>	<u>24</u>	<u>(12,491)</u>	<u>(4)</u>
31XX	Equity attributable to shareholders of the parent	<u>315,837</u>	<u>81</u>	<u>222,893</u>	<u>72</u>
earnings	Total Equity	<u>315,837</u>	<u>81</u>	<u>222,893</u>	<u>72</u>
	Total liabilities and equity	<u>\$ 388,856</u>	<u>100</u>	<u>\$ 310,899</u>	<u>100</u>

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

Chairman: Hsieh-Chien Chang Manager: Hsieh-Chien Chang Accounting Supervisor: Ya-Ling Huang

Wayi International Digital Entertainment Co., Ltd. And Subsidiaries

Consolidated Statements of Comprehensive Income

From January 1 to December 31, 2021 and 2020

		Unit: NT\$1,000 NT\$ for earnings per share			
C o d e		2021		2020	
		A m o u n t	%	A m o u n t	%
4000	Operating revenue (Notes 22 and 29)	\$ 248,364	100	\$ 115,951	100
5000	Operating costs (Note 23)	(60,393)	(25)	(41,400)	(36)
5900	Gross profit	187,971	75	74,551	64
	Operating expenses (Notes 23 and 29)				
6100	Selling expenses	(49,341)	(20)	(28,817)	(25)
6200	General and administrative expenses	(40,520)	(16)	(40,265)	(35)
6300	Research and development expenses	(2,182)	(1)	(3,681)	(3)
6000	Total operating expenses	(92,043)	(37)	(72,763)	(63)
6900	Operating profit	95,928	38	1,788	1
	Non-operating income and expenses				
7100	Interest income (Note 23)	283	-	956	1
7010	Other incomes (Notes 23 and 29)	1,433	1	2,592	2
7020	Other gains and losses (Note 23)	(2,688)	(1)	(1,509)	(1)
7050	Financial cost (Note 23)	(275)	-	(2,055)	(2)
7060	Share of profit and loss of associates and joint ventures under equity method (Note 11)	(1,737)	(1)	(1,208)	(1)
7000	Total non-operating income and expenses	(2,984)	(1)	(1,224)	(1)
7900	Net profit before tax	92,944	37	564	-
7950	Income tax expense (Note 24)	-	-	-	-
8200	Net profit for the year	92,944	37	564	-

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C o d e		2021		2020	
		A m o u n t	%	A m o u n t	%
8500	Total comprehensive income for the year	<u>\$ 92,944</u>	<u>37</u>	<u>\$ 564</u>	<u>-</u>
	Net profit attributable to				
8610	Shareholders of the parent	\$ 92,944	37	\$ 564	-
8620	Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8600		<u>\$ 92,944</u>	<u>37</u>	<u>\$ 564</u>	<u>-</u>
	Total Comprehensive Income Attributable to				
8710	Shareholders of the parent	\$ 92,944	37	\$ 564	-
8720	Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8700		<u>\$ 92,944</u>	<u>37</u>	<u>\$ 564</u>	<u>-</u>
	Earnings per share (Note 25)				
9710	Basic	<u>\$ 4.80</u>		<u>\$ 0.04</u>	
9810	Attenuation	<u>\$ 4.80</u>		<u>\$ 0.04</u>	

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

Chairman: Hsieh-Chien Chang Manager: Hsieh-Chien Chang Accounting Supervisor: Ya-Ling Huang

Wayi International Digital Entertainment Co., Ltd. And Subsidiaries
Consolidated Statements of Changes in Equity
From January 1 to December 31, 2021 and 2020

Unit: NT\$1,000

Code		Equity attributable to shareholders of the parent				Total equity
		Share capital Number of Shares (1,000 shares)	Share capital	Capital surplus	Retained earnings Unallocated surplus (losses to be covered)	
A1	Balance as at January 1, 2020	13,417	\$ 134,174	\$ -	(\$ 13,055)	\$ 121,119
C7	Other changes in capital surplus: Number of changes in related enterprises recognized by the equity method	-	-	1,217	-	1,217
E1	Issuance of ordinary shares for cash	5,952	59,520	40,473	-	99,993
D1	Net profit in 2020	-	-	-	564	564
D5	Total annual composite profit / loss in 2020	-	-	-	564	564
Z1	Balance as at December 31, 2020	19,369	193,694	41,690	(12,491)	222,893
C11	Other changes in capital surplus: Compensation for deficit from paid-in capital reserve	-	-	(12,491)	12,491	-
D1	Net profit in 2021	-	-	-	92,944	92,944
D5	Aggregate profit and loss in 2021	-	-	-	92,944	92,944
Z1	Balance on December 31, 2021	19,369	\$ 193,694	\$ 29,199	\$ 92,944	\$ 315,837

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

Chairman: Hsieh-Chien Chang Manager: Hsieh-Chien Chang Accounting Supervisor: Ya-Ling Huang

Wayi International Digital Entertainment Co., Ltd. And Subsidiaries

Consolidated Statements of Cash Flows

From January 1 to December 31, 2021 and 2020

Unit: NT\$1,000

Code		2021	2020
	Cash flows from operating activities		
A10000	Net profit before tax of this year	\$ 92,944	\$ 564
A20010	Adjustments to reconcile net income (loss) to net		
A20100	Depreciation expenses	9,945	11,183
A20200	Amortization expenses	3,614	2,614
A20400	Net gain on financial assets measured at fair value through profit and loss	(379)	(825)
A20900	Finance costs	275	2,055
A21200	Interest Income	(283)	(956)
A22300	Share of the loss of associates and joint ventures under equity method	1,737	1,208
A22500	Gain from disposal of property, plant and equipment	(5)	(17)
A23700	Impairment loss on non-financial assets	13,679	3,948
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivable	(17,178)	881
A31160	Accounts receivable - related parties	3,853	(20,984)
A31180	Other receivables	(2)	218
A31230	Prepayments	(10,814)	(16,175)
A31240	Other current assets	(20)	(80)
A31250	Other financial assets	-	10
A32125	Contract liabilities	(14,221)	(15,178)
A32130	Notes payable	(391)	(91)
A32140	Accounts payable - related parties	(45)	8
A32150	Accounts payable	15,448	(1,026)
A32180	Other payables	9,893	6,749
A32190	Other payables - related parties	119	17
A32230	Other current liabilities	(24)	17
A33000	Cash generated from operations	108,145	(25,860)
A33100	Interest received	296	1,953
A33300	Interest paid	(168)	(2,238)
A33500	Income tax collected (paid)	207	(178)
AAAA	Net cash inflow (outflow) from operating activities	108,480	(26,323)

Cash flows from investing activities

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<u>C o d e</u>		<u>2021</u>	<u>2020</u>
B00040	Financial assets at amortized cost	(23,032)	-
B00050	Disposal of financial assets at amortized cost	-	35,279
B02700	Acquisition of property, plant and equipment	(2,834)	(344)
B02800	Proceeds from disposal of property, plant and equipment	5	17
B03700	Increase in refundable deposits	-	(228)
B03800	Decrease in refundable deposits	1,423	-
B04500	Acquisition of intangible assets	(<u>7,530</u>)	(<u>2,536</u>)
BBBB	Net cash inflow (outflow) of investment activities	(<u>31,968</u>)	<u>32,188</u>
	Net cash flows from financing activities		
C00200	Decrease in short-term loans	(32,222)	(15,000)
C01700	Repayment of long-term loan	-	(60,000)
C04020	Lease debt principal repayment (Note 23)	(8,467)	(9,238)
C04600	Issue of new shares	<u>-</u>	<u>99,993</u>
CCCC	Net cash inflow (outflow) of financial activities	(<u>40,689</u>)	<u>15,755</u>
EEEE	Net increase in cash and cash equivalents	35,823	21,620
E00100	Cash and cash equivalents at beginning of year	<u>80,818</u>	<u>59,198</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 116,641</u>	<u>\$ 80,818</u>

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

Chairman: Hsieh-Chien Chang Manager: Hsieh-Chien Chang Accounting Supervisor: Ya-Ling Huang

Wayi International Digital Entertainment Co., Ltd. And Subsidiaries

Notes to the Consolidated Financial Statements

From January 1 to December 31, 2021 and 2020

(Expressed in thousands of NT\$ unless otherwise stated)

I. Company History

- (I) Wayi International Digital Entertainment Co., Ltd. (hereinafter referred to as "the Company") was established on August 12, 1993. It was first named "Wayi International Co., Ltd.," and later renamed "Wayi International Digital Entertainment Co., Ltd" in June 2000. It's main business includes computer software, hardware, trading, and information software programming services.

The Company's shares started to be traded on the Taipei Exchange on March 29, 2004.

The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.

- (II) WAYI SOFTMAGIC INVESTMENT (ASIA) LTD. (hereinafter referred to as "Wayi-Asia") was approved and registered in the British Virgin Islands on May 19, 2002, which is a subsidiary whose shares are 100% owned by the Company. The company mainly engaged in general investment.

- (III) WAYI SOFTMAGIC INVESTMENT (CAYMAN) LTD. (hereinafter referred to as "Wayi-Cayman") was approved and registered in the British Cayman Islands on October 6, 2000, which is a subsidiary whose shares are 100% owned by the Company. The company mainly engaged in general investment.

II. Approval Date and the Procedures of Financial Statements

This consolidated financial report was adopted by the Board of Directors on March 25, 2022.

III. Application of New and Revised Standards, Amendments and Interpretations

- (I) Apply for the first time the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretation (IFRIC) and Interpretation Notice (SIC) (hereinafter referred to as "IFRSs") as endorsed and promulgated by the Financial Supervisory Commission (hereinafter referred to as the "FSC").

The application of the amended IFRSs as endorsed and promulgated by the FSC shall not result in a material change in the accounting policies of the Consolidated Company.

(II) IFRSs endorsed by the FSC as applicable in 2022

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

Note 1: The amendments to IFRS 9 apply to the exchanges of financial liabilities or the alterations in its terms that occur during the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" apply to the fair value measurements during the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" apply for annual reporting periods beginning on or after January 1, 2022.

Note 2: This amendment applies to mergers that begin after January 1, 2022 during the annual reporting period.

Note 3: The amendments apply to property, plant and equipment that arrived at the location and achieved the condition required for their operating method expected by the management on or after January 1, 2021.

Note 4: This amendment applies to contracts in which all obligations have not been performed on January 1, 2022.

As of the release date of this consolidated financial report, the Company's evaluation of other criteria and interpretation of the amendments will not have a material impact on the financial position and financial performance.

(III) Standards issued by IASB but not yet endorsed by FSC

New Standards, Interpretations and Amendments	Effective date by IASB (Note1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures"	TBC
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendments to "IFRS 17 and IFRS 9 for initial application - comparative information"	January 1, 2023
Amendments to IAS 1 "Liabilities are classified as current or non-current"	January 1, 2023
Amendments to IAS 1, "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of accounting estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred income taxes relating to assets and liabilities arising from a single transaction"	January 1, 2023 (Note 4)

- Note 1: Unless stated otherwise, the above newly issued/amended/revised guidelines or interpretations are effective for annual periods beginning on or after their respective effective dates.
- Note 2: This amendment applies to the deferral of annual reporting periods beginning after January 1, 2023.
- Note 3: This amendment applies to changes in accounting estimates and changes in accounting policies that occur during the reporting period beginning after January 1, 2023.
- Note 4: The amendments are applicable prospectively to the transactions incurred after January 1, 2022, except for the deferred tax accounted for on temporary differences in leasing and decommissioning obligation as of January 1, 2022.

1. Amendments to IAS 1 “Liabilities are classified as current or non-current”

The amendment is to clarify whether the liabilities are classified as non-current, it should be evaluated whether at the end of the reporting period the Consolidated Company has the right to defer settlement of the liability for at least twelve months after the reporting period. If the Consolidated Company has the right at the end of the reporting period, the liability is classified as non-current regardless of whether the Consolidated company expects to exercise the right. The amendment also clarifies that if the Consolidated Company has to follow certain conditions before it has the right to defer its settlement, the Consolidated Company must have followed the specified conditions at the end of the reporting period, regardless of whether the lenders later test whether the Consolidated Company has complied with the conditions.

The amendment stipulates that for the purpose of debt classification, the aforementioned settlement refers to the transfer of cash, other economic resources or equity instruments of a Group to the counterparty of the transaction resulting in the elimination of liabilities. However, the terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments. And in accordance with IAS 32 "Financial Instruments: Presentation", if the option is recognized separately in equity, the aforementioned clauses do not affect the classification of liabilities.

2. Amendments to IAS 1, "Disclosure of Accounting Policies"

This amendment prescribes that the consolidated company shall apply the concept of materiality in making decisions about the disclosure of accounting policies. Accounting policy information is material if, when considered together with other information included in the Company's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not to be disclosed by the Consolidated Company.
- The Consolidated Company's accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial.
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

In addition, the amendment provides an example of how the information on accounting policies may be material if it relates to material transactions, other factors, or circumstances and under the following circumstances:

- (1) Has been changed during the period by the Consolidated Company, and the period, and this change results in a material change on information of the financial statements;
- (2) Was chosen properly by the Consolidated Company from alternatives permitted by IFRS;
- (3) Was developed by the Consolidated Company in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS Standard that specifically applies;
- (4) Relates to an area for which the Consolidated Company is required to make significant judgments and assumptions; or
- (5) Relates to complex accounting, and users of the Company's financial statements would otherwise not understand the relating transactions, other events or conditions

In addition to the effects mentioned and up until the publishing date of the consolidated financial statements, the Consolidated Company is continuing to assess the amendment effects from other standards and interpretations on financial status and performance. Relevant effects shall be disclosed when the assessment is completed.

(IV) Summary of Significant Accounting Policies

(I) Compliance Statement

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

(II) Basis of Preparation

Except for financial assets measured at fair value, the consolidated financial statements were prepared on a historical cost convention.

The fair value measurement is classified into 3 levels based on the observability and importance of related inputs:

1. Level 1 inputs: Quoted (unadjusted) prices for identical assets or liabilities that are obtainable in active markets on the measurement date.
2. Level 2 inputs: Inputs, other than quoted market prices within level 1, that are observable directly (in terms of price) or indirectly (derived from the price) for the assets or liabilities.
3. Level 3 inputs: Unobservable inputs for the assets or liabilities.

(III) Classification of current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash or a cash equivalent (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities that are expected to be due within 12 months after the balance sheet date (even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the balance sheet date and before the financial reports are authorized for issue, it is classified as a current liability); and
3. Liabilities of which the Company does not have an unconditional right to defer settlement for at least 12 months after the date of the balance sheet.

All other assets and liabilities are classified as non-current assets or non-current liabilities.

(IV) Basis of the Consolidation

The consolidated financial statements include the financial statements of the Company and the entities (its subsidiaries) controlled by the Company. Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. The financial statements of subsidiaries have been adjusted to ensure the consistency in accounting policies between the Consolidated Company and its subsidiaries. In preparing the consolidated financial statements, all the transactions, account balances, income and expenses incurred

between entities within the group shall all be eliminated. A subsidiary's total comprehensive income is attributed to the shareholders of the Company and non-controlling interests, even if non-controlling interests have a deficit balance.

When a change in the Group's ownership interest in a subsidiary does not cause the loss of control over the subsidiary, it is accounted for as an equity transaction. The carrying amounts of the Group and non-controlling interests have been adjusted to reflect relative changes in their interests in subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.

(V) Foreign currency

In preparing each individual financial statement, transactions denominated in a currency other than the entity's functional currency (i.e. foreign currency) are translated into the entity's functional currency by using the exchange rate at the date of the transaction before they are recorded by each entity.

Monetary items denominated in foreign currencies are translated at the closing rates at the balance sheet date. Exchange differences arising from settlement or translation of monetary items are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value in a foreign currency are retranslated using the exchange rates at the date when the fair value is determined; All exchange differences arising from the settlement or translation of monetary items are taken to profit or loss in the period in which they arise, except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

In the preparation of the consolidated financial statements, the assets and liabilities of foreign operations (including those located in the same country as the parent company but using currencies other than the parent company's function currency) are translated into New Taiwan Dollar at the closing rate of exchange prevailing at the balance sheet date. Income and expense items are translated at the

average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

If the retained interests after the Consolidated Company disposes of all the interests in the foreign operation, or disposes of part of the interests in the subsidiaries of the foreign operation but loses control, or disposes of the joint agreement of the foreign operation or the related enterprise are financial assets and are treated in accordance with the accounting policy of financial instruments, all accumulated exchange differences attributable to the owner of the Company and related to the foreign operation will be reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is reclassified to a non-controlling interest in that foreign operation but is not recognized in profit or loss. For all other situations of partial disposal of a foreign operation, the proportionate share of the accumulated exchange difference recognized in other comprehensive income is reclassified to profit or loss.

(VI) Investment in affiliated enterprises

Associates are entities over which the Group has major influence but they are neither subsidiaries nor joint ventures.

The Group applies the equity method to the accounting of associates.

Under the equity method, investments in associates are initially recognized at cost, and post-acquisition adjustment is made in accordance with changes in the Group's shares of profit and loss and other comprehensive income as well as the dividend distribution. Also, changes in the Group's interest in associates and joint ventures are adjusted in accordance with the shareholding ratio.

Any excess of acquisition cost over the Group's share of an affiliate's or a joint venture's identifiable assets and liabilities measured at the fair value on the date of acquisition is recognized as goodwill. The goodwill shall be included in the carrying amount of the investment but not allowed for amortization. If the Group's share of the net fair value of the identifiable assets and liabilities exceeds acquisition cost, the excessive amount is recognized immediately in profit or loss.

When an affiliate issues new shares and the Consolidated Company does not subscribe to such shares to the extent that its original shareholding ratio can be maintained, the difference is recorded as an adjustment to capital surplus - changes in the net value of shares in affiliates and joint ventures accounted for using equity method and other investments accounted for using equity method. However, if the Group fails to subscribe to or acquire sufficient new shares to maintain its original ownership percentage which causes its interest in the associate to decrease, the investment amount previously recognized in other comprehensive income in relation to the affiliate shall be remeasured in proportion to the reduction of shareholding. The basis of such accounting treatment shall be the same as would be required if the affiliate or joint venture had directly disposed of the related assets or liabilities. The aforementioned adjustment shall be recorded to net off capital reserve to the extent of the original increase in the investment accounted for under equity method; any remaining balance shall be debited to retained earnings.

When the Consolidated Company's share of loss derived from the investment of a related company equals or exceeds the Consolidated Company's interest (including the carrying amount of the investment and other long-term substantial interests in the associate's net asset in proportion to ownership percentage), the Consolidated Company shall cease recognizing losses further. The Group only recognizes extra

losses and liabilities to the extent that there is a legal obligation, constructive obligation, or payment on behalf of an associate.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss will not be recognized as a charge against the carrying amount of an investment (including goodwill). Any reversal of impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the Group ceases to have significant influence over an associate. When the Group retains an interest in the former associate, the Group measures the retained interest at fair value at that date. The difference between the carrying amount of the affiliate at the date ceasing the use of the equity method, and the fair value of any retained interest and any proceeds from disposing of interest in the associate is recognized as gain or loss on disposal of the associate. In addition, the Group shall account for all the amounts recognized in other comprehensive income in relation to that affiliated enterprise on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. Additionally, when investments in the associates become investments in the joint venture, or vice versa, the combined Company will continue to adopt the equity method, instead of remeasuring the reserved equities.

When the Group makes transactions with the associate, profits or losses resulting from such transactions with an associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the affiliate or joint venture that are not owned by the Group.

(VII) Property, plant and equipment

Property, plant and equipment are measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment.

All property, plant and equipment under construction shall be recognized at the cost minus the accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are classified into the appropriate categories of property, plant and equipment and depreciated when they are completed and ready for their intended use.

Except that self-owned land is not listed for depreciation, the remaining property, plant and equipment are depreciated separately for each significant component on a straight-line basis over their useful life. The Group reviews at least annually the estimated useful lives, residual values and depreciation methods at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

Upon derecognition of property, plant and equipment, the difference between the proceeds from disposal and the carrying amount of such asset is recognized in profit or loss.

(VIII) Investment property

Investment property is property held for the purpose of earning rent or capital appreciation or both (including meeting the definition of investment property). Investment property also includes land that has not yet been determined for future use.

Owned investment property is originally measured at cost (including transaction cost) and subsequently at cost minus accumulated depreciation and accumulated impairment loss.

Property, plant and equipment are listed under investment property with carrying amount at end of use.

When an investment property is excluded, the difference between the net disposal price and the carrying amount of the asset is recognized as profit or loss.

(IX) Intangible assets

1. Separate acquisition

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. Amortization is recognized using the straight-line method. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with uncertain useful lives are carried at cost less accumulated impairment losses.

2. Derecognition

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

(X) Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets

At each balance sheet date, whether there is any indication of impairment to the property, plant and equipment, right-of-use assets and intangible assets in the Consolidated Company is evaluated. If any impairment indication exists, the Group estimates the recoverable amount of the asset. If it is not possible to determine the recoverable amount of an individual asset, the combined Company must determine the recoverable amount for the asset's cash-generating unit.

For indefinite intangible assets and intangible assets that are not yet available for use, they are subject to annual impairment test at the time there are indications of impairment.

The recoverable amount is the fair value minus cost of sales or its value in use, whichever is higher. If the recoverable amount of individual asset or the cash generating unit is lower than its carrying amount, the carrying amount of the asset or the cash generating unit shall be reduced to the recoverable amount and the impairment loss shall be recognized in profit or loss.

Because the inventory, property, plant and equipment and intangible assets recognized in the customer contract are subject to impairment recognition according to the inventory impairment loss regulations and the above regulations first, and then the difference between the carrying amount of the assets related to the contract cost and the remaining amount of the consideration expected to be recovered from the provision of goods or services less the directly related cost shall be recognized as the impairment loss, and then the carrying amount of the assets related to the contract cost shall be included in the cash generating unit for the impairment assessment of the cash generating unit.

When the impairment loss is subsequently reversed, the carrying amount of an asset, the cash generating unit, or the contract cost-related asset is reversed to the extent not exceed the carrying amount (minus amortization or depreciation) of the asset, cash generating unit, or contract cost-related asset that had not been impaired

in the previous years. The reversal of impairment loss shall be recognized in profit or loss.

(XI) Financial instruments

Financial assets and liabilities are recognized in the balance sheet when the Consolidated Company becomes a party of a contract of financial instrument.

Financial assets and financial liabilities not at fair value through profit or loss are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss shall be immediately recognized in profit or loss.

1. Financial assets

Financial assets purchased or sold in a regular way are recognized and de-recognized on the basis of the accounting on transaction date

(1) Types of measurement

Financial assets held by the Consolidated Company are those measured at fair value through other profit and loss, and those measured at amortized cost.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through gain or loss include financial assets that are forced to be measured at fair value through gain or loss. Financial assets forcibly measured at FVTPL include undesignated equity instrument investment measured at fair value through other comprehensive income, as well as unclassified debt instrument investments measured at amortized cost or at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are measured at fair value, and their dividends, interest, and remeasured benefits or losses are recognized as other benefits and losses. Please refer to Note 28 for the determination of fair value.

B. Financial assets at amortized cost

The financial assets of the consolidated company are classified as financial assets measured at amortized cost if both of the following conditions are met:

- a. Financial assets are under a business model whose purpose is to hold financial assets and collecting contractual cash flows; and
- b. The terms of the contract generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

Subsequent to initial recognition, financial assets measured at amortized cost (including cash and cash equivalents, and account receivables at amortized cost) are recognized in the amount which equals to the gross carrying amount discounted at effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by multiplying the gross carrying amount of financial assets by effective interest rate, except for:

- a. For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
- b. Financial assets that are not credit impairment from purchases or at the time of founding but subsequently become credit impairments shall be calculated by multiplying the effective interest rate in the reporting period after the credit impairment by the cost after the amortization of financial assets.

Credit-impaired financial assets are those where the issuer or debtor has experienced major financial difficulties, defaults, the debtor is likely to claim bankruptcy or other financial reorganization, or due to financial difficulties, the active market for financial assets disappears.

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

(2) Impairment of financial assets

The Consolidated Company assesses impairment loss based on the expected credit losses on each balance sheet date for financial assets

measured at amortized cost (including receivables) and investments in debt instruments and business leases receivable as measured at fair value through other consolidated profit and loss.

Accounts receivable, business lease receivables and contract assets are recognized as allowance for losses during their existence. For all other financial instruments, the Group assesses if there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. If the credit risk on the financial instrument has increased significantly since initial recognition, impairment allowance is recognized based on lifetime Expected Credit Loss.

Expected credit losses (ECL) refers to weighted average credit loss calculated by taking the default risks of corresponding credits as the weights. 12-month expected credit losses refer to expected credit losses which will result from possible default events of a financial instrument to occur within 12 months as of the date of the publication of the financial statements. Lifetime expected credit losses refer to the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

For the purpose of internal credit risk management, the Consolidated Company, without considering the collateral held, determines that the following circumstances represent a default in financial assets:

- A. There are internal or external information showing that the debtor is no longer able to pay off the debt.
- B. Overdue more than 270 days, unless there is reasonable and corroborable information showing that the delayed default basis is more appropriate.

The carrying amount of the impairment loss of all financial assets is reduced by the provision account, while the provision loss of the investment in debt instruments measured at fair value through other

composite gains or losses is recognized as other composite gains or losses and does not reduce the carrying amount.

(3) Derecognition of financial assets

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

On derecognition of an entire financial asset measured at amortized cost, the difference between the carrying amount and the consideration received is recognized in profit or loss. On derecognition of a debt instruments measured at fair value through other comprehensive income in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss. On derecognition of an equity instruments measured at fair value through other comprehensive income in its entirety, the cumulative gain or loss is reallocated to retained earnings, but not recognized to profit or loss.

2. Financial liabilities

(1) Subsequent measure

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

(2) Derecognition of financial liabilities

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

(XII) Revenue recognition

After performance obligations are identified in customers' contracts, transaction price is appropriated for each obligation, and revenue is recognized upon the completion of a performance obligation.

1. Revenue from sales of products

Revenue from sales of products arises from customers purchasing the game points from channel distributors. The currencies are converted into virtual products in the Consolidated Company's gaming platforms and video

platforms and subsequently recognized as revenue in accordance with the consumption rate and the estimated consumption period. Since game points are sold by distributors, the Consolidated Company has the main responsibility for whether the game points held by customers can be converted into game products and used normally. The Consolidated Company is recognized as contract liability before the commitment is completed.

2. Revenue from labor services

Revenue from labor services refers to artwork design created for clients or gaming points accounting services provided for clients (who are also in the gaming industry).

(1) Artwork design

Revenue from artwork design service is recognized upon the labor service is provided unless otherwise agreed in the contract.

(2) Gaming points accounting services

The Consolidated Company sells game points to consumers on behalf of customers, and does not obtain the control of specific goods or services before the specific goods or services are transferred to the customers. When the stored value is exchanged for game points on the platform, control is transferred to the customer and no net income is recognized when there is no subsequent obligation.

(XIII) Lease

The Consolidated Company assesses whether a contract is (or contains) a lease on the execution date of the contract.

1. The Consolidated Company as the Lessor

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

Operating lease payments less lease incentives are recognized as operating income on a straight-line basis over the duration of such lease.

2. The Consolidated Company as the lessee

A right-of-use asset and a lease liability are recognized for all leases at the inception date of such leases, except for leases qualified for recognition exemption, e.g. leases with low-value underlying assets and short-term leases, for which an expense is recognized on a straight-line basis over the lease term.

A right-of-use asset is initially measured at cost (including the initial measured amount of lease liability, the amount of lease payments made to the lessors less lease incentives received prior to the inception of the lease, initial direct costs and the estimated costs of restored underlying assets), and subsequently measured at cost less accumulated depreciation and accumulated impairment, adjusted for any remeasurements of the lease liability. Right-of-use assets are expressed separately in the Consolidated Balance Sheets.

A right-of-use asset is depreciated on a straight-line basis over the period from the lease commencement date to the end of its useful lives, or to the end of the lease term, whichever is earlier.

A lease liability is initially measured at the present value of lease payments (including fixed payments). If the interest rate implicit in a lease can be easily determined, the lease payment is discounted at the interest rate. If the interest rate cannot be easily determined, the lessee's incremental borrowing rate of interest shall be used.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is amortized over the lease term. In the case that future lease payments change as a result of a change in the lease term, the consolidated Company remeasures the lease liability and correspondingly adjusts the right-of-use asset, except in the case when the carrying amount of the right-of-use asset has reduced to zero, in which case any residual remeasured amount shall be recognized in profit or loss. Lease liabilities are expressed separately in the Consolidated Balance Sheets.

(XIV) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as cost for those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(XV) Employee benefits

1. Short-term employee benefits

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

2. Retirement benefit

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

(XVI) Income tax

The income tax expense represents the sum of tax payable in the current period along with deferred tax.

1. Current income tax

The Consolidated Company determines the current income (loss) in accordance with the laws and regulations established by each income tax jurisdiction, and calculates the income tax payable (recoverable) based on it.

The additional income tax on undistributed earnings calculated in accordance with the Income Tax Act of Taiwan shall be recognized in the year of adoption at the shareholders' meeting.

Adjustments to the income tax payable from previous years are recognized in the income tax of current year.

2. Deferred income tax

Deferred income tax is calculated at temporary differences between the carrying amount of assets and liabilities and the tax base used to determine taxable income.

Deferred tax liabilities are mostly recognized based on taxable temporary differences. Deferred tax assets are recognized to the extent that it is most probable that those deductible temporary differences and loss credits can be applied to produce taxable profits.

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

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

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

3. Current and deferred taxes for the year

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

V. Critical Accounting Judgments, and Key Sources of Estimation Uncertainty

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

The Consolidated Company takes the recent development of COVID-19 in the country and its possible impact on the economic environment into consideration in the estimation of cash flow, growth rate, discount rate, profitability and other relevant major accounting estimates. The management will continue to review the estimates and underlying assumptions. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

VI. Cash and Cash Equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand	\$ 271	\$ 241
Checking's and savings	<u>116,370</u>	<u>80,577</u>
Investment within months	<u>\$ 116,641</u>	<u>\$ 80,818</u>

Bank interest rates at the balance sheet date were categorized into different internals listed as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash in banks	0.001%-0.2%	0.005%-0.02%

VII. Financial instruments compulsorily measured at fair value through profit or loss

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets - non-current</u>		
Compulsory measurement of FVTPL		
Hybrid financial assets		
- structured deposits	<u>\$ 21,654</u>	<u>\$ 21,275</u>

The structured deposits include an embedded derivative that is not closely related to the main contract. Because the main contract included in the hybrid contract is an asset within the scope of IFRS 9, the overall hybrid contract evaluation is mandatory to be classified as fair value through profit or loss.

VIII. Financial assets at amortized cost

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Domestic investment		
Bank time deposit with original maturity date over 3 months	<u>\$ 89,960</u>	<u>\$ 66,928</u>

(I) The interest rate ranges of term deposits with original maturity date over 3 months as of December 31, 2021 and 2020 were 0.2%~0.33% and 0.3%~0.45% per annum, respectively.

(II) Please refer to Note 30 for pledged financial assets measured at amortized cost.

IX. Accounts Receivable and Other Receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Accounts receivable</u>		
measured at amortized cost		
Total Carrying Amount	\$ 41,908	\$ 28,583
Less: Loss allowance	<u>-</u>	<u>-</u>
	<u>\$ 41,908</u>	<u>\$ 28,583</u>
<u>Other receivables</u>		
Receivable of certificate of deposit interest	\$ 60	\$ 73
Others	6	4
Less: Loss allowance	<u>-</u>	<u>-</u>
	<u>\$ 66</u>	<u>\$ 77</u>

Accounts receivable

The Group's average credit term for sales of goods is 30 to 60 days. Accounts receivable does not bear interest.

The Consolidated Company applies lifetime expected credit losses to allowance for accounts receivable. The lifetime expected credit losses are calculated based on a provision matrix that takes into account the default history and current financial position of customers, prevailing industrial and economic trends, and also considers GDP forecast. Since the combined Company's historical experience of credit loss indicates no significant difference in the loss patterns between the various customer segments, the combined Company does not classify customers into different segments but determines the expected credit loss rate based on the overdue days of accounts receivables.

If there is evidence showing that transaction counterparty is in severe financial difficulty and the Group cannot expect reasonable recoverable amount, such as debts overdue for more than 270 days from counterparty under liquidation, the Group will write off the receivables in full. The receivables initially written off but collected afterwards were recognized in profit and loss.

Analysis of loss allowance of accounts receivable based on the provisional matrix is as follows:

December 31, 2021

	Not Past Due	More than 270 days overdue	Total Shares
Expected credit loss rate	-	100%	
Total carrying amount	\$ 41,908	\$ -	\$ 41,908
Loss allowance (lifetime expected credit loss)	-	-	-
Amortized cost	<u>\$ 41,908</u>	<u>\$ -</u>	<u>\$ 41,908</u>

December 31, 2020

	Not Past Due	More than 270 days overdue	Total Shares
Expected credit loss rate	-	100%	
Total carrying amount	\$ 28,583	\$ -	\$ 28,583
Loss allowance (lifetime expected credit loss)	-	-	-
Amortized cost	<u>\$ 28,583</u>	<u>\$ -</u>	<u>\$ 28,583</u>

X. Subsidiary Company

Subsidiaries included in the consolidated financial statements

The consolidated entities are listed as follows:

Investor Company	Investee Company	Main Businesses and Products	Percentage of Ownership (%)		Remarks/specify details
			110 years December 31	2020 December 31	
The Company	WAYI-ASIA Company	Investment	100%	100%	Note
WAYI-ASIA Company	WAYI-CAYMAN Company	Investment	100%	100%	Note

Note: Its financial report has been audited by the accountant during the same period.

XI. Investment Accounted For Using the Equity Method

Investments in associates

	December 31, 2021	December 31, 2020
Associates with significance:		
DIT Startup Co. Ltd.	<u>\$ 8,514</u>	<u>\$ 10,251</u>

Company Name	Percentage of Ownership and Votes	
	December 31, 2021	December 31, 2020
DIT Startup Co. Ltd.	11%	11%

For the information of the main business and products, main place of business and country registered for the aforementioned associates, please refer to Table 2, "Information of Invested Companies."

The Chairman of the Consolidated Company is the same person as the Chairman of DIT Startup Co. Ltd., which has significant influence on the Company.

The Consolidated Company's shares of profit or loss and other comprehensive income of the investments accounted for using the equity method are calculated based on financial statements which have not been audited by CPA. However, the Consolidated Company's management believes that the aforementioned unaudited result will not cause material impact.

All the aforementioned associates are accounted for using the equity method in the consolidated financial statements.

The summary of financial information below is based on individual associates' financial statements prepared in accordance with IFRSs for which adjustments have been made in the consolidated financial statements due to the use of the equity method.

DIT Startup Co. Ltd.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 53,637	\$ 57,317
Non-current assets	27,452	40,146
Current liabilities	(1,647)	(1,809)
Equity	<u>\$ 79,442</u>	<u>\$ 95,654</u>
Percentage of Ownership	11%	11%
Interests of the Group	<u>\$ 8,514</u>	<u>\$ 10,251</u>
Carrying amount of Investment	<u>\$ 8,514</u>	<u>\$ 10,251</u>
	<u>2021</u>	<u>2020</u>
Operating revenue	<u>\$ 867</u>	<u>\$ 55</u>
Net loss for the year	<u>(\$ 14,733)</u>	<u>(\$ 10,997)</u>

(XII) Property, plant and equipment

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Self-use	\$ 59,627	\$ 58,130
Operating leases	-	-
	<u>\$ 59,627</u>	<u>\$ 58,130</u>

(I) Self-use

	Land owned by the Consolidated Company	Buildings and structures	Network devices	Facility equipment	Leasehold improvement s	Transportatio n equipment	Other fixtures	Total Shares
<u>Cost</u>								
Balance on January 1, 2021	\$ 54,558	\$ 3,638	\$ 192,451	\$ 11,226	\$ 39,387	\$ 684	\$ 17	\$ 301,961
Addition	-	-	-	791	1,711	-	-	2,502
Disposal	-	-	(15,686)	(2,635)	(39,272)	-	-	(57,593)
Balance on December 31, 2021	<u>\$ 54,558</u>	<u>\$ 3,638</u>	<u>\$ 176,765</u>	<u>\$ 9,382</u>	<u>\$ 1,826</u>	<u>\$ 684</u>	<u>\$ 17</u>	<u>\$ 246,870</u>
<u>Accumulated depreciation and impairment</u>								
Balance on January 1, 2021	\$ -	\$ 991	\$ 191,741	\$ 11,108	\$ 39,340	\$ 634	\$ 17	\$ 243,831
Depreciation expenses	-	121	366	196	272	50	-	1,005
Disposal	-	-	(15,686)	(2,635)	(39,272)	-	-	(57,593)
Balance on December 31, 2021	<u>\$ -</u>	<u>\$ 1,112</u>	<u>\$ 176,421</u>	<u>\$ 8,669</u>	<u>\$ 340</u>	<u>\$ 684</u>	<u>\$ 17</u>	<u>\$ 187,243</u>
Net amount on December 31, 2021	<u>\$ 54,558</u>	<u>\$ 2,526</u>	<u>\$ 344</u>	<u>\$ 713</u>	<u>\$ 1,486</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,627</u>
<u>Cost</u>								
Balance as at January 1, 2020	\$ 54,558	\$ 3,638	\$ 192,193	\$ 11,184	\$ 39,387	\$ 684	\$ 17	\$ 301,661
Addition	-	-	634	42	-	-	-	676
Disposal	-	-	(376)	-	-	-	-	(376)
Balance as at December 31, 2020	<u>\$ 54,558</u>	<u>\$ 3,638</u>	<u>\$ 192,451</u>	<u>\$ 11,226</u>	<u>\$ 39,387</u>	<u>\$ 684</u>	<u>\$ 17</u>	<u>\$ 301,961</u>
<u>Accumulated depreciation and impairment</u>								
Balance as at January 1, 2020	\$ -	\$ 870	\$ 191,455	\$ 10,616	\$ 39,299	\$ 441	\$ 17	\$ 242,698
Depreciation expenses	-	121	662	492	41	193	-	1,509
Disposal	-	-	(376)	-	-	-	-	(376)
Balance as at December 31, 2020	<u>\$ -</u>	<u>\$ 991</u>	<u>\$ 191,741</u>	<u>\$ 11,108</u>	<u>\$ 39,340</u>	<u>\$ 634</u>	<u>\$ 17</u>	<u>\$ 243,831</u>
Net amount as at December 31, 2020	<u>\$ 54,558</u>	<u>\$ 2,647</u>	<u>\$ 710</u>	<u>\$ 118</u>	<u>\$ 47</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ 58,130</u>

Depreciation expenses are calculated on a straight-line basis according to the following period of depreciation:

Buildings	
Buildings and structures	30 years
Network devices	3 to 8 years
Facility equipment	3 years
Leasehold improvements	3 years
Transportation equipment	3 years
Other fixtures	3 years

Please refer to Note 30 for the amount of self-use property, plant and equipment pledged as collateral for borrowings.

(II) Business lease

	<u>Buildings and structures</u>
<u>Cost</u>	
Balance as at January 1, 2020	\$ 22,271
Reclassified as investment property	(<u>22,271</u>)
Balance as at December 31, 2020	<u>\$ -</u>
<u>Accumulated depreciation and impairment</u>	
Balance as at January 1, 2020	\$ 5,258
Depreciation expenses	464
Reclassified as investment property	(<u>5,722</u>)
Balance as at December 31, 2020	<u>\$ -</u>
Net amount as at December 31, 2020	<u>\$ -</u>

The house and building leased by the Consolidated Company for the purpose of operating lease, the lease period is 3 year. If 30 days before the expiration of the contract period, without written notice not to renew the contract, the contract may be automatically extended for one year, and the same thereafter. At the end of the lease term, the lessee has no preferential right to purchase the property.

The Consolidated Company conducts general risk management policies to reduce the risk of remaining assets at the end of the lease period of leased houses and buildings.

Depreciation expenses are calculated on a straight-line basis according to the following period of depreciation:

Buildings and structures	36 years
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XIII. Lease Agreement

(I) Right-of-use assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amount of right-of-use asset		
Buildings	\$ 11,708	\$ 4,572
Transportation equipment	<u>125</u>	<u>878</u>
	<u>\$ 11,833</u>	<u>\$ 5,450</u>

	<u>2021</u>	<u>2020</u>
Increase in right-of-use assets	<u>\$ 14,705</u>	<u>\$ 1,722</u>
Depreciation expense of right-of-use assets		
Buildings	\$ 7,569	\$ 8,302
Transportation equipment	<u>753</u>	<u>752</u>
	<u>\$ 8,322</u>	<u>\$ 9,054</u>

(II) Lease obligation

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amount of lease liability		
Current	<u>\$ 5,010</u>	<u>\$ 5,396</u>
Non-current	<u>\$ 6,863</u>	<u>\$ 128</u>

The discount rate ranges for lease liabilities are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Buildings	1.04%~1.73%	1.73%
Transportation equipment	1.73%	1.73%

(III) Important leasing activities and terms

The Consolidated Company leases the building and transport equipment for operating use for a period of 3 years. At the end of the lease term, the Consolidated Company has no bargain purchase option over the land and building leased, and the Consolidated Company may not sublease or transfer all or part of the leased items without the lessor's consent.

(IV) Other leasing information

	<u>2021</u>	<u>2020</u>
Short-term lease expense	<u>\$ 60</u>	<u>\$ 96</u>
Total cash (outflow) of lease	<u>(\$ 8,527)</u>	<u>(\$ 9,334)</u>

The Consolidated Company chooses to lease office equipment that meets the short-term lease and certain computer equipment that meets the low-value lease assets. These office equipment are subject to the recognition exemption, and the relevant right-of-use assets and lease liabilities are not recognized for these leases.

All lease commitments during the lease term commencing after the balance sheet date are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Lease commitments	<u>\$ 12,014</u>	<u>\$ 5,553</u>

(XIII) Investment property

	<u>Finished Investment properties</u>
<u>Cost</u>	
Balance on January 1, 2021	\$ 22,271
Balance on December 31, 2021	<u>\$ 22,271</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2021	\$ 5,878
Depreciation expenses	<u>618</u>
Balance on December 31, 2021	<u>\$ 6,496</u>
Net amount on December 31, 2021	<u>\$ 15,775</u>
<u>Cost</u>	
Balance as at January 1, 2020	\$ 22,271
Balance as at December 31, 2020	<u>\$ 22,271</u>
<u>Accumulated depreciation and impairment</u>	
Balance as at January 1, 2020	\$ 5,722
Depreciation expenses	<u>156</u>
Balance as at December 31, 2020	<u>\$ 5,878</u>
Net amount as at December 31, 2020	<u>\$ 16,393</u>

The lease term of an investment property is 3 years with an option to extend the lease term for 1 year. When exercising the right to renew the lease, the lessee shall agree to adjust the rent according to the market rent. The lessee does not have the preferential right to take over the investment property at the end of the lease term.

The total amount of lease payments to be received in the future for leasing investment property with a business lease is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Year 1	\$ 1,260	\$ 1,260
Year 2	945	1,260
Year 3	<u>-</u>	<u>945</u>
	<u>\$ 2,205</u>	<u>\$ 3,465</u>

Investment property is depreciated on a straight line basis according to the following period of depreciation:

Buildings and structures	36 years
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The fair value of the investment property is measured by the independent appraisal companies (appraisers) CCIS Property Joint Appraisers Firm and Euro-Asia Property Appraisers Firm at the input value of grade 3 on each balance sheet date. The evaluation uses the comparative method and the income method, and the fair value of the evaluation income is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fair value	<u>\$103,146</u>	<u>\$113,475</u>

The above fair value measure takes into account the uncertainty of the impact of the subsequent development of COVID-19 on market volatility.

Please refer to Note 30 for the amount of investment property set as security for borrowing.

The letting commitment during the lease term commencing after the balance sheet date is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Investment property letting commitment	<u>\$ 2,205</u>	<u>\$ 3,465</u>

XV. Other intangibles

	<u>Computer software</u>	<u>Software royalty</u>	<u>Prepaid software Royalty</u>	<u>Total Shares</u>
<u>Cost</u>				
Balance on January 1, 2021	\$ 2,636	\$ -	\$ -	\$ 2,636
Addition	5,176	2,797	-	7,973
Disposal	(4,059)	-	-	(4,059)
Balance on December 31, 2021	<u>3,753</u>	<u>2,797</u>	<u>-</u>	<u>6,550</u>
<u>Accumulated amortization and impairment</u>				
Balance on January 1, 2021	976	-	-	976
Amortization expenses	3,497	117	-	3,614
Disposal	(4,059)	-	-	(4,059)
Balance on December 31, 2021	<u>414</u>	<u>117</u>	<u>-</u>	<u>531</u>
Net amount on December 31, 2021	<u>\$ 3,339</u>	<u>\$ 2,680</u>	<u>\$ -</u>	<u>\$ 6,019</u>
<u>Cost</u>				
Balance as at January 1, 2020	\$ 592	\$ 44,491	\$ 48,821	\$ 93,904
Addition	2,671	-	-	2,671
Reclassification	1,240	-	-	1,240
Disposal	(1,867)	(44,491)	(48,821)	(95,179)
Balance as at December 31, 2020	<u>2,636</u>	<u>-</u>	<u>-</u>	<u>2,636</u>

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	Computer software	Software royalty	Prepaid software Royalty	Total Shares
<u>Accumulated amortization and impairment</u>				
Balance as at January 1, 2020	\$ 229	\$ 44,491	\$ 48,821	\$ 93,541
Amortization expenses	2,614	-	-	2,614
Disposal	(1,867)	(44,491)	(48,821)	(95,179)
Balance as at December 31, 2020	<u>976</u>	<u>-</u>	<u>-</u>	<u>976</u>
Net amount as at December 31, 2020	<u>\$ 1,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,660</u>

Amortized expenses were calculated on a straight-line basis over estimated period of depreciation listed as follows:

Computer software	1 to 3 years
Software royalty	1 to 2 years

Amortization expenses summarized by function:

	2021	2020
Operating costs	\$ 1,968	\$ 1,291
General and administrative expenses	<u>1,646</u>	<u>1,323</u>
	<u>\$ 3,614</u>	<u>\$ 2,614</u>

XIV. Other assets

	December 31, 2021	December 31, 2020
<u>Current</u>		
Prepayment (Note 1)	\$ 11,825	\$ 14,216
Deferred costs	255	1,056
Other prepayments	1,579	1,252
Others	<u>187</u>	<u>167</u>
	<u>\$ 13,846</u>	<u>\$ 16,691</u>
<u>Non-current</u>		
Refundable deposits	\$ 1,686	\$ 3,109
Other financial assets (Note 2)	<u>1,000</u>	<u>1,000</u>
	<u>\$ 2,686</u>	<u>\$ 4,109</u>

Note 1: Due to poor sales of the online games that the Consolidated Company distributed, the Consolidated Company expects to reduce the future economic benefits of the prepayment for the original games. Therefore, the Consolidated Company recognized impairment losses of NT\$13,679 thousand and NT\$3,948 thousand respectively for 2021 and 2020. The Consolidated Company adopts the use value as the recoverable amount of this prepayment at a discount rate of 1.0357% and 1.39%, respectively. The impairment loss is recognized in operating cost in the consolidated statements of comprehensive Income.

Note 2: Other financial assets are demand deposits provided to guarantee banks as collateral as commercial credit card guarantees. Please refer to Note 30.

XVII. Loans

Short-term loans

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Secured loans</u> (Note 30)		
Bank loans (Note)	\$ <u>-</u>	\$ <u>32,222</u>

Note: The interest rates of revolving bank loans ranged from 1.0357% to 1.4587% as at December 31, 2020 and 2020.

XVIII. Notes payable and accounts payable

The period for the Group to pay royalties and instalments is set between 30 to 60 days. The Group has established financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

XIX. Other liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Other payables		
Salaries and bonus	\$ 10,979	\$ 6,904
Advertising fee payable	11,181	5,055
Insurance premium payable	822	625
Service fee payable	881	821
Financial liabilities payable	-	11
Others (pension and business tax, etc.)	<u>1,810</u>	<u>1,791</u>
	<u>\$ 25,673</u>	<u>\$ 15,207</u>
Other liabilities		
Others (temporary receipts and receipts under custody)	<u>\$ 411</u>	<u>\$ 435</u>
<u>Non-current</u>		
Guarantee deposits	<u>\$ 200</u>	<u>\$ 200</u>

XX. Post-retirement benefits plan

Defined contribution plans

Under the plan, 6% of employees' monthly salary is contributed as pension each month by the Group to employees' personal accounts set up by the government of the Bureau of Labor Insurance.

XXI. Equity

(I) Capital stock

Common stock

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Authorized Shares (1,000 shares)	<u>160,000</u>	<u>160,000</u>
Authorized Capital stock	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>
Number of shares issued and fully paid (1,000 shares)	<u>19,369</u>	<u>19,369</u>
Amount of shares issued	<u>\$ 193,694</u>	<u>\$ 193,694</u>

Changes in the Consolidated Company's share capital were mainly due to the cash increase in private placement of common stock. For the purpose of supplementing working capital, repaying loans and other capital requirements for the future development of the Consolidated Company, so as to improve its financial structure and enhance the competitiveness of the Company, the Company, by resolution of the shareholders at the interim meeting of shareholders on October 23, 2020, resolved a private placement of 10,000 thousand shares of ordinary shares in the face value of NT\$10 each, which was determined to be completed once or twice a year as of the date of the resolution of the interim meeting of shareholders. On November 13, 2020, the Board of Directors of the Consolidated Company resolved a private placement of 5,952 thousand ordinary shares at the face value of NT\$10 per share and a subscription price of NT\$16.8 per share as approved by the Board of Directors. The total amount from domestic subscribers was NT\$99,993 thousand, which had been fully received by November 25, 2020.

The resolution of the board of directors of the Consolidated Company on August 12, 2021 passed the private placement cash capital increase plan passed at the extraordinary meeting of shareholders on October 23, 2020. The remaining amount of 4,048 thousand shares unraised has expired on October 22, 2021, and no further offering is planned.

(II) Capital reserve

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>May be used to offset a deficit,</u> <u>distributed as cash</u> <u>dividends, or transferred to</u> <u>share capital (1)</u>		
Premium of shares issued	\$ 29,199	\$ 40,473
<u>For offsetting deficit only (2)</u>		
Change in net value of interests in associates and joint ventures accounted for under equity method	<u>-</u> <u>\$ 29,199</u>	<u>1,217</u> <u>\$ 41,690</u>

1. Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends (up to a certain percentage of the Company's paid-in capital once a year).
2. Such capital surplus arises from changes in ownership interest of a subsidiary other than actual disposal or acquisition of a subsidiary's shares, or from adjustment recorded in the capital surplus of associates accounted for by using equity method.

(III) Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's Articles of Incorporation, provided that the Company has net profit for the current year, it shall be first used to pay income taxes and make up for any accumulated losses, and then set aside 10% as a statutory surplus reserve. Any excessive balance may be reserved or transferred to be a special surplus reserve pursuant to relevant laws. Any remaining balance in retained earnings may be appropriated as dividends in accordance with a proposal for profit distribution as approved by the Board of Directors and submit it to the shareholders' meeting for distribution of shareholder dividends. For the remuneration distribution policy for employees, directors and supervisors as stipulated in the articles of association of the Company, please refer to Note 23 (8): Remunerations for Employees, Directors and Supervisors.

The Company needs to set aside an amount as legal reserve unless where such legal reserve amounts to the amount of total authorized capital. The legal reserve may be used to offset deficit, When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

The Company's regular meetings of shareholders held on August 4, 2021 and June 23, 2020 respectively passed the following proposals for loss offsetting for 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Compensation for deficit from paid-in capital reserve	<u>\$ 12,491</u>	<u>\$ -</u>

The surplus distribution plan for the 2021 proposed by the board of directors on March 24, 2021 is as follows:

	<u>2021</u>
Statutory surplus reserve	<u>\$ 9,294</u>
Cash dividends	<u>\$ 38,739</u>
Stock dividend	<u>\$ 29,054</u>
Cash dividend per share (NT\$)	\$ 2
Stock dividend per share (NT\$)	\$ 1.5

The above cash dividends have been distributed by resolution of the board of directors and the remainder is subject to resolution of the shareholders' ordinary meeting scheduled to be held on June 23 2022.

XXII. Income

	<u>2021</u>	<u>2020</u>
Revenue from Contracts with Customers		
Online Games and Digital Content	\$242,568	\$110,297
Revenue from labor services	5,502	4,850
Royalty income	103	796
Other income	191	8
	<u>\$248,364</u>	<u>\$115,951</u>

(I) Contract balance

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable (Note 9)	<u>\$ 41,908</u>	<u>\$ 28,583</u>
Contract liabilities		
Online Games and Digital		
Content	<u>\$ 14,804</u>	<u>\$ 29,025</u>

(II) The breakdown of customer contract income

	<u>2021</u>	<u>2020</u>
<u>Product category</u>		
Artwork Design (Note 29)	\$187,562	\$ 51,395
Computer games	18,586	20,728
Mobile Games	36,522	38,971
Labor income - art design		
project income	1,071	2,622
Labor income - others	4,432	2,228
Others	<u>191</u>	<u>7</u>
	<u>\$248,364</u>	<u>\$115,951</u>

(III) Partially completed contracts

For partially completed contracts, the transaction prices and the expected timing for the recognition of revenue are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Rewarding points for		
purchasing virtual products		
- redeemed before 2021	\$ -	\$ 1,767
- redeemed before 2022	2,231	-

XXIII. Net profit of the term

(I) Interest income

	<u>2021</u>	<u>2020</u>
Cash in banks	\$ 40	\$ 76
Financial assets at amortized		
cost	229	836
Imputed interest on deposits	14	30
Others	<u>-</u>	<u>14</u>
	<u>\$ 283</u>	<u>\$ 956</u>

(II) Other income

	<u>2021</u>	<u>2020</u>
Rental income	\$ 1,204	\$ 1,200
Written off income from		
overdue accounts payable	19	23
Others	<u>210</u>	<u>1,369</u>
	<u>\$ 1,433</u>	<u>\$ 2,592</u>

(III) Other interests and losses

	2021	2020
Gains on Financial Assets and Liabilities		
Financial assets mandatorily measured at FVTPL	\$ 379	\$ 825
Gain (loss) on disposal of property, plant, and equipment	5	17
Net foreign currency exchange loss	(3,072)	(2,351)
	<u>(\$ 2,688)</u>	<u>(\$ 1,509)</u>

(IV) Financial costs

	2021	2020
Interest on bank borrowings	\$ 164	\$ 725
Interest on lease liabilities	111	150
Interest on borrowings from shareholders	-	1,180
	<u>\$ 275</u>	<u>\$ 2,055</u>

(V) Impairment loss

	2021	2020
Prepayment (included in operating costs)	<u>\$ 13,679</u>	<u>\$ 3,948</u>

(VI) Depreciation and amortization

	2021	2020
Depreciation expenses summarized by function		
Operating costs	\$ 375	\$ 962
Operating expenses	<u>9,570</u>	<u>10,221</u>
	<u>\$ 9,945</u>	<u>\$ 11,183</u>
Amortized cost summarized by function		
Operating costs	\$ 1,968	\$ 1,291
Operating expenses	<u>1,646</u>	<u>1,323</u>
	<u>\$ 3,614</u>	<u>\$ 2,614</u>

(VII) Employee welfare expenses

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 58,383	\$ 44,305
Retirement benefits		
Defined contribution plans	<u>2,438</u>	<u>1,959</u>
Total employee benefit expenses	<u>\$ 60,821</u>	<u>\$ 46,264</u>
Summarized by functions		
Operating costs	\$ 14,870	\$ 5,820
Operating expenses	<u>45,951</u>	<u>40,444</u>
	<u>\$ 60,821</u>	<u>\$ 46,264</u>

(VIII) Remunerations for employees, directors and supervisors

According to the Company's articles of Incorporation, the Company shall pay the remunerations for employees, directors and supervisors at not less than 1% and not more than 3% of the pre-tax benefits before deducting of the remuneration and the compensation in the current year. The Company made profits in 2020, but still has accumulated losses, so it should reserve the amount to make up for them in advance. The estimated remunerations for employees, directors and supervisors in 2021 is as follows:

Estimated percentage

	<u>2021</u>
Remunerations for employees	1%
Remunerations for directors and supervisors	0.45%

Amount

	<u>2021</u>
Remunerations for employees	<u>\$ 943</u>
Remunerations for directors and supervisors	<u>\$ 424</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences should be recorded as a change in the accounting estimate in the following year.

There is no difference between the actual allotment of remuneration for employees, directors and supervisors in 2020 and 2019 and the amount recognized in the consolidated financial statements in 2020 and 2019.

Please refer to the Market Observation Post System of the Taiwan Stock Exchange for information on the remuneration of employees, directors and supervisors of the Company resolved by the Board of Directors.

(IX) Foreign currency exchange gains and losses

	<u>2021</u>	<u>2020</u>
Total Foreign currency exchange benefits	\$ 2,886	\$ 6,160
Total currency exchange losses	(<u>5,958</u>)	(<u>8,511</u>)
Net loss	(<u>\$ 3,072</u>)	(<u>\$ 2,351</u>)

XXIV. Income tax

(I) Income tax recognized as profits and losses

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

	<u>2021</u>	<u>2020</u>
Net profit before tax for continuing business units	<u>\$ 92,944</u>	<u>\$ 564</u>
Net profit before tax income tax expense calculated at the statutory tax rate	\$ 18,589	\$ 113
Non-deductible expenses	348	241
Unrecognized loss carryforwards	(19,400)	(441)
Unrecognized deductible temporary difference	<u>463</u>	<u>87</u>
Income tax expense recognized in profit or loss	<u>\$ -</u>	<u>\$ -</u>

The amended Regulations on Industrial Innovation promulgated by the President in July 2019 stipulate that the construction or purchase of specific assets or technologies with the undistributed earnings since the year of 2018 can be listed as deduction items for the calculation of undistributed earnings. When the Consolidated Company calculates the undistributed earning tax, only the capital expenditure that has actually been reinvested will be deducted.

(II) Current income tax assets and liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current tax assets		
Tax refund receivable	<u>\$ 197</u>	<u>\$ 404</u>

(III) Deductible temporary differences and unused loss deductions that are not recognized as deferred tax assets in the Consolidated Balance Sheets.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Loss carryforwards		
Expire in 2023	\$ -	\$ 72,481
Expire in 2024	169,698	197,083
Expire in 2025	193,377	193,377
Expire in 2026	132,692	132,692
Expire in 2027	96,534	96,534
Expire in 2028	95,870	95,870
Expire in 2029	25,918	25,918
	<u>\$ 714,089</u>	<u>\$ 813,955</u>
Deductible temporary differences	<u>\$ 117,240</u>	<u>\$ 114,654</u>

(IV) Verification of income tax

The cases filed by Wayi up to 2019 have been approved by taxation authorities.

XXV. Earnings per share

	Unit: NT\$ per share	
	<u>2021</u>	<u>2020</u>
Basic earnings per share	<u>\$ 4.80</u>	<u>\$ 0.04</u>
Diluted earnings per share	<u>\$ 4.80</u>	<u>\$ 0.04</u>

The net income for the purpose of calculating earnings per share and the weighted average number of ordinary shares are as follows:

Net profit for the year

	<u>2021</u>	<u>2020</u>
Net income used to calculate earnings per share	<u>\$ 92,944</u>	<u>\$ 564</u>
Net income used for calculating diluted earnings per share	<u>\$ 92,944</u>	<u>\$ 564</u>
Number of share of stock: 1000 shares		
	<u>2021</u>	<u>2020</u>
Weighted average number of ordinary shares in computation of basic earnings per share	19,369	14,019
Impacts of potential ordinary shares with dilution effect:		
Remunerations for employees	<u>8</u>	<u>-</u>
Weighted average of ordinary shares used for calculating dilutive earnings per share	<u>19,377</u>	<u>14,019</u>

If the Group can choose to pay employee compensation by stocks or by cash, it shall assume that employee compensation would be paid by stocks in the calculation of

diluted EPS. The dilutive effect, while still be valid, shall be counted into the weighted average number of stocks outstanding when diluted EPS is calculated. Such dilutive effect of the potential shares should be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

XXVI: 、 Cash flow information

(I) Non-cash transaction

For the Years Ended December 31, 2021 and 2020, the consolidated company conducted the following investments and financing activities in non-cash transactions.

1. In 2021, the Consolidated Company acquired computer software with a total fair value of NT\$7,973, notes payable decreasing by NT\$134 thousand and other payables increasing by NT\$577 thousand, and acquired intangible assets for cash payments totalling NT\$7,530 thousand (see Note 15).
2. The Consolidated Company acquired the computer software with a fair value of NT\$2,671 thousand in 2020, the notes payable increased by NT\$135 thousand, and the cash payment for the acquisition of intangible assets amounted to NT\$2,536 thousand (see Note 15).
3. The Consolidated Company acquired the property, plant and equipment with a fair value of NT\$676 thousand in 2020, the notes payable increased by NT\$332 thousand, and the cash payment for the acquisition of property, plant and equipment amounted to NT\$344 thousand (see Note 12).

(II) Changes in liabilities from financing activities

2021

	110 years January 1	Cash flow	N o n - c a s h f l o w		
			Reclassification	Interest expense Amortization	December 31, 2021
Short-term loans	<u>\$ 32,222</u>	<u>(\$ 32,222)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2020

	2020 January 1	Cash flow	Non-cash flow		
			Reclassification	Interest expense Amortization	December 31, 2020
Short-term loans	\$ 47,222	(\$ 15,000)	\$ -	\$ -	\$ 32,222
Long-term loans	60,000	(60,000)	-	-	-
	<u>\$ 107,222</u>	<u>(\$ 75,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,222</u>

XXVII. Capital risk management

The Group manages its capital based on the policy to ensure the continual operations of the entities in the Group. By optimizing its debts and liabilities, the group can maximize return for stakeholders. The Group's overall capital management strategy has not changed since the prior period.

The Consolidated Company's capital structure consists of net debts (i.e., borrowings less cash and cash equivalents) and equities (i.e. share capital, capital reserves and retained earnings).

The Group's management periodically reassesses the Group's capital structure; the inspection items include capital costs of various categories and related risks. In accordance with the Group's key management's advice, the Group's overall capital structure will be balanced through new issuance of stocks and debts, or repayment of old debts.

XXVIII. Financial instruments

(I) Fair value information - financial instruments not measured at fair value

The Group does not have any financial assets and financial liabilities that are subject to significant difference in fair value.

(II) Fair value information - financial instruments measured at fair value on a recurring basis

1. Levels of fair value measurement

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Shares</u>
<u>Financial assets at fair value through profit or loss</u>				
Structured deposits	\$ -	\$ 21,654	\$ -	\$ 21,654

December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Shares</u>
<u>Financial assets at fair value through profit or loss</u>				
Structured deposits	\$ -	\$ 21,275	\$ -	\$ 21,275

2. Valuation technique and input measure at Level 2 fair value

<u>Categories of financial instruments</u>	<u>Valuation techniques and inputs</u>
Structured deposits	Discounted cash flow: Estimate future cash flows based on contracts and statements at the end of the period, and discounted at a discount rate that can reflect the credit risk of each counterparty.

(III) Types of financial instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Measured at fair value through profit or loss		
Compulsory measurement of FVTPL	\$ 21,654	\$ 21,275
Financial assets measured at amortized cost (Note 1)	251,261	180,515
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	45,931	53,022

Note 1: The balances include cash and cash equivalents, accounts receivable, notes receivable, other receivables, refundable deposits, and other financial assets, which are measured at amortized cost.

Note 2: The balances include financial liabilities measured at amortized costs such as short-term loans, notes payable, accounts payable, other payables, long-term loans, and guarantee deposits.

(IV) Objectives and policies of financial risk management

The Consolidated Company's financial instruments majorly consist of equity debt investments, accounts receivable, accounts payable, and borrowings. The Group's financial management department provides service to various business units, coordinates domestic and international financial operations, and monitors and manages financial risks related to the Group's operations by preparing internal risk report which analyses risk exposure in accordance with risk level and risk scope. These risks include market risks (including exchange rate risk, interest rate risk), credit risks and liquidity risks.

1. Market risk

The main kind of financial risk the Group is exposed to due to operations is primarily foreign currency exchange risk.

The Group's risk exposure in the financial instrument market and the management and measurement of such risks does not have significant changes.

(1) Exchange rate risk

The Consolidated Company has bank deposits denominated in US\$, which causes the risk of exchange rate fluctuation.

For the carrying amounts of the Consolidated Company's monetary assets and monetary liabilities denominated in non-functional currency on the consolidated balance sheet date (including monetary items that are written off in the consolidated financial statements), please refer to Note 32.

Sensitivity Analysis

The Group is mainly impacted by the exchange rate fluctuations in US\$.

The following table includes the sensitivity analysis of the Consolidated Company's financial position under circumstances that the exchange rate of a foreign currency to NT\$ (the function currency) increases or decreases by 1%. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only the outstanding monetary items stated in foreign currencies, and the translation of carrying amounts at year end is calculated based on the assumption that exchange rates is changed by 1%. The positive numbers in the table below indicate the amount that will reduce/increase the net loss before tax when the NT\$ depreciates by 1% relative to each relevant currency; when the NT\$ appreciates by 1% relative to each relevant foreign currency, its impact on the net loss before tax will be a negative amount of the same amount.

	Impact of US\$	
	2021	2020
Profit and loss	\$ 1,015(i)	\$ 1,086(i)

- (I) The above impact is mainly resulted from the cash and cash equivalents and financial assets measured at amortized cost in US\$ which are outstanding on the balance sheet date but whose cash flows have not been hedged.

The Consolidated Company's sensitivity to the US dollar exchange rate increased in the current year, mainly due to the decrease of financial assets measured by the amortized cost in US dollars for the year.

(2) Exchange rate risks

The interest rate risk of the Consolidated Company mainly comes from the interest rate risk caused by floating rate borrowings.

The carrying amounts of the Consolidated Company's financial liabilities and financial assets exposed to risks from the changes in interest rate on the balance sheet date are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Interest rate risk related to fair value		
– Financial assets	\$ 89,960	\$ 66,928
Interest rate risk related to cash flow		
– Financial liabilities	-	32,222

Sensitivity Analysis

The sensitivity analysis below is prepared based on the risk exposure of derivative and non-derivative instruments to the interest rates on balance sheet date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the balance sheet date was outstanding throughout the year. The rate of change used by the Consolidated Company internally to report interest rate to key management is a 1% increase or decrease in interest rate and represents the management's assessment on the reasonable range of possible changes in interest rate.

If the interest rate increases or decreases by 1%, when all other variables keep unchanged, the Consolidated Company's net loss after tax for years 2021 and 2020 will decrease by NT\$ 0 and NT\$258 thousand, respectively, mainly due to the interest rate risks of the Consolidated Company's variable rate borrowings.

The sensitivity of the Consolidated Company to interest rate decreased in the current year, mainly due to the decrease of variable interest rate debt instruments.

2. Credit risks

Credit risks refer to risks that cause financial loss to the Group due to the counterparty's delay in honoring contractual obligations. As at the Consolidated Balance Sheets date, the carrying amount of the financial assets recognized in the Consolidated Balance Sheets is the main reason to cause

maximum credit rise exposure to the Consolidated Company, which can be due to a counter party not fulfilling its performance obligations or a financial loss caused to the Consolidated Company for providing financial endorsements for others (disregarding collaterals or other instruments to strengthen creditworthiness, and considering the maximum irreversible amount exposed to risks).

The Group makes transactions with a large number of independent customers and, thus, no single customer can cause significant credit risk to the Group.

3. Liquidity risks

The Group mitigates liquidity risk caused by fluctuations in cash flows by managing and maintaining a sufficient level of cash and cash equivalents to support the Group's operations. The Group's management monitors the use of bank loans to ensure good compliance with the borrowing covenants.

Bank loans are an important source of liquidity for the Consolidated Company. The unused financing limit of the Consolidated Company as at December 31, 2021 and 2020 are described in (2) Financing Limit below.

(1) Liquidity of non-derivative financial liabilities and the table of interest risks

Non-derivative financial liabilities remaining contract maturity analysis is prepared in accordance with the earliest payment date expected of the Consolidated Company and the undiscounted cash flows (including principal and estimated interest) of financial liabilities. Therefore, the Group may be required to repay a bank loan immediately and the possibility is listed in the table below and categorized into the earliest period line item disregard the probability of exercising such right on instance by the bank. The analysis of the maturity of other non-derivative financial liabilities is prepared in accordance with the agreed repayment date.

The interest flows are floating rate, in which the undiscounted amount was derived from the expected borrowing interest rate at the balance sheet date.

December 31, 2021

	Repayment on demand or less than 1 months	1~3 months	3 months~1 year	1~5 years	Over 5 years
Zero-interest-bearing liabilities	\$ 38,904	\$ 289	\$ 6,538	\$ -	\$ -
Lease liabilities	469	875	3,666	6,863	-
	<u>\$ 39,373</u>	<u>\$ 1,164</u>	<u>\$ 10,204</u>	<u>\$ 6,863</u>	<u>\$ -</u>

Further information on the maturity analysis of lease liabilities is listed as follows:

	Within 1 year	1~5 years
Lease liabilities	<u>\$ 5,010</u>	<u>\$ 6,863</u>

December 31, 2020

	Repayment on demand or less than 1 months	1~3 months	3 months~1 year	1~5 years	Over 5 years
Zero-interest-bearing liabilities	\$ 18,865	\$ 335	\$ 1,400	\$ -	\$ -
Lease liabilities	836	2,514	2,046	128	-
Variable-rate instruments	-	-	32,507	-	-
	<u>\$ 19,701</u>	<u>\$ 2,849</u>	<u>\$ 35,953</u>	<u>\$ 128</u>	<u>\$ -</u>

Further information on the maturity analysis of lease liabilities is listed as follows:

	Within 1 year	1~5 years
Lease liabilities	<u>\$ 5,396</u>	<u>\$ 128</u>

(2) Financing amount

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Secured bank loan limit (extended upon mutual agreement)		
– Loan quota used	\$ -	\$ 32,222
– Loan quota not yet used	175,000	142,778
	<u>\$ 175,000</u>	<u>\$ 175,000</u>

XXIX. Related-party transactions

Transactions, balances, income and expenses between the Company and its subsidiaries (a related party of the Company) are eliminated in full on consolidation and therefore are not disclosed in this note. Transactions between the Group and other related parties are as follows:

(I) Names and relationships of the related parties

<u>Name of related party</u>	<u>Relationship with the Group</u>
Wanin International Co., Ltd.	Substantive related party

(II) Operating revenue

<u>Accounting items</u>	<u>Name of related party</u>	<u>2021</u>	<u>2020</u>
Artwork design services	Wanin International Co., Ltd.	\$ 187,562	\$ 51,395
Revenue from labor services	Wanin International Co., Ltd.	4,432	2,228
Others	Wanin International Co., Ltd.	<u>190</u>	<u>1,526</u>
		<u>\$ 192,184</u>	<u>\$ 55,149</u>

The Consolidated Company is responsible for the design of art and music, sound effects. During the contract period, the Group shall provide promotional materials for games, including but not limited to graphics, music and video materials, to meet the needs of the game promotion. The Consolidated Company's art design contract production income of the related party is based on the calculation of the monthly total storage value consumption point of the newly created game. The sharing rate is 45% in 2020, and decreased from 45% to 30% in 2021.

(III) Funds receivable from related parties (excluding lending to related parties)

<u>Accounting items</u>	<u>Name of related party</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable - related parties	Wanin International Co., Ltd.	<u>\$ 21,372</u>	<u>\$ 25,225</u>

The outstanding amount of receivables - related parties is not guaranteed. No provision has been made for losses in relation to accounts receivable from the related party for years 2021 and 2020.

(IV) Funds receivable from related parties (excluding lending to related parties)

<u>Accounting items</u>	<u>Type of related party/name</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable - related parties	Wanin International Co., Ltd.	<u>\$ -</u>	<u>\$ 45</u>

The outstanding amount of payables - related parties is not collateralized.

(V) Other payables

<u>Type of related party/name</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Wanin International Co., Ltd.	<u>\$ 136</u>	<u>\$ 17</u>

(VI) Lease agreement

<u>Type of related party/name</u>	<u>2021</u>	<u>2020</u>
<u>Right-of-use assets</u>		
Wanin International Co., Ltd.	<u>\$ 14,705</u>	<u>\$ -</u>

<u>Accounting items</u>	<u>Type of related party/name</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Lease liabilities	Wanin International Co., Ltd.	<u>\$ 11,745</u>	<u>\$ -</u>

<u>Type of related party/name</u>	<u>2021</u>	<u>2020</u>
<u>Interest expense</u>		
Wanin International Co., Ltd.	<u>\$ 82</u>	<u>\$ -</u>

The Consolidated Company leased the office from the related party in May, 2021 for a period of 3 years. The rent is based on the rent level of the adjacent offices, and fixed monthly payments will be made in accordance with the lease.

(VII) Other Related-party Transactions

<u>Accounting items</u>	<u>Name of related party</u>	<u>2021</u>	<u>2020</u>
Operating expenses – advertising fee	Wanin International Co., Ltd.	<u>\$ 190</u>	<u>\$ 112</u>
Operating expenses – miscellaneous	Wanin International Co., Ltd.	<u>\$ 671</u>	<u>\$ -</u>
Labor costs (accounting for operating costs)	Wanin International Co., Ltd.	<u>\$ 32</u>	<u>\$ 243</u>

(VIII) Remunerations of the main management

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	<u>\$ 8,394</u>	<u>\$ 7,450</u>
Retirement benefits	<u>147</u>	<u>147</u>
	<u>\$ 8,541</u>	<u>\$ 7,597</u>

The compensation to directors and other key management is determined by the Remuneration Committee based on personal performance and market trends.

(XXX) Pledged Assets

The following assets are provided as collateral for financing loans:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Lands	\$ 49,051	\$ 49,051
Investment properties	15,775	16,393
Other financial assets - non-current	1,000	1,000
Financial assets at amortized cost - current	-	5,696
	<u>\$ 65,826</u>	<u>\$ 72,140</u>

XXXI. Material contingencies and unrecognized contractual commitments

The Group's significant committed obligations and other contingencies are disclosed in notes to the consolidated financial statements.

XXXII. Significant Impact on Assets and Liabilities Recognized in Foreign Currencies

The following summary is presented in foreign currencies other than the functional currency. The exchange rates disclosed in the summary refers to the exchange rate of a foreign currency to the functional currency. Information on foreign currency financial assets and liabilities with significant impact is as follows:

December 31, 2021

	<u>Foreign currencies</u>	<u>Exchange Rate</u>	<u>Carrying Amount %</u>
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
US\$	\$ 3,667	27.68	\$ 101,503

December 31, 2020

	<u>Foreign currencies</u>	<u>Exchange Rate</u>	<u>Carrying Amount %</u>
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
US\$	\$ 3,812	28.48	\$ 108,566

The Consolidated Company's foreign currency exchange gains and losses (realized and unrealized) for 2021 and 2020 were a loss of NT\$3,072 and NT\$2,351, respectively.

XXXIII. Notes to disclosure items

(I) Information on Significant Transactions

1. Loaning Funds to Others. (Non)

2. Endorsements/guarantees provided to others (Non)
3. Marketable securities held at the end of year (excluding investments in subsidiaries, affiliates and joint ventures) (Table 1)
4. Accumulated purchase or disposal of the same securities amount reaching NT\$300 million or over 20% of the paid-in capital. (Non)
5. Acquisition of Property at Cost in Excess of NT\$300 Million or 20% of the Paid-in Capital. (Non)
6. Disposal of property at Cost in Excess of NT\$300 Million or 20% of the Paid-in Capital. (Non)
7. The amount of purchase and sales with the related party amounts to NT\$100 million or more than 20% of the paid-up capital. (Table 3)
8. Accounts receivable from related parties reaching NT\$100 million or 20% of its paid-in capital. (Non)
9. Derivative financial instrument transactions (Note 7 and 28)
10. Others: Business relationships, important transactions and the amounts between parent company and subsidiaries (Non)

(II) Information on Reinvestment Business (Table 2)

(III) Investment Information of the mainland China area

1. Information on any investee company in mainland China; disclose the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Non)
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None
 - (1) Purchase amount and percentage, and the ending balance and percentage of payables.
 - (2) Sales amount and percentage, and the ending balance and percentage of receivables.
 - (3) Property transaction amount and the resulting gain or loss.
 - (4) Ending balance of endorsement, guarantee or collateral provided and purposes.

- (5) The maximum balance, ending balance, interest rate range and total amount of current interest of financing.
 - (6) Other transactions having a significant impact on profit or loss or financial status of the period, such as providing or receiving services.
- (IV) Information on major shareholders: Names of shareholders with a shareholding ratio of 5% or more and the amount and proportion of shareholding. (Table 4)

XXXIII. Department information

Information provided to the chief operating decision maker for the purpose of resource allocation and performance assessment for department emphasizes the types of products or services delivered or provided. Since the Consolidated Company's operating business is concentrated on online games and digital content, there is no reportable operating department.

Wayi International Digital Entertainment Co., Ltd. And Subsidiaries
Marketable Securities Held at the End of the Period
December 31, 2021

Table 1

Unit: NT\$1,000

Investor	Type and name of securities(Note 1)	Relationship with the issuer	General ledger account	Weekend				Remarks
				Number of shares	Carrying Amount %	Shareholding (%)	Fair value	
Wayi International Digital Entertainment Co., Ltd.	<u>Capital stock</u>							
	Digital Game Integrated Marketing Co., Ltd.	None	Financial assets at fair value through profit or loss - noncurrent	14,286	\$ -	1	\$ -	
	Gamemag. Co., Ltd.	None	Financial assets at fair value through profit or loss - noncurrent	460,000	\$ -	4	\$ -	
	Taiwan eSports League Co., Ltd.	None	Financial assets at fair value through profit or loss - noncurrent	107,744	\$ -	1	\$ -	

Note 1: Securities in the table refer to stocks, bonds, beneficiary certificates, and other related derivative securities, within the scope of International Financial Reporting Standard No. 9 "Financial Instruments".

Note 2: For the information on investments in subsidiaries, associates and joint ventures, please refer to Table 2.

Wayi International Digital Entertainment Co., Ltd. And Subsidiaries
Names, locations and related information of investees over which the Company exercised significant influence
From January 1 to December 31, 2021

Table 2

Unit: NT\$1,000; US\$

Investor Company	Name of the invested company	Location	Principal business activities	Initial investment amount		Held at the end of the reporting period			Investee Current Profit and Loss	Investment gains or losses recognized for this period Gain (loss) from investment	Remarks
				Balance as of the end of this period	Balance as of the end of last year	Number of shares	Percentage	Carrying Amount %			
Wayi International Digital Entertainment Co., Ltd.	WAYI SOFTMAGIC INVESTMENT (ASIA) LTD.	Caribbean Corporate Service Limited, 3Floor, Omar Hodge Building, Wickhams Cay I, P.O. Box 362. Road Town. Tortola, British Virgin Islands.	Investment	\$ 20,216 US\$599,555	\$ 20,216 US\$599,555	-	100	\$ 28,813	(\$ 1,166)	(\$ 1,166)	Note 1
	DIT Startup Co. Ltd.	6/F, No. 39, Lane 141, Xingai Road, Neihu District, Taipei	Venture Capital Investment	30,000	30,000	1,296,774	11	8,514	(14,733)	(1,737)	Note 2
WAYI SOFTMAGIC INVESTMENT (ASIA) LTD.	WAYI SOFTMAGIC INVESTMENT (CAYMAN) LTD.	Harbour Trust Co., Ltd. P.O. Box 1787. Second Floor. One Capital Place, George Town. Grand Cayman, Cayman Islands. British West. Indies.	Investment	1,690 US\$ 50,000	1,690 US\$ 50,000	-	100	2,244	(268)	(268)	Note 1

Note 1: The calculation is based on the audited financial statements in 2021.

Note 2: The calculation is based on the unaudited financial statements in 2021.

Wayi International Digital Entertainment Co., Ltd. And Subsidiaries
Amount of purchases from and sales to related parties reaching NT\$100 million or 20% of its paid-in capital
From January 1 to December 31, 2021

Table 3

Unit: unless otherwise stated
NT\$ 1,000

Purchase (sale) company	Name of the counterparty	Relationship	Transaction details				The circumstances and reasons why the terms of transaction are different from those ordinary transactions (Note 1)		Receivable (payable) notes and accounts		Remarks (Note 2)
			Purchase (sale)	Amount	Proportion of total imports (sales)	Loan period	Unit price	Loan period	Balance	Proportion of notes and accounts receivable (payable)	
Wayi International Digital Entertainment Co., Ltd.	Wanin International Co., Ltd.	Substantive related party	Sales	\$ 192,184	77	45 days	Based on the total deposit value consumption point of the month as a calculation basis, 30% will be charged	-	\$ 21,372	51	-

Note 1: if the transaction conditions of the related parties are different from the general transaction conditions, the situation and reasons of the differences shall be stated in the column of unit price and credit granting period.

Note 2: In case of advance payment (receipt), the reasons, contractual terms, amount and difference from the general transaction shall be stated in the remarks column.

Wayi International Digital Entertainment Co., Ltd. And Subsidiaries

Information of Major Shareholders

December 31, 2021

Table 4

Name of Major Shareholders	Shares	
	Number of shares held	Shareholding Ratio
Wanin International Co., Ltd.	5,952,000	30.72
Given Business Inc.	3,948,480	20.38
KGI Bank in Custody for the investment account of Tilun International Development Co. Ltd.	1,321,438	6.82
HUANG-HSIN Investment Limited	1,096,800	5.66
Tsai Li Ping	981,921	5.06

Notes: The major shareholder information in this table is based on Taiwan Depository & Clearing Corporation's data of shareholders who hold more than 5% of the Company's ordinary shares and preferred stock (including treasury shares), for which electronic registration and delivery were completed, on the last business day of the quarter. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.

Independent Auditors' Report

To Wayi International Digital Entertainment Co., Ltd.

Audit opinions:

The balance sheets as of December 31, 2021 and 2020, and the individual composite income statements, individual statement of changes in equity, individual statement of cash flows and notes to the individual financial statements (including the summary of major accounting policies) from January 1 to December 31, 2021 and 2020 of Wayi International Digital Entertainment Co., Ltd. (Wayi) have been audited by the CPA.

In the opinion of the CPA, the above individual financial statements have been prepared in all material respects in accordance with the Financial Reporting Standards for Securities Issuers, and are sufficient to give a fair representation of the individual financial position of Wayi as at December 31, 2021 and 2020, and the financial performance and cash flow from January 1 to December 31, 2021 and 2020.

Basis of Auditors' Comments

The CPA conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Individual Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS). Our responsibilities under said standards will be detailed in the Auditors' Responsibilities for the Audit of the Individual Financial Statements section of the report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe we have obtained sufficient and appropriate audit evidence to serve as a basis for our opinion.

Key Audit Matters

Key audit matters refer to those which, in accordance with the professional judgment of the CPA, are most important for the audit of the individual financial statements of Wayi for the year 2021. These matters were addressed in the context of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the individual financial statements of Wayi for the year 2021 are listed as follows:

Recognition of related party's revenue of artwork design and foundry services

The art design subcontract income of the related party of Wayi was NT\$ 187,562 thousand, accounting for 76% of the net operating income and growing compared with the same period last year. Considering the significant transaction amount of the related party, the art design subcontract income of the related party was identified as a key audit matter.

Please refer to Note 4 (12) for the related accounting policies on the recognition of relevant incomes.

The main audit procedures performed by the CPA on the aforementioned key audit matters are as follows:

1. Obtain a contract to identify the nature and conditions of the transaction.
2. Obtain the relevant plans of the development and design project and the communication records of the related parties as evidence of the authenticity of the transaction.
3. Inquire about transactions by sending letters to related parties.
4. Conduct receivables collection test.

Responsibility of the Management and the Governing Body for the Individual Financial Statements

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with the requirements of 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 individual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, 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.

The governing bodies of Wayi (including the Supervisors) have the responsibility to oversee the financial reporting process.

Auditors' Responsibilities for the Audit of the Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual financial statements contain material misstatements due to fraud or error, and to issue an auditors' report. Reasonable assurance means a high degree of assurance that an audit conducted in accordance with generally accepted auditing standards does not guarantee that material misrepresentations in

the individual financial statements will be detected. Misstatements can arise from fraud or error. Misstatements 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 individual financial statements.

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

1. Identify and assess the risks of material misstatement of the individual 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 the management's use of going concern basis of accounting, and determine whether there are existed events or circumstances that might cast significant uncertainty over Wayi 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 individual 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 individual financial statements, including related notes, and whether the individual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtained sufficient and appropriate proof for audit on the finances of the individual entities in the Company to state our opinion on the individual financial statements. The CPA is responsible for the guidance, supervision and execution of the verification case, and is responsible for forming the verification opinions of the Company.

The matters communicated by the CPA and the governing body include the planned inspection scope and time, and major inspection findings (including the significant deficiencies in internal control identified during the verification process).

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 the governing body, we determine those matters that were of most significance in the audit of 2021 individual financial statements 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.

Deloitte & Touche
CPA Rui-Quan Chi

CPA Nai-Hua Guo

Financial Supervisory Commission
Approval Document
No. 1060023872

Financial Supervisory Commission
Approval Document
NO. 1070323246

March 24, 2022

Wayi International Digital Entertainment Co., Ltd.

Individual Balance Sheets

December 31, 2021 and 2020

Unit: NT\$1,000

Code	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 111,555	29	\$ 75,273	24
1136	Financial assets at amortized cost - current (Note 8)	66,432	17	42,720	14
1170	Accounts receivable (Note 9)	20,536	5	3,358	1
1180	Accounts receivable - related party (Notes 9 and 28)	21,372	6	25,225	8
1200	Other accounts receivable (Note 9)	54	-	42	-
1220	Current income tax assets (Notes 4 and 23)	197	-	404	-
130X	Inventory	130	-	130	-
1410	Prepayments (Note 15)	13,472	3	16,333	6
1470	Other current assets (Note 15)	187	-	167	-
11XX	Total current assets	<u>233,935</u>	<u>60</u>	<u>163,652</u>	<u>53</u>
	Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current (Note 7)	21,654	6	21,275	7
1550	Investments accounted based on equity method (Notes 4 and 10)	37,327	10	40,230	13
1600	Property, Plant and Equipment (Notes 4, 11, and 29)	59,627	15	58,130	19
1755	Right-of-use asset (Notes 4 and 12)	11,833	3	5,450	2
1760	Net amount of investment property (Notes 4 and 13)	15,775	4	16,393	5
1780	Other intangible assets (Notes 4 and 14)	6,019	1	1,660	-
1990	Other non-current assets (Notes 4 and 15)	2,686	1	4,109	1
15XX	Total non-current assets	<u>154,921</u>	<u>40</u>	<u>147,247</u>	<u>47</u>
1XXX	Total assets	<u>\$ 388,856</u>	<u>100</u>	<u>\$ 310,899</u>	<u>100</u>
C o d e	L i a b i l i t i e s a n d E q u i t y				
	Current liabilities				
2100	Short-term loans (Notes 16 and 29)	\$ -	-	\$ 32,222	10
2130	Contract liabilities – current	14,804	4	29,025	9
2150	Notes payable (Notes 4 and 17)	1,633	-	2,490	1
2170	Accounts payable (Notes 4 and 17)	18,289	5	2,841	1
2180	Accounts payable - related party (Notes 17 and 28)	-	-	45	-
2219	Other payables (Note 18)	25,673	7	15,207	5
2220	Accounts payable - related party (Notes 18 and 28)	136	-	17	-
2280	Lease liability - current (Note 12)	5,010	1	5,396	2
2399	Other current liabilities (Note 18)	411	-	435	-
21XX	Total current liabilities	<u>65,956</u>	<u>17</u>	<u>87,678</u>	<u>28</u>
	Non-current liabilities				
2580	Lease liability - non-current (Note 12)	6,863	2	128	-
2670	Other non-current liabilities (Note 18)	200	-	200	-
25XX	Total Non-current Liabilities	<u>7,063</u>	<u>2</u>	<u>328</u>	<u>-</u>
2XXX	Total Liabilities	<u>73,019</u>	<u>19</u>	<u>88,006</u>	<u>28</u>
	Equity (Note 20)				
	Capital stock				
3110	Common stock	193,694	50	193,694	62
3200	Capital surplus	29,199	7	41,690	14
	Retained earnings				
3350	Undistributed earnings (losses to be covered)	92,944	24	(12,491)	(4)
3300	Total retained earnings	92,944	24	(12,491)	(4)
earnings	Total Equity	<u>315,837</u>	<u>81</u>	<u>222,893</u>	<u>72</u>
	Total liabilities and equity	<u>\$ 388,856</u>	<u>100</u>	<u>\$ 310,899</u>	<u>100</u>

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

Chairman: Hsieh-Chien Chang Manager: Hsieh- Chien Chang Accounting Supervisor: Ya-Ling Huang

Wayi International Digital Entertainment Co., Ltd.
Individual Statements of Comprehensive Income
From January 1 to December 31, 2021 and 2020

Unit: NT\$1,000 per share
NT\$ for profit

Code		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4, 21 and 28)	\$ 248,364	100	\$ 115,951	100
5000	Operating costs	(60,393)	(24)	(41,400)	(36)
5900	Gross profit	<u>187,971</u>	<u>76</u>	<u>74,551</u>	<u>64</u>
	Operating expense (Notes 22 and 28)				
6100	Selling expenses	(49,341)	(20)	(28,817)	(25)
6200	General and administrative expenses	(40,121)	(16)	(39,916)	(34)
6300	Research and development expenses	(2,182)	(1)	(3,681)	(3)
6000	Total operating expenses	(91,644)	(37)	(72,414)	(62)
6900	Operating profit	<u>96,327</u>	<u>39</u>	<u>2,137</u>	<u>2</u>
	Non-operating income and expenses				
7100	Interest income (Note 22)	216	-	854	1
7010	Other incomes (Note 22)	1,433	-	2,591	2
7020	Other gains and losses (Note 22)	(1,854)	(1)	66	-
7050	Financial costs (Note 22)	(275)	-	(2,055)	(2)
7070	Share of profit and loss of subsidiaries, associates and joint ventures under equity method (Notes 4 and 10)	(2,903)	(1)	(3,029)	(3)
7000	Total non-operating income and expenses	(3,383)	(2)	(1,573)	(2)
7900	Net profit before tax	92,944	37	564	-
7950	Income tax expense (Notes 4 and 23)	-	-	-	-
8200	Net profit for the year	<u>92,944</u>	<u>37</u>	<u>564</u>	<u>-</u>

(Continued on next page)

(Continued from previous page)

<u>Code</u>		<u>2021</u>		<u>2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
8500	Total comprehensive income for the year	<u>\$ 92,944</u>	<u>37</u>	<u>\$ 564</u>	<u>-</u>
	Earnings per share (Note 24)				
9710	Basic	<u>\$ 4.80</u>		<u>\$ 0.04</u>	
9810	Attenuation	<u>\$ 4.80</u>		<u>\$ 0.04</u>	

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

Chairman: Hsieh-Chien Chang

Manager: Hsieh-Chien Chang

Accounting Supervisor: Ya-Ling Huang

Wayi International Digital Entertainment Co., Ltd.
Individual Statements of Changes in Equity
From January 1 to December 31, 2021 and 2020

Unit: NT\$1,000

Code		Share capital		Capital surplus	Retained earnings		Total equity
		Number of Shares (1,000 shares)	Amount		Undistributed earnings (losses to be covered)		
A1	Balance as at January 1, 2020	13,417	\$ 134,174	\$ -	(\$ 13,055)		\$ 121,119
C7	Other changes in capital surplus: Changes in associates and joint ventures recognized under equity method	-	-	1,217	-		1,217
E1	Issuance of ordinary shares for cash	5,952	59,520	40,473	-		99,993
D1	Net profit in 2020	-	-	-	564		564
D5	Total annual composite profit / loss in 2020	-	-	-	564		564
Z1	Balance as at December 31, 2020	19,369	193,694	41,690	(12,491)		222,893
C11	Other changes in capital surplus: Compensation for deficit from paid-in capital reserve	-	-	(12,491)	12,491		-
D1	Net profit in 2021	-	-	-	92,944		92,944
D5	Aggregate profit and loss in 2021	-	-	-	92,944		92,944
Z1	Balance on December 31, 2021	19,369	\$ 193,694	\$ 29,199	\$ 92,944		\$ 315,837

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

Chairman: Hsieh-Chien Chang

Manager: Hsieh-Chien Chang

Accounting Supervisor: Ya-Ling Huang

Wayi International Digital Entertainment Co., Ltd.
Parent Company Only Statements of Cash Flows
From January 1 to December 31, 2021 and 2020

Unit: NT\$1,000

Code		2021	2020
	Cash flows from operating activities		
A10000	Net profit before tax of this year	\$ 92,944	\$ 564
A20010	Adjustments to reconcile net income (loss) to net		
A20100	Depreciation expenses	9,945	11,183
A20200	Amortization expenses	3,614	2,614
A20400	Gain on financial assets measured at fair value through profit and loss	(379)	(825)
A20900	Finance costs	275	2,055
A21200	Interest Income	(217)	(854)
A22400	Shares of profit of subsidiaries, associates and joint ventures accounted for using the equity method	2,903	3,029
A22500	Gain from disposal of property, plant and equipment	(5)	(17)
A23700	Impairment loss on non-financial assets	13,679	3,948
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivable	(17,178)	881
A31160	Accounts receivable - related parties	3,853	(20,984)
A31180	Other receivables	(2)	218
A31230	Prepayments	(10,818)	(16,011)
A31240	Other current assets	(20)	(80)
A31250	Other financial assets	-	10
A32125	Contract liabilities	(14,221)	(15,178)
A32130	Notes payable	(391)	(91)
A32150	Accounts payable	15,448	(1,026)
A32160	Accounts payable - related parties	(45)	8
A32180	Other payables	9,893	6,749
A32190	Other payables - related parties	119	17
A32230	Other current liabilities	(24)	17
A33000	Cash generated from operations	109,373	(23,773)
A33100	Interest received	207	1,886
A33300	Interest paid	(168)	(2,238)
A33500	Income tax collected (paid)	207	(178)
AAAA	Net cash inflow (outflow) from operating activities	109,619	(24,303)

Cash flows from investing activities

(Continued on next page)

(Continued from previous page)

Code		2021	2020
B00040	Financial assets at amortized cost	(23,712)	-
B00050	Disposal of financial assets at amortized cost	-	59,487
B02700	Acquisition of property, plant and equipment	(2,834)	(344)
B02800	Proceeds from disposal of property, plant and equipment	5	17
B03700	Increase in refundable deposits	-	(228)
B03800	Decrease in refundable deposits	1,423	-
B04500	Acquisition of intangible assets	(7,530)	(2,536)
BBBB	Net cash inflow (outflow) of investment activities	(32,648)	56,396
	Cash flows from financing activities		
C00200	Decrease in short-term loans	(32,222)	(15,000)
C01700	Repayment of long-term loan	-	(60,000)
C04020	Lease debt principal repayment	(8,467)	(9,238)
C04600	Issue of new shares	-	99,993
CCCC	Net cash inflow (outflow) of financial activities	(40,689)	15,755
EEEE	Net increase in cash and cash equivalents	36,282	47,848
E00100	Cash and cash equivalents at beginning of year	75,273	27,425
E00200	Cash and cash equivalents at end of year	\$ 111,555	\$ 75,273

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

Chairman: Hsieh-Chien Chang Manager: Hsieh-Chien Chang Accounting Supervisor: Ya-Ling Huang

Wayi International Digital Entertainment Co., Ltd.
Notes to the Parent Company Only Financial Statements
From January 1 to December 31, 2021 and 2020
(Expressed in thousands of NT\$ unless otherwise stated)

I. Company History

Wayi International Digital Entertainment Co., Ltd. (hereinafter referred to as "the Company") was established on August 12, 1993. It was first named "Wayi International Co., Ltd.," and later renamed "Wayi International Digital Entertainment Co., Ltd" in June, 2000. Its main business includes computer software, hardware, trading, and information software programming services.

The Company's shares started to be traded on the Taipei Exchange on March 29, 2004.

The individual financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.

II. Approval Date and the Procedures of Financial Statements

This financial report was adopted by the Board of Directors on March 24, 2022.

III. Application of New and Revised Standards, Amendments and Interpretations

- (I) Apply for the first time the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretation (IFRIC) and Interpretation Notice (SIC) (hereinafter referred to as "IFRSs") as endorsed and promulgated by the Financial Supervisory Commission (hereinafter referred to as the "FSC").

The application of the amended IFRSs as endorsed and promulgated by the FSC shall not result in a material change in the accounting policies of the Company.

- (II) IFRSs endorsed by FSC as applicable in 2022

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date Issued by IASB</u>
"IFRSs annual Improvements 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to Conceptual Structure"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

- Note 1: The amendments to IFRS 9 apply to the exchanges of financial liabilities or the alterations in its terms that occur during the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" apply to the fair value measurements during the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" apply for annual reporting periods beginning on or after January 1, 2022.
- Note 2: This amendment applies to mergers that begin after January 1, 2022 during the annual reporting period.
- Note 3: The amendments apply to property, plant and equipment that arrived at the location and achieved the condition required for their operating method expected by the management on or after January 1, 2021.
- Note 4: This amendment applies to contracts in which all obligations have not been performed on January 1, 2022.

As of the release date of this individual financial report, the Company's evaluation of other criteria and interpretation of the amendments will not have a material impact on the financial position and financial performance.

(III) Standards issued by IASB but not yet endorsed by FSC

New Standards, Interpretations and Amendments	Effective date by IASB (Note1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures"	TBC
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendments to "IFRS 17 and IFRS 9 for initial application - comparative information"	January 1, 2023
Amendments to IAS 1 "Liabilities are classified as current or non-current"	January 1, 2023
Amendments to IAS 1, "Disclosure of accounting policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of accounting estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred income taxes relating to assets and liabilities arising from a single transaction"	January 1, 2023 (Note 4)

- Note 1: Unless stated otherwise, the above newly issued/amended/revised guidelines or interpretations are effective for annual periods beginning on or after their respective effective dates.
- Note 2: This amendment applies to the deferral of annual reporting periods beginning after January 1, 2023.
- Note 3: This amendment applies to changes in accounting estimates and changes in accounting policies that occur during the reporting period beginning after January 1, 2023.
- Note 4: The amendments are applicable prospectively to the transactions incurred after January 1, 2022, except for the deferred tax accounted for on temporary differences in leasing and decommissioning obligation as of January 1, 2022.

1. Amendments to IAS 1 “Liabilities are classified as current or non-current”

The amendment is to clarify whether the liabilities are classified as non-current, it should be evaluated whether at the end of the reporting period the Company has the right to defer settlement of the liability for at least twelve months after the reporting period. Liabilities are classified as non-current if the Company has such rights at the end of the reporting period, whether or not the Company expects to exercise such rights. The amendment also clarifies that if the Company has to follow certain conditions before it has the right to defer its settlement, the Company must have followed the specified conditions at the end of the reporting period, regardless of whether the lenders later test whether the Consolidated Company has complied with the conditions.

The amendment stipulates that for the purpose of debt classification, the aforementioned settlement refers to the transfer of cash, other economic resources or equity instruments of the Company to the counterparty of the transaction resulting in the elimination of liabilities. However, the terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments. And in accordance with IAS 32 "Financial Instruments: Presentation", if the option is recognized separately in equity, the aforementioned clauses do not affect the classification of liabilities.

2. Amendments to IAS 1, "Disclosure of Accounting Policies"

This amendment prescribes that the Company shall determine material accounting policy information to be disclosed in accordance with the definition of materiality. Accounting policy information is material if, when considered together with other information included in the Company's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed by the Company.
- The Company's accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial.

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

In addition, the amendment provides an example of how the information on accounting policies may be material if it relates to material transactions, other factors, or circumstances and under the following circumstances:

- (1) Has been changed during the period by the Company, and the period, and this change results in a material change on information of the financial statements;
- (2) Was chosen properly by the Company from alternatives permitted by IFRS;
- (3) Was developed by the Company in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS Standard that specifically applies;
- (4) Relates to an area for which the Company is required to make significant judgments and assumptions; or
- (5) Relates to complex accounting, and users of the Company's financial statements would otherwise not understand the relating transactions, other events or conditions

Besides the effects mentioned and up until the publishing date of the individual financial statements, the Company is continuing to assess the amendment effects from other standards and interpretations on financial status and performance. Relevant effects shall be disclosed when an assessment is completed.

(IV) Summary of Significant Accounting Policies

(I) Compliance Statement

The individual financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of Preparation

Except for financial assets measured at fair value, the individual financial statements were prepared on a historical cost convention.

The fair value measurement is classified into 3 levels based on the observability and importance of related inputs:

1. Level 1 inputs: Quoted (unadjusted) prices for identical assets or liabilities that are obtainable in active markets on the measurement date.

2. Level 2 inputs: Inputs, other than quoted market prices within level 1, that are observable directly (in terms of price) or indirectly (derived from the price) for the assets or liabilities.
3. Level 3 inputs: Unobservable inputs for the assets or liabilities.

In preparing the individual financial statements, the Company's investments in joint ventures and associates are accounted for using the equity method. To reconcile the carrying amounts of the current fiscal year's profit and loss, other comprehensive income, and equity stated in the individual financial statements to the carrying amounts of the current year's profit and loss, other comprehensive income, and equity attributable to the parent company stated in the individual financial statements, any difference incurred as the result of changes in accounting policies in the preparations of the individual financial statements and the individual financial statements are adjusted in Investments Accounted for Using Equity Method and Share of Profit and Loss of Subsidiaries, Associates and Joint ventures under equity method.

(III) Classification of current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash or a cash equivalent (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities that are expected to be due within 12 months after the balance sheet date (even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the balance sheet date and before the financial reports are authorized for issue, it is classified as a current liability); and
3. Liabilities of which the Company does not have an unconditional right to defer settlement for at least 12 months after the date of the balance sheet.

All other assets and liabilities are classified as non-current assets or non-current liabilities.

(IV) Foreign currency

In preparing the financial report, transactions denominated in a currency other than the Company's functional currency (i.e. foreign currency) are translated into the Company's functional currency by using the exchange rate at the date of the transaction.

Monetary items denominated in foreign currencies are translated at the closing rates at the balance sheet date. Exchange differences arising from settlement or translation of monetary items are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value in a foreign currency are retranslated using the exchange rates at the date when the fair value is determined; All exchange differences arising from the settlement or translation of monetary items are taken to profit or loss in the period in which they arise, except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

In the preparation of the individual financial statements, the assets and liabilities of foreign operations (including those located in the same country as the parent company but using currencies other than the parent company's function currency) are translated into New Taiwan Dollar at the closing rate of exchange prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

On the disposal of the entire, or part of the, interest in a foreign operation involving the loss of control over the subsidiary, all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary of a foreign operation that does not result in the loss of control, the accumulated exchange difference will be incorporated into equity transactions on a pro ratio basis and will not be recognized as profit or loss. For all other situations of partial disposal of a foreign operation, the

proportionate share of the accumulated exchange difference recognized in other comprehensive income is reclassified to profit or loss.

(V) Investment in subsidiaries

The Company applies the equity method to the accounting of subsidiaries.

Subsidiaries are entities on which the Company has controlling ownership.

Under the equity method, investments are initially recognized at cost, and post-acquisition adjustment is made in accordance with changes in the Company's shares of profit and loss and other comprehensive income as well as the dividend distribution in the subsidiaries. In addition, changes in the Company's other interests in the subsidiaries are presented according to the shareholding ratio.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The difference between the carrying amount of investment and the fair value of consideration received/paid on the acquisition of the investment is directly recognized in equity.

When the Company's share of loss in a subsidiary exceeds the book value of the interest in that subsidiary (including any carrying amount of the investment accounted for by using equity method and other long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues to recognize its share of loss in the subsidiary.

Any excess of acquisition cost over the Company's share of a subsidiary's identifiable assets and liabilities measured at the fair value on the date of acquisition is recognized as goodwill. The goodwill shall be included in the carrying amount of the investment but not allowed for amortization. If the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities exceeds acquisition cost, the excessive amount is recognized immediately in current profit or loss.

In the assessment of impairment, cash generating unit based on the overall structure of financial reports is considered and is compared with recoverable amount and carrying value. If the recoverable amount of the asset later increases, the reversal of the impairment loss shall be recognized as profits, but the carrying amount of the asset after reversal of impairment loss may not exceed the carrying amount of the asset before recognizing the impairment loss, net of amortization. Impairment loss attributable to goodwill shall not be reversed in subsequent periods.

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

Profits or losses resulting from downstream transactions are eliminated in full in the individual financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the individual financial statements only to the extent of interests in the subsidiary that are not owned by the Company.

(VI) Investment in affiliated enterprises

Affiliated enterprises are entities over which the Company has major influence but they are neither subsidiaries nor joint ventures.

The Company applies the equity method to the accounting of affiliated enterprises.

Under the equity method, investments in affiliated enterprises are initially recognized at cost, and post-acquisition adjustment is made in accordance with changes in the Company's shares of profit and loss and other comprehensive income as well as the dividend distribution. Also, changes in the Company's interest in affiliated enterprises and joint ventures are adjusted in accordance with the shareholding ratio.

Any excess of acquisition cost over the Company's share of an affiliated enterprise's or a joint venture's identifiable assets and liabilities measured at the fair value on the date of acquisition is recognized as goodwill. The goodwill shall be included in the carrying amount of the investment but not allowed for amortization. If the Company's share of the net fair value of the identifiable assets and liabilities exceeds acquisition cost, the excessive amount is recognized immediately in profit or loss.

When an affiliated enterprise issues new shares and the Company does not subscribe to such shares to the extent that its original shareholding ratio can be maintained, the difference is recorded as an adjustment to capital surplus - changes in

the net value of shares in affiliated enterprises and joint ventures accounted for using equity method and other investments accounted for using equity method. However, if the Group fails to subscribe to or acquire sufficient new shares to maintain its original ownership percentage which causes its interest in the associate to decrease, the investment amount previously recognized in other comprehensive income in relation to the affiliate shall be remeasured in proportion to the reduction of shareholding. The basis of such accounting treatment shall be the same as would be required if the affiliate or joint venture had directly disposed of the related assets or liabilities. The aforementioned adjustment shall be recorded to net off capital reserve to the extent of the original increase in the investment accounted for under equity method; any remaining balance shall be debited to retained earnings.

When the Company's share of loss derived from the investment of an affiliate equals or exceeds the Company's interest (including the carrying amount of the investment and other long-term substantial interests in the associate's net asset in proportion to ownership percentage), the Company shall cease recognizing losses further. The Company only recognizes extra losses and liabilities to the extent that there is a legal obligation, constructive obligation, or payment on behalf of an associate.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss will not be recognized as a charge against the carrying amount of an investment (including goodwill). Any reversal of impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date when the Company ceases to have investment in an affiliated enterprise. The Company measures the retained interest at fair value at that date. The difference between the carrying amount of the affiliate at the date ceasing the use of the equity method, and the fair value of any retained interest and any proceeds from disposing interest in the associate is recognized as gain or loss on disposal of the associate. In addition, the Group shall account for all the amounts recognized in other comprehensive income in relation to that affiliated enterprise on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. Additionally, when an investment in associate becomes a joint venture investment, or vice versa, the

Company continues to adopt the equity method, but not remeasure the reserved interests.

When the Company makes transactions with the associate, profits or losses resulting from such transactions with an associate or joint venture are recognized in the Company's individual financial statements only to the extent of interests in the affiliate or joint venture that are not owned by the Company.

(VII) Property, plant and equipment

Property, plant and equipment are measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment.

All property, plant and equipment under construction shall be recognized at the cost minus the accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are classified into the appropriate categories of property, plant and equipment and depreciated when they are completed and ready for their intended use.

Except that self-owned land is not listed for depreciation, the remaining property, plant and equipment are depreciated separately for each significant component on a straight-line basis over their useful life. The Company reviews at least annually the estimated useful lives, residual values and depreciation methods at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

Upon derecognition of property, plant and equipment, the difference between the proceeds from disposal and the carrying amount of such asset is recognized in profit or loss.

(VIII) Investment property

Investment property is property held for the purpose of earning rent or capital appreciation or both (including meeting the definition of investment property). Investment property also includes land that has not yet been determined for future use.

Owned investment property is originally measured at cost (including transaction cost) and subsequently at cost minus accumulated depreciation and accumulated impairment loss.

Property, plant and equipment are listed under investment property with carrying amount at end of use.

When an investment property is excluded, the difference between the net disposal price and the carrying amount of the asset is recognized as profit or loss.

(IX) Intangible assets

1. Separate acquisition

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. Amortization is recognized using the straight-line method. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with uncertain useful lives are carried at cost less accumulated impairment losses.

2. Derecognition

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

(X) Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets

At each balance sheet date, whether there is any indication of impairment to the property, plants and equipment, right-of-use asset and intangible assets in the Company is evaluated. If any impairment indication exists, the Group estimates the recoverable amount of the asset. If the recoverable amount of an individual asset is not possible to determine, the recoverable amount of the cash-generating unit to which the asset belongs is used in estimation.

For indefinite intangible assets and intangible assets that are not yet available for use, they are subject to annual impairment test at the time there are indications of impairment.

The recoverable amount is the fair value minus cost of sales or its value in use, whichever is higher. If the recoverable amount of individual asset or the cash generating unit is lower than its carrying amount, the carrying amount of the asset or the cash generating unit shall be reduced to the recoverable amount and the impairment loss shall be recognized in profit or loss.

Because the inventory, property, plant and equipment and intangible assets recognized in the customer contract are subject to impairment recognition according

to the inventory impairment loss regulations and the above regulations first, and then the difference between the carrying amount of the assets related to the contract cost and the remaining amount of the consideration expected to be recovered from the provision of goods or services less the directly related cost shall be recognized as the impairment loss, and then the carrying amount of the assets related to the contract cost shall be included in the cash generating unit for the impairment assessment of the cash generating unit.

When the impairment loss is subsequently reversed, the carrying amount of an asset, the cash generating unit, or the contract cost-related asset is reversed to the extent not exceed the carrying amount (minus amortization or depreciation) of the asset, cash generating unit, or contract cost-related asset that had not been impaired in the previous years. The reversal of impairment loss shall be recognized in profit or loss.

(XI) Financial instruments

Financial assets and liabilities are recognized in the balance sheet when the Company becomes a party of a contract of financial instrument.

Financial assets and financial liabilities not at fair value through profit or loss are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss shall be immediately recognized in profit or loss.

1. Financial assets

Financial assets purchased or sold in a regular way are recognized and de-recognized on the basis of the accounting on transaction date

(1) Types of measurement

The financial assets held by the Company are those measured at fair value through profit or loss, and those measured at amortized cost.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through gain or loss include financial assets that are forced to be measured at fair value through gain or loss. Financial assets forcibly measured at FVTPL include undesignated equity instrument investment measured at fair value through other comprehensive income, as well as unclassified debt

instrument investments measured at amortized cost or at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are measured at fair value, and their dividends, interest, and remeasured benefits or losses are recognized as other benefits and losses. Please refer to Note 27 for the determination of fair value.

B. Financial assets at amortized cost

The financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- a. Financial assets are under a business model whose purpose is to hold financial assets and collecting contractual cash flows; and
- b. The terms of the contract generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

Subsequent to initial recognition, financial assets measured at amortized cost (including cash and cash equivalents, and account receivables at amortized cost) are recognized in the amount which equals to the gross carrying amount discounted at effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by multiplying the gross carrying amount of financial assets by effective interest rate, except for:

- a. For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
- b. Financial assets that are not credit impairment from purchases or at the time of founding but subsequently become credit impairments shall be calculated by multiplying the effective interest rate in the reporting period after the credit impairment by the cost after the amortization of financial assets.

Credit-impaired financial assets are those where the issuer or debtor has experienced major financial difficulties, defaults, the debtor is likely to claim bankruptcy or other financial reorganization, or due

to financial difficulties, the active market for financial assets disappears.

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

(2) Impairment of financial assets

The Company assesses impairment loss based on the expected credit losses on each balance sheet date for financial assets measured at amortized cost (including receivables), investments in debt instruments, business leases receivable and contract assets as measured at fair value through other consolidated profit and loss.

Accounts receivable, business lease receivables and contract assets are recognized as allowance for losses during their existence. For all other financial instruments, the Group assesses if there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. If the credit risk on the financial instrument has increased significantly since initial recognition, impairment allowance is recognized based on lifetime Expected Credit Loss.

Expected credit losses (ECL) refers to weighted average credit loss calculated by taking the default risks of corresponding credits as the weights. 12-month expected credit losses refer to expected credit losses which will result from possible default events of a financial instrument to occur within 12 months as of the date of the publication of the financial statements. Lifetime expected credit losses refer to the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

For the purpose of internal credit risk management, the merged company, without considering the collateral held, determines that the following circumstances represent a default in financial assets:

- A. There are internal or external information showing that the debtor is no longer able to pay off the debt.
- B. Overdue more than 270 days, unless there is reasonable and corroborable information showing that the delayed default basis is more appropriate.

The carrying amount of the impairment loss of all financial assets is reduced by the provision account, while the provision loss of the investment in debt instruments measured at fair value through other composite gains or losses is recognized as other composite gains or losses and does not reduce the carrying amount.

(3) Derecognition of financial assets

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

On derecognition of an entire financial asset measured at amortized cost, the difference between the carrying amount and the consideration received is recognized in profit or loss. On derecognition of a debt instruments measured at fair value through other comprehensive income in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss. On derecognition of an equity instruments measured at fair value through other comprehensive income in its entirety, the cumulative gain or loss is reallocated to retained earnings, but not recognized to profit or loss.

2. Financial liabilities

(1) Subsequent measure

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

(2) Derecognition of financial liabilities

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

(XII) Revenue recognition

After performance obligations are identified in customers' contracts, transaction price is appropriated for each obligation, and revenue is recognized upon the completion of a performance obligation.

1. Revenue from sales of products

Revenue from sales of products arises from customers purchasing the game points from channel distributors. The currencies are converted into virtual products in the Company's gaming platforms and video platforms and subsequently recognized as revenue in accordance with the consumption rate and the estimated consumption period. Since game points are sold by distributors, the Company has the main responsibility for whether the game points held by customers can be converted into game products and used normally. The Company is recognized as contract liability before the commitment is completed.

2. Revenue from labor services

Revenue from labor services refers to artwork design created for clients or gaming points accounting services provided for clients (who are also in the gaming industry).

(1) Artwork design

Revenue from artwork design service is recognized upon the labor service is provided unless otherwise agreed in the contract.

(2) Gaming points accounting services

The Company sells game points to consumers on behalf of customers, and does not obtain the control of specific goods or services before the specific goods or services are transferred to the customers. When the stored value is exchanged for game points on the platform, control is transferred to the customer and no net income is recognized when there is no subsequent obligation.

(XIII) Lease

The Company assesses whether a contract is (or contains) a lease on the execution date of the contract.

1. The Company as the Lessor

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

Operating lease payments less lease incentives are recognized as operating income on a straight-line basis over the duration of such lease.

2. The Company as the lessee

A right-of-use asset and a lease liability are recognized for all leases at the inception date of such leases, except for leases qualified for recognition exemption, e.g. leases with low-value underlying assets and short-term leases, for which an expense is recognized on a straight-line basis over the lease term.

A right-of-use asset is initially measured at cost (including the initial measured amount of lease liability, the amount of lease payments made to the lessors less lease incentives received prior to the inception of the lease, initial direct costs and the estimated costs of restored underlying assets), and subsequently measured at cost less accumulated depreciation and accumulated impairment, adjusted for any remeasurements of the lease liability. Right-of-use assets are expressed separately in the Parent Company Only Balance Sheets.

A right-of-use asset is depreciated on a straight-line basis over the period from the lease commencement date to the end of its useful lives, or to the end of the lease term, whichever is earlier.

A lease liability is initially measured at the present value of lease payments (including fixed payments). If the interest rate implicit in a lease can be easily determined, the lease payment is discounted at the interest rate. If the interest rate cannot be easily determined, the lessee's incremental borrowing rate of interest shall be used.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is amortized over the lease term. In the case that future lease payments change as a result of a change in the lease term, the Company remeasures the lease liability and correspondingly adjusts the right-of-use asset, except in the case when the carrying amount of the right-of-use asset has reduced to zero, in which case any residual remeasured amount shall be recognized in profit or loss. Lease liabilities are expressed separately in the Parent Company Only Balance Sheets.

(XIV) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as cost for those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(XV) Employee benefits

1. Short-term employee benefits

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

2. Retirement benefit

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

(XVI) Income tax

The income tax expense represents the sum of tax payable in the current period along with deferred tax.

1. Current income tax

The Company determines the current income (loss) in accordance with the laws and regulations established by each income tax jurisdiction, and calculates the income tax payable (recoverable) based on it.

The additional income tax on undistributed earnings calculated in accordance with the Income Tax Act of Taiwan shall be recognized in the year of adoption at the shareholders' meeting.

Adjustments to the income tax payable from previous years are recognized in the income tax of current year.

2. Deferred income tax

Deferred income tax is calculated at temporary differences between the carrying amount of assets and liabilities and the tax base used to determine taxable income.

Deferred tax liabilities are mostly recognized based on taxable temporary differences. Deferred tax assets are recognized to the extent that it is most probable that those deductible temporary differences and loss credits can be applied to produce taxable profits.

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

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

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

3. Current and deferred taxes for the year

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

V. Critical Accounting Judgments, and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and

liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company takes the recent development of COVID-19 in the country and its possible impact on the economic environment into consideration in the estimation of cash flow, growth rate, discount rate, profitability and other relevant major accounting estimates. The management will continue to review the estimates and underlying assumptions. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

VI. Cash and Cash Equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand	\$ 271	\$ 241
Checking's and savings	<u>111,284</u>	<u>75,032</u>
	<u>\$ 111,555</u>	<u>\$ 75,273</u>

Bank interest rates at the balance sheet date were categorized into different internals listed as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash in banks	0.001%-0.2%	0.005%-0.02%

VII. Financial instruments compulsorily measured at fair value through profit or loss

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets - non-current</u>		
Compulsory measurement of FVTPL		
Hybrid financial assets		
- structured deposits	<u>\$ 21,654</u>	<u>\$ 21,275</u>

The structured deposits include an embedded derivative that is not closely related to the main contract. Because the main contract included in the hybrid contract is an asset within the scope of IFRS 9, the overall hybrid contract evaluation is mandatory to be classified as fair value through profit or loss.

VIII. Financial assets at amortized cost

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Domestic investment		
Bank time deposit with original maturity date over 3 months	<u>\$ 66,432</u>	<u>\$ 42,720</u>

(I) The interest rate ranges of term deposits with original maturity date over 3 months as of December 31, 2021 and 2020 were 0.2%~0.33% and 0.3%~0.38% per annum, respectively.

(II) Please refer to Note 29 for pledged financial assets measured at amortized cost.

IX. Accounts Receivable and Other Receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Accounts receivable</u>		
measured at amortized cost		
Total Carrying Amount	\$ 41,908	\$ 28,583
Less: Loss allowance	<u>-</u>	<u>-</u>
	<u>\$ 41,908</u>	<u>\$ 28,583</u>
 <u>Other receivables</u>		
Receivable of certificate of deposit interest	\$ 48	\$ 38
Others	6	4
Less: Loss allowance	<u>-</u>	<u>-</u>
	<u>\$ 54</u>	<u>\$ 42</u>

Accounts receivable

The Company's average credit term for sales of goods is 30 to 60 days. Accounts receivable does not bear interest. The Company applies lifetime expected credit losses to allowance for accounts receivable. The lifetime expected credit losses are calculated based on a provision matrix that takes into account the default history and current financial position of customers, prevailing industrial and economic trends, and also considers GDP forecast. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for losses based on the past due status of receivables is not further distinguished according to different segments of the Company's customer base.

If there is evidence showing that transaction counterparty is in severe financial difficulty and the Company cannot expect reasonable recoverable amount, such as debts

overdue for more than 270 days from counterparty under liquidation, the Company will write off the receivables in full. The receivables initially written off but collected afterwards were recognized in profit and loss.

The Company's allowance loss on accounts receivable measured by a reserve matrix is as follows:

December 31, 2021

	<u>Not Past Due</u>	<u>More than 270 days overdue</u>	<u>Total Shares</u>
Expected credit loss rate	-	100%	
Total carrying amount	\$ 41,908	\$ -	\$ 41,908
Loss allowance (lifetime expected credit loss)	-	-	-
Amortized cost	<u>\$ 41,908</u>	<u>\$ -</u>	<u>\$ 41,908</u>

December 31, 2020

	<u>Not Past Due</u>	<u>More than 270 days overdue</u>	<u>Total Shares</u>
Expected credit loss rate	-	100%	
Total carrying amount	\$ 28,583	\$ -	\$ 28,583
Loss allowance (lifetime expected credit loss)	-	-	-
Amortized cost	<u>\$ 28,583</u>	<u>\$ -</u>	<u>\$ 28,583</u>

X. Investment Accounted For Using the Equity Method

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Investments in subsidiaries	\$ 28,813	\$ 29,979
Investments in associates	<u>8,514</u>	<u>10,251</u>
	<u>\$ 37,327</u>	<u>\$ 40,230</u>

(I) Investment in subsidiaries

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Unlisted stocks		
WAYI SOFTMAGIC INVESTMENT (ASIA) LTD.	<u>\$ 28,813</u>	<u>\$ 29,979</u>

	<u>Ratio of Ownership %</u>	
<u>Investee Company</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
WAYI SOFTMAGIC INVESTMENT (ASIA) LTD.	100%	100%

The share of profits or losses and other composite gains or losses of subsidiaries using the equity method for 2021 and 2020 are recognized based on the financial reports of each subsidiary audited by an accountant for the same period.

(II) Investment in affiliated enterprises

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Associates with significance:		
DIT Startup Co. Ltd.	<u>\$ 8,514</u>	<u>\$ 10,251</u>

Associates with significance:

<u>Company Name</u>	<u>Percentage of Ownership and Votes</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
DIT Startup Co. Ltd.	11%	11%

For the information of the main business and products, main place of business and country registered for the aforementioned associates, please refer to Table 2, "Information of Invested Companies."

The chairman of the Company also serves as the chairman of DIT Startup Co. Ltd. so can significantly influence the associate.

The Company's shares of profit or loss and other comprehensive income of the investments accounted for using the equity method are calculated based on financial statements which have not been audited by CPA. However, The Company's management believes that the aforementioned unaudited result will not cause material impact.

All the aforementioned associates are accounted for using the equity method in the parent company only financial statements.

The summary of financial information below is based on individual associates' financial statements prepared in accordance with IFRSs for which adjustments have been made in the parent company only financial statements due to the use of the equity method.

DIT Startup Co. Ltd.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 53,637	\$ 57,317
Non-current assets	27,452	40,146
Current liabilities	(1,647)	(1,809)
Equity	<u>\$ 79,442</u>	<u>\$ 95,654</u>
Percentage of Ownership	11%	11%
Interests of the Company	<u>\$ 8,514</u>	<u>\$ 10,251</u>
Carrying amount of Investment	<u>\$ 8,514</u>	<u>\$ 10,251</u>

	2021	2020
Operating revenue	\$ 867	\$ 55
Net loss for the year	(\$ 14,733)	(\$ 10,997)

(XI) Property, plant and equipment

(I) Self-use

	December 31, 2021	December 31, 2020
Self-use	\$ 59,627	\$ 58,130
Operating leases	-	-
	\$ 59,627	\$ 58,130

	Land owned by the Consolidated Company	Buildings and structures	Network devices	Facility equipment	Leasehold improvement s	Transportatio n equipment	Other fixtures	Total Shares
<u>Cost</u>								
Balance on January 1, 2021	\$ 54,558	\$ 3,638	\$ 192,451	\$ 11,226	\$ 39,387	\$ 684	\$ 17	\$ 301,961
Addition	-	-	-	791	1,711	-	-	2,502
Disposal	-	-	(15,686)	(2,635)	(39,272)	-	-	(57,593)
Balance on December 31, 2021	<u>\$ 54,558</u>	<u>\$ 3,638</u>	<u>\$ 176,765</u>	<u>\$ 9,382</u>	<u>\$ 1,826</u>	<u>\$ 684</u>	<u>\$ 17</u>	<u>\$ 246,870</u>
<u>Accumulated depreciation and impairment</u>								
Balance on January 1, 2021	\$ -	\$ 991	\$ 191,741	\$ 11,108	\$ 39,340	\$ 634	\$ 17	\$ 243,831
Depreciation expenses	-	121	366	196	272	50	-	1,005
Disposal	-	-	(15,686)	(2,635)	(39,272)	-	-	(57,593)
Balance on December 31, 2021	<u>\$ -</u>	<u>\$ 1,112</u>	<u>\$ 176,421</u>	<u>\$ 8,669</u>	<u>\$ 340</u>	<u>\$ 684</u>	<u>\$ 17</u>	<u>\$ 187,243</u>
Net amount on December 31, 2021	<u>\$ 54,558</u>	<u>\$ 2,526</u>	<u>\$ 344</u>	<u>\$ 713</u>	<u>\$ 1,486</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,627</u>
<u>Cost</u>								
Balance as at January 1, 2020	\$ 54,558	\$ 3,638	\$ 192,193	\$ 11,184	\$ 39,387	\$ 684	\$ 17	\$ 301,661
Addition	-	-	634	42	-	-	-	676
Disposal	-	-	(376)	-	-	-	-	(376)
Balance as at December 31, 2020	<u>\$ 54,558</u>	<u>\$ 3,638</u>	<u>\$ 192,451</u>	<u>\$ 11,226</u>	<u>\$ 39,387</u>	<u>\$ 684</u>	<u>\$ 17</u>	<u>\$ 301,961</u>
<u>Accumulated depreciation and impairment</u>								
Balance as at January 1, 2020	\$ -	\$ 870	\$ 191,455	\$ 10,616	\$ 39,299	\$ 441	\$ 17	\$ 242,698
Depreciation expenses	-	121	662	492	41	193	-	1,509
Disposal	-	-	(376)	-	-	-	-	(376)
Balance as at December 31, 2020	<u>\$ -</u>	<u>\$ 991</u>	<u>\$ 191,741</u>	<u>\$ 11,108</u>	<u>\$ 39,340</u>	<u>\$ 634</u>	<u>\$ 17</u>	<u>\$ 243,831</u>
Net amount as at December 31, 2020	<u>\$ 54,558</u>	<u>\$ 2,647</u>	<u>\$ 710</u>	<u>\$ 118</u>	<u>\$ 47</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ 58,130</u>

Depreciation expenses are calculated on a straight-line basis according to the following period of depreciation:

Buildings	
Buildings and structures	30 years
Network devices	3 to 8 years
Facility equipment	3 years
Leasehold improvements	3 years
Transportation equipment	3 years
Other fixtures	3 years

Please refer to Note 29 for the amount of self-use property, plant and equipment pledged as collateral for borrowings.

(II) Business lease

	<u>Buildings and structures</u>
<u>Cost</u>	
Balance as at January 1, 2020	\$ 22,271
Reclassified as investment property	(<u>22,271</u>)
Balance as at December 31, 2020	<u>\$ -</u>
<u>Accumulated depreciation and impairment</u>	
Balance as at January 1, 2020	\$ 5,258
Depreciation expenses	464
Reclassified as investment property	(<u>5,722</u>)
Balance as at December 31, 2020	<u>\$ -</u>
Net amount as at December 31, 2020	<u>\$ -</u>

The house and building leased by the Company for the purpose of operating lease, the lease period is 3 year. If 30 days before the expiration of the contract period, without written notice not to renew the contract, the contract may be automatically extended for one year, and the same thereafter. At the end of the lease term, the lessee has no preferential right to purchase the property.

The Company conducts general risk management policies to reduce the risk of remaining assets at the end of the lease period of leased houses and buildings.

Depreciation expenses are calculated on a straight-line basis according to the following period of depreciation:

Buildings and structures	36 years
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XII. Lease Agreement

(I) Right-of-use assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amount of right-of-use asset		
Buildings	\$ 11,708	\$ 4,572
Transportation equipment	<u>125</u>	<u>878</u>
	<u>\$ 11,833</u>	<u>\$ 5,450</u>
	<u>2021</u>	<u>2020</u>
Increase in right-of-use assets	<u>\$ 14,705</u>	<u>\$ 1,722</u>
Depreciation expense of right-of-use assets		
Buildings	\$ 7,569	\$ 8,302
Transportation equipment	<u>753</u>	<u>752</u>
	<u>\$ 8,322</u>	<u>\$ 9,054</u>

(II) Lease obligation

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amount of lease liability		
Current	<u>\$ 5,010</u>	<u>\$ 5,396</u>
Non-current	<u>\$ 6,863</u>	<u>\$ 128</u>

The discount rate ranges for lease liabilities are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Buildings	1.04%~1.73%	1.73%
Transportation equipment	1.73%	1.73%

(III) Important leasing activities and terms

The Company leases the building and transport equipment for operating use for a period 3 years. At the end of the lease term, the Company has no bargain purchase option over the land and building leased, and the Company may not sublease or transfer all or part of the leased items without the lessor's consent.

(IV) Other leasing information

	<u>2021</u>	<u>2020</u>
Short-term lease expense	<u>\$ 60</u>	<u>\$ 96</u>
Total cash (outflow) of lease	<u>(\$ 8,527)</u>	<u>(\$ 9,334)</u>

The Company chooses to lease office equipment that meets the short-term lease and certain computer equipment that meets the low-value lease assets. These office equipment are subject to the recognition exemption, and the relevant right-of-use assets and lease liabilities are not recognized for these leases.

All lease commitments during the lease term commencing after the balance sheet date are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Lease commitments	<u>\$ 12,014</u>	<u>\$ 5,553</u>

(XIII) Investment property

	<u>Completed investment property</u>
<u>Cost</u>	
Balance on January 1, 2021	<u>\$ 22,271</u>
Balance on December 31, 2021	<u>\$ 22,271</u>
<u>Accumulated depreciation and impairment</u>	
Balance on January 1, 2021	\$ 5,878
Depreciation expenses	<u>618</u>
Balance on December 31, 2021	<u>\$ 6,496</u>
Net amount on December 31, 2021	<u>\$ 15,775</u>
<u>Cost</u>	
Balance as at January 1, 2020	<u>\$ 22,271</u>
Balance as at December 31, 2020	<u>\$ 22,271</u>
<u>Accumulated depreciation and impairment</u>	
Balance as at January 1, 2020	\$ 5,722
Depreciation expenses	<u>156</u>
Balance as at December 31, 2020	<u>\$ 5,878</u>
Net amount as at December 31, 2020	<u>\$ 16,393</u>

The lease term of an investment property is 3 years with an option to extend the lease term for 1 year. When exercising the right to renew the lease, the lessee shall agree to adjust the rent according to the market rent. The lessee does not have the preferential right to take over the investment property at the end of the lease term.

The total amount of lease payments to be received in the future for leasing investment property with a business lease is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Year 1	\$ 1,260	\$ 1,260
Year 2	945	1,260
Year 3	-	945
	<u>\$ 2,205</u>	<u>\$ 3,465</u>

Investment property is depreciated on a straight line basis according to the following period of depreciation:

Buildings and structures	36 years
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The fair value of the investment property is measured by the independent appraisal companies (appraisers) CCIS Property Joint Appraisers Firm and Euro-Asia Property Appraisers Firm at the input value of grade 3 on each balance sheet date. The evaluation uses the comparative method and the income method, and the fair value of the evaluation income is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fair value	<u>\$103,146</u>	<u>\$113,475</u>

The above fair value measure takes into account the uncertainty of the impact of the subsequent development of COVID-19 on market volatility.

Please refer to Note 29 for the amount of investment property set as security for borrowing.

The letting commitment during the lease term commencing after the balance sheet date is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Investment property letting commitment	<u>\$ 2,205</u>	<u>\$ 3,465</u>
XIV. <u>Other intangibles</u>		

	<u>Computer Software</u>	<u>Software Royalty</u>	<u>Prepaid Software Royalty</u>	<u>Total Shares</u>
<u>Cost</u>				
Balance on January 1, 2021	\$ 2,636	\$ -	\$ -	\$ 2,636
Addition	5,176	2,797	-	7,973
Disposal	(4,059)	-	-	(4,059)
Balance on December 31, 2021	<u>3,753</u>	<u>2,797</u>	<u>-</u>	<u>6,550</u>

(Continued from previous page)

	Computer software	Software royalty	Prepaid software Royalty	Total Shares
<u>Accumulated amortization and impairment</u>				
Balance on January 1, 2021	\$ 976	\$ -	\$ -	\$ 976
Amortization expenses	3,497	117	-	3,614
Disposal	(4,059)	-	-	(4,059)
Balance on December 31, 2021	414	117	-	531
Net amount on December 31, 2021	<u>\$ 3,339</u>	<u>\$ 2,680</u>	<u>\$ -</u>	<u>\$ 6,019</u>
<u>Cost</u>				
Balance as at January 1, 2020	\$ 592	\$ 44,491	\$ 48,821	\$ 93,904
Addition	2,671	-	-	2,671
Reclassification	1,240	-	-	1,240
Disposal	(1,867)	(44,491)	(48,821)	(95,179)
Balance as at December 31, 2020	2,636	-	-	2,636
<u>Accumulated amortization and impairment</u>				
Balance as at January 1, 2020	\$ 229	\$ 44,491	\$ 48,821	\$ 93,541
Amortization expenses	2,614	-	-	2,614
Disposal	(1,867)	(44,491)	(48,821)	(95,179)
Balance as at December 31, 2020	976	-	-	976
Net amount as at December 31, 2020	<u>\$ 1,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,660</u>

Amortized expenses were calculated on a straight-line basis over estimated period of depreciation listed as follows:

Computer software	1 to 3 years
Software royalty	1 to 2 years

Amortization expenses summarized by function:

	2021	2020
Operating costs	\$ 1,968	\$ 1,291
General and administrative expenses	<u>1,646</u>	<u>1,323</u>
	<u>\$ 3,614</u>	<u>\$ 2,614</u>

XV. Other assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Prepayment (Note 1)	\$ 11,825	\$ 14,216
Deferred costs	255	1,056
Other prepayments	1,392	1,061
Others	<u>187</u>	<u>167</u>
	<u>\$ 13,659</u>	<u>\$ 16,500</u>
 <u>Non-current</u>		
Refundable deposits	\$ 1,686	\$ 3,109
Other financial assets (Note 2)	<u>1,000</u>	<u>1,000</u>
	<u>\$ 2,686</u>	<u>\$ 4,109</u>

Note 1: Due to poor sales of the online games that the Company distributes, the Company expects to reduce the future economic benefits of the prepayment for the original games. Therefore, the Company recognized impairment losses of NT\$13,679 thousand and NT\$3,948 thousand respectively for 2021 and 2020. The Company adopts the use value as the recoverable amount of this prepayment at a discount rate of 1.0357% and 1.39%, respectively. The impairment loss is recognized in operating cost in the parent company only statements of comprehensive Income.

Note 2: Other financial assets are demand deposits provided to guarantee banks as collateral as commercial credit card guarantees. Please refer to Note 29.

XVI. Borrowings

Short-term loans

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Secured loans</u> (Note 29)		
Bank loans (Note)	<u>\$ -</u>	<u>\$ 32,222</u>

Note: The interest rates of revolving bank loans ranged from 1.0357% to 1.4587% as at December 31, 2020 and 2020.

XVII. Notes payable and accounts payable

The period for the Company to pay royalties and instalments is set between 30 to 60 days. The Company has established financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

XVIII. Other liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Other payables		
Salaries and bonus	\$ 10,979	\$ 6,904
Advertising fee payable	11,181	5,055
Financial liabilities payable	-	11
Service fee payable	881	821
Insurance premium payable	822	625
Others (pension and business tax, etc.)	1,810	1,791
	<u>\$ 25,673</u>	<u>\$ 15,207</u>
Other liabilities		
Others (temporary receipts and receipts under custody)	\$ 411	\$ 435
<u>Non-current</u>		
Guarantee deposits	<u>\$ 200</u>	<u>\$ 200</u>

XIX. Post-retirement benefits plan

Defined contribution plans

Under the plan, 6% of employees' monthly salary is contributed as pension each month by the Company to employees' personal accounts set up by the government of the Bureau of Labor Insurance.

XX. Equity

(I) Capital stock

Common stock

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Authorized Shares (1,000 shares)	160,000	160,000
Authorized Capital stock	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>
Number of shares issued and fully paid (1,000 shares)	19,369	19,369
Amount of shares issued	<u>\$ 193,694</u>	<u>\$ 193,694</u>

Changes in the Company's share capital were mainly due to the cash increase in private placement of common stock. For the purpose of supplementing working capital, repaying loans and other capital requirements for the future development of the Company, so as to improve its financial structure and enhance the competitiveness of the Company, the Company, by resolution of the shareholders at the interim meeting of shareholders on October 23, 2020, resolved a private placement of 10,000 thousand shares of ordinary shares in the face value of NT\$10

each, which was determined to be completed once or twice a year as of the date of the resolution of the interim meeting of shareholders. On November 13, 2020, the Board of Directors of the Company resolved a private placement of 5,952 thousand ordinary shares at the face value of NT\$10 per share and a subscription price of NT\$16.8 per share as approved by the Board of Directors. The total amount from domestic subscribers was NT\$99,993 thousand, which had been fully received by November 25, 2020.

The resolution of the board of directors of the Consolidated Company on August 12, 2021 passed the private placement cash capital increase plan passed at the extraordinary meeting of shareholders on October 23, 2020. The remaining amount of 4,048 thousand shares unraised has expired on October 22, 2021, and no further offering is planned.

(II) Capital reserve

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>May be used to offset a deficit,</u> <u>distributed as cash</u> <u>dividends, or transferred to</u> <u>share capital (1)</u>		
Premium of shares issued	\$ 29,199	\$ 40,473
<u>For offsetting deficit only (2)</u>		
Change in net value of interests in associates and joint ventures accounted for under equity method	<u>-</u> <u>\$ 29,199</u>	<u>1,217</u> <u>\$ 41,690</u>

1. Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends (up to a certain percentage of the Company's paid-in capital once a year).
2. Such capital surplus arises from changes in ownership interest of a subsidiary other than actual disposal or acquisition of a subsidiary's shares, or from adjustment recorded in the capital surplus of associates accounted for by using equity method.

(III) Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's Articles of Incorporation, provided that the Company has net profit for the current year, it shall be first used to pay income taxes and make up for any accumulated losses, and then

set aside 10% as a statutory surplus reserve. Any excessive balance may be reserved or transferred to be a special surplus reserve pursuant to relevant laws. Any remaining balance in retained earnings may be appropriated as dividends in accordance with a proposal for

profit distribution as approved by the Board of Directors and submit it to the shareholders' meeting for distribution of shareholder dividends. For the remuneration distribution policy for employees, directors and supervisors as stipulated in the articles of association of the Company, please refer to Note 22 (8): Remunerations for Employees, Directors and Supervisors.

The Company needs to set aside an amount as legal reserve unless where such legal reserve amounts to the amount of total authorized capital. The legal reserve may be used to offset deficit, When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

The Company's regular meetings of shareholders held on August 4, 2021 and June 23, 2020 respectively passed the following proposals for loss offsetting for 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Compensation for deficit from paid-in capital reserve	<u>\$ 12,491</u>	<u>\$ -</u>

The surplus distribution plan for the 2021 proposed by the board of directors on March 24, 2021 is as follows:

	<u>2021</u>
Statutory surplus reserve	<u>\$ 9,294</u>
Cash dividends	<u>\$ 38,739</u>
Stock dividend	<u>\$ 29,054</u>
Cash dividend per share (NT\$)	\$ 2
Stock dividend per share (NT\$)	\$ 1.5

The above cash dividends have been distributed by resolution of the board of directors and the remainder is subject to resolution of the shareholders' ordinary meeting scheduled to be held on June 23 2022.

XXI. Income

	<u>2021</u>	<u>2020</u>
Revenue from Contracts with Customers		
Online Games and Digital Content	\$242,568	\$ 110,297
Revenue from labor services	5,502	4,850
Royalty income	103	796
Other income	<u>191</u>	<u>8</u>
	<u>\$248,364</u>	<u>\$ 115,951</u>
(I) Contract balance		
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable (Note 9)	<u>\$ 41,908</u>	<u>\$ 28,583</u>
Contract liabilities		
Online Games and Digital Content	<u>\$ 14,804</u>	<u>\$ 29,025</u>
(II) The breakdown of customer contract income		
	<u>2021</u>	<u>2020</u>
<u>Product category</u>		
Artwork design services	\$187,562	\$ 51,395
Computer games	18,586	20,728
Mobile Games	36,522	38,971
Labor income - art design project income	1,071	2,622
Labor income - others	4,432	2,228
Others	<u>191</u>	<u>7</u>
	<u>\$248,364</u>	<u>\$ 115,951</u>

(III) Partially completed contracts

For partially completed contracts, the transaction prices and the expected timing for the recognition of revenue are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Rewarding points for purchasing virtual products		
- redeemed before 2021	\$ -	\$ 1,767
- redeemed before 2022	2,231	-

XXII. Net profit of the term

(I) Interest income

	<u>2021</u>	<u>2020</u>
Cash in banks	\$ 37	\$ 42
Financial assets at amortized cost	165	768
Imputed interest on deposits	14	30
Others	<u>-</u>	<u>14</u>
	<u>\$ 216</u>	<u>\$ 854</u>

(II) Other income

	2021	2020
Rental income	\$ 1,204	\$ 1,200
Written off income from overdue accounts payable	19	23
Others	210	1,368
	<u>\$ 1,433</u>	<u>\$ 2,591</u>

(III) Other interests and losses

	2021	2020
Financial assets and financial liabilities		
Financial assets mandatorily measured at FVTPL	\$ 379	\$ 825
Gain from disposal of property, plant and equipment	5	17
Net foreign currency exchange loss	(2,238)	(776)
	<u>(\$ 1,854)</u>	<u>\$ 66</u>

(IV) Financial costs

	2021	2020
Interest on bank borrowings	\$ 164	\$ 725
Interest on lease liabilities	111	150
Interest on borrowings from shareholders	-	1,180
	<u>\$ 275</u>	<u>\$ 2,055</u>

(V) Impairment loss

	2021	2020
Prepayment (included in operating costs)	<u>\$ 13,679</u>	<u>\$ 3,948</u>

(VI) Depreciation and amortization

	<u>2021</u>	<u>2020</u>
Depreciation expenses		
summarized by function		
Operating costs	\$ 375	\$ 962
Operating expenses	<u>9,570</u>	<u>10,221</u>
	<u>\$ 9,945</u>	<u>\$ 11,183</u>
Amortized cost summarized by		
function		
Operating costs	\$ 1,968	\$ 1,291
General and		
administrative expenses	<u>1,646</u>	<u>1,323</u>
	<u>\$ 3,614</u>	<u>\$ 2,614</u>

(VII) Employee welfare expenses

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 58,383	\$ 44,305
Retirement benefits		
Defined contribution plans	<u>2,438</u>	<u>1,959</u>
Total employee benefit		
expenses	<u>\$ 60,821</u>	<u>\$ 46,264</u>
Summarized by functions		
Operating costs	\$ 14,870	\$ 5,820
Operating expenses	<u>45,951</u>	<u>40,444</u>
	<u>\$ 60,821</u>	<u>\$ 46,264</u>

(VIII) Remunerations for employees, directors and supervisors

According to the Company's articles of Incorporation, the Company shall pay the remunerations for employees, directors and supervisors at not less than 1% and not more than 3% of the pre-tax benefits before deducting of the remuneration and the compensation in the current year. The Company made profits in 2020, but still has accumulated losses, so it should reserve the amount to make up for them in advance. The estimated remunerations for employees, directors and supervisors in 2021 is as follows:

Estimated percentage

	<u>2021</u>
Remunerations for employees	1%
Remunerations for directors	
and supervisors	0.45%

Amount

	<u>2021</u>
Remunerations for employees	<u>\$ 943</u>
Remunerations for directors and supervisors	<u>\$ 424</u>

If there is a change in the amounts after the annual individual financial statements are authorized for issue, the differences should be recorded as a change in the accounting estimate in the following year.

There is no difference between the actual allotment of remuneration for employees, directors and supervisors in 2020 and 2019 and the amount recognized in the financial statements in 2020 and 2019.

Please refer to the Market Observation Post System of the Taiwan Stock Exchange for information on the remuneration of employees, directors and supervisors of the Company resolved by the Board of Directors.

(IX) Foreign currency exchange gains and losses

	<u>2021</u>	<u>2020</u>
Total Foreign currency exchange benefits	\$ 1,850	\$ 5,570
Total currency exchange losses	(<u>4,088</u>)	(<u>6,346</u>)
Net loss	(<u>\$ 2,238</u>)	(<u>\$ 776</u>)

XXIII. Income tax

(I) Income tax recognized as profits and losses

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

	<u>2021</u>	<u>2020</u>
Net profit before tax	<u>\$ 92,944</u>	<u>\$ 564</u>
Net profit before tax income tax expense calculated at the statutory tax rate	\$ 18,589	\$ 113
Non-deductible expenses	348	241
Unrecognized loss carryforwards	(19,400)	(441)
Unrecognized deductible temporary difference	<u>463</u>	<u>87</u>
Income tax expense recognized in profit or loss	<u>\$ -</u>	<u>\$ -</u>

The amended Regulations on Industrial Innovation promulgated by the President in July 2019 stipulate that the construction or purchase of specific assets or technologies with the undistributed earnings since the year of 2018 can be listed as

deduction items for the calculation of undistributed earnings. When the Company calculates the undistributed earning tax, only the capital expenditure that has actually been reinvested will be deducted.

(II) Current income tax assets and liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current tax assets		
Tax refund receivable	<u>\$ 197</u>	<u>\$ 404</u>

(III) Deductible temporary differences and unused loss deductions that are not recognized as deferred tax assets in the Parent Company Only Balance Sheets.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Loss carryforwards		
Expire in 2023	\$ -	\$ 72,481
Expire in 2024	169,698	197,083
Expire in 2025	193,377	193,377
Expire in 2026	132,692	132,692
Expire in 2027	96,534	96,534
Expire in 2028	95,870	95,870
Expire in 2029	<u>25,918</u>	<u>25,918</u>
	<u>\$ 714,089</u>	<u>\$ 813,955</u>
Deductible temporary differences	<u>\$ 117,240</u>	<u>\$ 114,654</u>

(IV) Verification of income tax

The cases filed by the Company as of 2019 have been approved by taxing authorities.

XXIV. Earnings per share

	<u>2021</u>	<u>2020</u>
Basic earnings per share	<u>\$ 4.80</u>	<u>\$ 0.04</u>
Diluted earnings per share	<u>\$ 4.80</u>	<u>\$ 0.04</u>

Unit: NT\$ per share

The net income for the purpose of calculating earnings per share and the weighted average number of ordinary shares are as follows:

Net profit for the year

	<u>2021</u>	<u>2020</u>
Net income used to calculate earnings per share	<u>\$ 92,944</u>	<u>\$ 564</u>
Net income used for calculating diluted earnings per share	<u>\$ 92,944</u>	<u>\$ 564</u>

Number of shares

	Unit: thousand shares	
	2021	2020
Weighted average number of ordinary shares in computation of basic earnings per share	19,369	14,019
Impacts of potential ordinary shares with dilution effect:		
Remunerations for employees	8	-
Weighted average of ordinary shares used for calculating dilutive earnings per share	<u>19,377</u>	<u>14,019</u>

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation or bonus will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares should be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

XXV. Cash flow information

(I) Non-cash transaction

For the Year 2021 and 2020, the Company conducted the following investments and financing activities in non-cash transactions:

1. In 2021, the Company acquired computer software with a total fair value of NT\$7,973, notes payable decreasing by NT\$134 thousand and other payables increasing by NT\$577 thousand, and acquired intangible assets for cash payments totalling NT\$7,530 thousand (see Note 14).
2. The Company acquired the computer software with a fair value of NT\$2,671 thousand in 2020, the notes payable increasing by NT\$135 thousand, and the cash payment for the acquisition of intangible assets amounting to NT\$2,536 thousand (see Note XIV).
3. In 2020, the Company acquired the property, plants and equipment with a fair value of NT\$676 thousand, 2020, the notes payable increasing by NT\$332 thousand, and the cash payment for the acquisition of property, plants and equipment amounting to NT\$344 thousand (see Note XI).

(II) Changes in liabilities from financing activities

2021

	110 years January 1	Cash flow	Non-cash flow		December 31, 2021
			Reclassification	Interest expense Amortization	
Short-term loans	\$ 32,222	(\$ 32,222)	\$ -	\$ -	\$ -

2020

	2020 January 1	Cash flow	Non-cash flow		December 31, 2020
			Reclassification	Interest expense Amortization	
Short-term loans	\$ 47,222	(\$ 15,000)	\$ -	\$ -	\$ 32,222
Long-term loans	60,000	(60,000)	-	-	-
	<u>\$ 107,222</u>	<u>(\$ 75,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,222</u>

XXVI. Capital risk management

The Company manages its capital to ensure that entities in the Company will be able to continue their operations while maximizing the return to stakeholders through the optimization of the debt and equity balance. The overall strategy of the Company has not changed since previous period.

The Company's capital structure consists of net debts (i.e., borrowings less cash and cash equivalents) and equities (i.e. share capital, capital reserves and retained earnings).

The management of the Company periodically reassesses its capital structure and its inspections include assessment of various costs of capital and related risks. Based on recommendations of the key management, the Company will balance its overall capital structure through the issue of new shares and the issue of new debt or the redemption of old debts.

XXVII. Financial instruments

(I) Fair value information - financial instruments not measured at fair value

The Company does not have any financial assets and financial liabilities that are subject to significant difference with fair value.

(II) Fair value information - financial instruments measured at fair value on a recurring basis

1. Levels of fair value measurement

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Shares</u>
<u>Financial assets at fair value through profit or loss</u>				
Structured deposits	\$ -	\$ 21,654	\$ -	\$ 21,654

December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Shares</u>
<u>Financial assets at fair value through profit or loss</u>				
Structured deposits	\$ -	\$ 21,275	\$ -	\$ 21,275

2. Valuation technique and input measure at Level 2 fair value

<u>Categories of financial instruments</u>	<u>Valuation techniques and inputs</u>
Structured deposits	Discounted cash flow: Estimate future cash flows based on contracts and statements at the end of the period, and discounted at a discount rate that can reflect the credit risk of each counterparty.

(III) Types of financial instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Measured at fair value through profit or loss		
Compulsory measurement of FVTPL	\$ 21,654	\$ 21,275
Financial assets measured at amortized cost (Note 1)	222,635	150,727
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	45,931	53,022

Note 1: The balances include cash and cash equivalents, accounts receivable, notes receivable, other receivables, refundable deposits, and other financial assets, which are measured at amortized cost.

Note 2: The balances include financial liabilities measured at amortized costs such as short-term loans, notes payable, accounts payable, other payables, long-term loans, and guarantee deposits.

(IV) Objectives and policies of financial risk management

The Company's financial instruments majorly consist of equity debt investments, accounts receivable, accounts payable, and borrowings. The Company's financial management department provides service to the business units, coordinates domestic and international financial operations, prepares and analyzes internal risk reports to monitor and manage financial risks related to the operation of the Company. These risks include market risks (including exchange rate risk, interest rate risk), credit risks and liquidity risks.

1. Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates.

There had been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

(1) Exchange rate risk

Bank deposits calculated in US dollars cause the Company exposed to changes in foreign currency exchange rates.

The Company's carrying amounts of monetary assets and monetary liabilities denominated in non-functional currency denominated at the Parent Company Only Balance Sheets date are disclosed in Note 31.

Sensitivity Analysis

The Company is mainly exposed to US\$ fluctuations.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan Dollars (the functional currency) against the relevant foreign currencies. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only the outstanding monetary items stated in foreign currencies, and the translation of carrying amounts at year end is calculated based on the assumption that exchange rates is changed by 1%. The positive numbers in the table below indicate the amount that will reduce/increase the net loss before tax when the NT\$ depreciates by 1% relative to each relevant currency; when the NT\$ appreciates by 1% relative to each

relevant foreign currency, its impact on the net loss before tax will be a negative amount of the same amount.

	Impact of US\$	
	2021	2020
Profit and loss	\$ 732 (i)	\$ 791 (i)

- (i) The above profit or loss of the Company is mainly from the cash and cash equivalents and financial assets measured at amortized cost, calculated by US\$, which are outstanding and not being hedged to cash flows risk at balance sheet date.

The Company's sensitivity to the US dollar exchange rate decreased in the current year, mainly due to the reduction of financial assets measured by the amortized cost in US dollars for the year.

(2) Exchange rate risks

The interest rate risk of the Company mainly comes from the interest rate risk caused by floating rate borrowings.

The carrying amounts of the company's financial assets and financial liabilities exposed to interest rate shocks at the balance sheet date are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Interest rate risk related to fair value		
– Financial assets	\$ 66,432	\$ 42,720
Interest rate risk related to cash flow		
– Financial liabilities	-	32,222

Sensitivity Analysis

The sensitivity analysis below is prepared based on the risk exposure of derivative and non-derivative instruments to the interest rates on balance sheet date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the balance sheet date was outstanding throughout the year. The rate of change is expressed as the interest rate increases by 1% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate

If the interest rate increases or decreases by 1%, when all other variables keep unchanged, the Company's net loss after tax for years 2021 and 2020 will increase or decrease by NT\$0 and NT\$258 thousand, respectively, mainly due to the interest rate risk of the Company's variable rate borrowings.

The sensitivity of the Company to interest rate decreased in the current year, mainly due to the decrease of variable interest rate debt instruments.

2. Credit risks

Credit risks refer to risks that cause financial loss to the Company due to the counterparty's delay in honoring contractual obligations. As at the balance sheet date, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to the failure to discharge an obligation by the counterparties and financial guarantees provided by the Company (regardless of the collateral or other credit enhancement instruments, and the maximum critical risk amount of irrevocable) arises from the carrying amounts of the respective recognized financial assets as stated in the Parent Company Only Balance Sheets.

The Company did transactions with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3. Liquidity risks

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. The

Company's management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

Bank loans are an important source of liquidity for the Company. The unused financing limit of the Company as at December 31, 2021 and 2020 are described in (2) Financing Limit below.

(1) Liquidity of non-derivative financial liabilities and the table of interest risks

Non-derivative financial liabilities remaining contract maturity analysis is prepared in accordance with the earliest payment date expected of the Company and the undiscounted cash flows (including principal and estimated interest) of financial liabilities. Therefore, the Company may be required to immediately repay the bank loan is illustrated in the following table without considering the probability that the bank may immediately exercise such right. The other non-derivative financial liabilities maturity analysis is prepared in accordance with the agreed repayment date.

The interest flows are floating rate, in which the undiscounted amount was derived from the expected borrowing interest rate at the balance sheet date.

December 31, 2021

	Repayment on demand or less than 1 months	1~3 months	3 months~1 year	1~5 years	Over 5 years
Zero-interest-bearing liabilities	\$ 38,904	\$ 289	\$ 6,538	\$ -	\$ -
Lease liabilities	469	875	3,666	6,863	-
	<u>\$ 39,373</u>	<u>\$ 1,164</u>	<u>\$ 10,204</u>	<u>\$ 6,863</u>	<u>\$ -</u>

Further information on the maturity analysis of lease liabilities is listed as follows:

	Within 1 year	1~5 years
Lease liabilities	<u>\$ 5,010</u>	<u>\$ 6,863</u>

December 31, 2020

	Repayment on demand or less than 1 months	1~3 months	3 months~1 year	1~5 years	Over 5 years
Zero-interest-bearing liabilities	\$ 18,865	\$ 335	\$ 1,400	\$ -	\$ -
Lease liabilities	836	2,514	2,046	128	-
Variable-rate instruments	-	-	32,507	-	-
	<u>\$ 19,701</u>	<u>\$ 2,849</u>	<u>\$ 35,953</u>	<u>\$ 128</u>	<u>\$ -</u>

Further information on the maturity analysis of lease liabilities is listed as follows:

	Within 1 year	1~5 years
Lease liabilities	<u>\$ 5,396</u>	<u>\$ 128</u>

(2) Financing amount

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Secured bank loan limit (extended upon mutual agreement)		
– Loan quota used	\$ -	\$ 32,222
– Loan quota not yet used	<u>175,000</u>	<u>142,778</u>
	<u>\$ 175,000</u>	<u>\$175,000</u>

XXVIII. Related-party transactions

Except as disclosed in other notes, the Company had the following transactions with related parties.

(I) Names and relationships of the related parties

<u>Name of related party</u>	<u>Relations with the company</u>
Wanin International Co., Ltd.	Substantive related party

(II) Operating revenue

<u>Accounting items</u>	<u>Name of related party</u>	<u>2021</u>	<u>2020</u>
Artwork design services	Wanin International Co., Ltd.	\$ 187,562	\$ 51,395
Revenue from labor services	Wanin International Co., Ltd.	4,432	2,228
Others	Wanin International Co., Ltd.	<u>190</u>	<u>1,526</u>
		<u>\$ 192,184</u>	<u>\$ 55,149</u>

The Company is responsible for artwork, music and sound effects. During the contract period, the Company shall provide promotional material for the game, including but not limited to graphics, music and video materials, to meet the needs of the game promotion. The company's art design contract production income of the related party is based on the calculation of the monthly total storage value consumption point of the newly created game. The sharing rate is 45% in 2020, and decreased from 45% to 30% in 2021.

(III) Funds receivable from related parties (excluding lending to related parties)

Accounting items	Name of related party	December 31, 2021	December 31, 2020
Accounts receivable - related parties	Wanin International Co., Ltd.	<u>\$ 21,372</u>	<u>\$ 25,225</u>

The outstanding amount of receivables - related parties is not guaranteed. No provision has been made for losses in relation to accounts receivable from the related party for years 2021 and 2020.

(IV) Funds receivable from related parties (excluding lending to related parties)

Accounting items	Type of related party/name	December 31, 2021	December 31, 2020
Accounts payable - related parties	Wanin International Co., Ltd.	<u>\$ -</u>	<u>\$ 45</u>

The outstanding amount of payables - related parties is not collateralized.

(V) Other payables

Type of related party/name	December 31, 2021	December 31, 2020
Wanin International Co., Ltd.	<u>\$ 136</u>	<u>\$ 17</u>

(VI) Lease agreement

Type of related party/name	2021	2020
Right-of-use assets		
Wanin International Co., Ltd.	<u>\$ 14,705</u>	<u>\$ -</u>

Accounting items	Type of related party/name	December 31, 2021	December 31, 2020
Lease liabilities	Wanin International Co., Ltd.	<u>\$ 11,745</u>	<u>\$ -</u>

Type of related party/name	2021	2020
Interest expense		
Wanin International Co., Ltd.	<u>\$ 82</u>	<u>\$ -</u>

The company leased the office from the related party in May, 2021 for a period of 3 years. The rent is based on the rent level of the adjacent offices, and fixed monthly payments will be made in accordance with the lease.

(VII) Other Related-party Transactions

Accounting items	Name of related party	2021	2020
Operating expenses – advertising fee	Wanin International Co., Ltd.	<u>\$ 190</u>	<u>\$ 112</u>
Operating expenses – miscellaneous	Wanin International Co., Ltd.	<u>\$ 671</u>	<u>\$ -</u>
Labor costs (accounting for operating costs)	Wanin International Co., Ltd.	<u>\$ 32</u>	<u>\$ 243</u>

(VIII) Remunerations of the main management

	2021	2020
Short-term employee benefits	<u>\$ 8,394</u>	<u>\$ 7,450</u>
Retirement benefits	<u>147</u>	<u>147</u>
	<u>\$ 8,541</u>	<u>\$ 7,597</u>

The compensation to directors and other key management is determined by the Remuneration Committee based on personal performance and market trends.

(XXIX) Pledged Assets

The following assets are provided as collateral for financing loans:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Lands	\$ 49,051	\$ 49,051
Investment properties	15,775	16,393
Other financial assets - non-current	1,000	1,000
(ii) Financial Assets at Amortized Cost - current	-	5,696
	<u>\$ 65,826</u>	<u>\$ 72,140</u>

XXX. Material contingencies and unrecognized contractual commitments

The significant commitments and contingencies of the Company at the balance sheet date are disclosed in other notes.

XXXI. Significant Impact on Assets and Liabilities Recognized in Foreign Currencies

The following information was aggregated by the foreign currencies other than functional currencies of the Company and the exchange rates between foreign currencies and respective functional currencies were disclosed. Information on foreign currency financial assets and liabilities with significant impact is as follows:

December 31, 2021

	<u>Foreign currencies</u>	<u>Exchange Rate</u>	<u>Carrying Amount %</u>
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
US\$	\$ 2,643	27.68	\$ 73,158

December 31, 2020

	<u>Foreign currencies</u>	<u>Exchange Rate</u>	<u>Carrying Amount %</u>
<u>Foreign currency assets</u>			
<u>Monetary items</u>			
US\$	\$ 2,776	28.48	\$ 79,089

The company's foreign currency exchange gains and losses (realized and unrealized) for 2021 and 2020 were a loss of NT\$2,238 and NT\$776, respectively.

XXXII. Notes to disclosure items

(I) Major transactions and:

1. Loaning Funds to Others. (Non)
2. Endorsements/guarantees provided to others (Non)
3. Marketable securities held at the end of year (excluding investments in subsidiaries, affiliates and joint ventures) (Table 1)
4. Accumulated purchase or disposal of the same securities amount reaching NT\$300 million or over 20% of the paid-in capital. (Non)
5. Acquisition of Property at Cost in Excess of NT\$300 Million or 20% of the Paid-in Capital. (Non)
6. Disposal of Property at Cost in Excess of NT\$300 Million or 20% of the Paid-in Capital. (Non)
7. The amount of purchase and sales with the related party amounts to NT\$100 million or more than 20% of the paid-up capital. (Table 3)
8. Accounts receivable from related parties reaching NT\$100 million or 20% of its paid-in capital. (Non)
9. Derivative financial instrument transactions (Notes 7 and 27)

(II) Information on Reinvestment Business (Table 2)

(III) Investment Information of the mainland China area

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Non)
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None
 - (1) Purchase amount and percentage, and the ending balance and percentage of payables.
 - (2) Sales amount and percentage, and the ending balance and percentage of receivables.
 - (3) Property transaction amount and the resulting gain or loss.

- (4) Ending balance of endorsement, guarantee or collateral provided and purposes.
 - (5) The maximum balance, ending balance, interest rate range and total amount of current interest of financing.
 - (6) Other transactions having a significant impact on profit or loss or financial status of the period, such as providing or receiving services.
- (IV) Information on major shareholders: Names of shareholders with a shareholding ratio of 5% or more and the amount and proportion of shareholding. (Table 4)

Wayi International Digital Entertainment Co., Ltd. And Subsidiaries

Marketable Securities Held at the End of the Period

December 31, 2021

Table 1

Unit: NT\$1,000

Investor	Type and name of securities (Note 1)	Relationship with the issuer	General ledger account	Weekend				Remarks
				Number of Shares	Carrying Amount %	Shareholding (%)	Fair Value	
Wayi International Digital Entertainment Co., Ltd.	<u>Capital stock</u>							
	Digital Game Integrated Marketing Co., Ltd.	None	The financial asset in other comprehensive income profit and loss measured at fair value - non-current	14,286	\$ -	1	\$ -	
	Gamemag. Co., Ltd.	None	The financial asset in other comprehensive income profit and loss measured at fair value - non-current	460,000	\$ -	4	\$ -	
	Taiwan eSports League Co., Ltd.	None	The financial asset in other comprehensive income profit and loss measured at fair value - non-current	107,744	\$ -	1	\$ -	

Note 1: Securities in the table refer to stocks, bonds, beneficiary certificates, and other related derivative securities, within the scope of International Financial Reporting Standard No. 9 "Financial Instruments".

Note 2: For the information on investments in subsidiaries, associates and joint ventures, please refer to Table 2.

Table 2

Unit: NT\$1,000; US\$

Note 1: The calculation is based on the audited financial statements in 2021.

Note 2: The calculation is based on the unaudited financial statements in 2021.

Wayi International Digital Entertainment Co., Ltd. And Subsidiaries
Amount of purchases from and sales to related parties reaching NT\$100 million or 20% of its paid-in capital
From January 1 to December 31, 2021

Table 3

Unit: unless otherwise stated
NT\$ 1,000

Purchase (sale) company	Name of the counterparty	Relationship	Transaction details				The circumstances and reasons why the terms of transaction are different from those ordinary transactions (Note 1)		Receivable (payable) notes and accounts		Remarks (Note 2)
			Purchase (sale)	Amount	Proportion of total imports (sales)	Loan period	Unit price	Loan period	Balance	Proportion of notes and accounts receivable (payable)	
Wayi International Digital Entertainment Co., Ltd.	Wanin International Co., Ltd.	Substantive related party	Sales	\$ 192,184	77%	45 days	Based on the total deposit value consumption point of the month as a calculation basis, 30% will be charged	-	\$ 21,372	51%	-

Note 1: if the transaction conditions of the related parties are different from the general transaction conditions, the situation and reasons of the differences shall be stated in the column of unit price and credit granting period.

Note 2: In case of advance payment (receipt), the reasons, contractual terms, amount and difference from the general transaction shall be stated in the remarks column.

Wayi International Digital Entertainment Co., Ltd. And Subsidiaries

Information of Major Shareholders

December 31, 2021

Table 4

Name of Major Shareholders	Shares	
	Number of shares held	Shareholding Ratio
Wanin International Co., Ltd.	5,952,000	30.72
Given Business Inc.	3,948,480	20.38
KGI Bank in Custody for the investment account of Tilun International Development Co. Ltd.	1,321,438	6.82
HUANG-HSIN Investment Limited	1,096,800	5.66
Tsai Li Ping	981,921	5.06

Notes: The major shareholder information in this table is based on Taiwan Depository & Clearing Corporation's data of shareholders who hold more than 5% of the Company's ordinary shares and preferred stock (including treasury shares), for which electronic registration and delivery were completed, on the last business day of the quarter. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.

**WAYI INTERNATIONAL DIGITAL
ENTERTAINMENT CO., LTD.**

Chairman Chang Hsieh Chien