

Stock Code

**6542**

**GAME SPARCS**  
GAME SPARCS CO., LTD.

# 2023 Annual Report

Taiwan Stock Exchange Market  
Observation Post System

<http://mops.twse.com.tw>

<https://www.gamesparcs.com>

Printed on

May 10, 2024

A. The names, titles, phone numbers and email addresses of the spokesperson and deputy spokesperson:

<b>Spokesperson</b>	<b>Deputy Spokesperson</b>
Name: Su, Chien-Tung	Name: Lin, Pei-Yi
Title: Vice President	Title: Corporate Governance Officer
Tel: (04) 2236-0500	Tel: (04) 2236-0500
Email address: <a href="mailto:investor@gamesparcs.com">investor@gamesparcs.com</a>	Email address: <a href="mailto:investor@gamesparcs.com">investor@gamesparcs.com</a>

B. The address and TEL of HQ, branch office and factory:

<u>Name</u>	<u>Address</u>	<u>TEL</u>
HQ	2F.-3, No.360, Jiansing Rd., North Dist., (R.O.C.)	(04) 2236-0500
Branch office	Not applicable	Not applicable
Factory	Not applicable	Not applicable

C. Name, Address, website and TEL of the Stock Transfer Agent:

Name: Department of Transfer Agency, Yuanta Securities Co., Ltd.  
Website: <http://www.yuanta.com.tw>  
Address: No. 210, Sec. 3, Chengde Rd., Taipei City  
TEL: (02) 2586-5859

D. The names of the accountants signing on the latest financial statements and the name, address, website and TEL of the accounting firm:

Names of the accountants: Lai, Zong-Yi, Xu, Jian-ye  
Name of the firm: PwC Taiwan  
Website: <http://www.pwc.tw>  
Address: 27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City  
TEL: (02) 2729-6666

E. The name of the overseas securities exchange and the way to inquire information of overseas securities: none.

F. Company website: <https://www.gamesparcs.com/>

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# I. Letter to Shareholders

Ladies and Gentlemen,

The company expresses its deep gratitude to all shareholders for their support and trust in Longzhong Network over the past year. As a result, we would like to share the company's operating results with all shareholders.

## I. 2023 Business results

### 1. 2023 Operating Performance

The Company's consolidated revenue for 2023 was NT\$774,449 thousand, the revenue contribution mainly comes from online game, local network license and commissioned development, due to the decrease in commissioned development income, the consolidated revenue of NT\$780,648 thousand for 2022 is slightly reduced of 0.79% . However, the gross operating margin is 79%, which is better than last year.

The net operating income was NT\$123,847 thousand for 2023. A consolidated net income after tax of NT\$102,105 thousand in 2023, of which NT\$102,022 thousand was attributable to the owners of the Company, and the profit per share was NT\$2.43, which is better than last year.

### 2. 2023 Budget execution status.

The Company has not issued any financial forecast for 2023, so there is no budget execution comparison.

### 3. Analysis of financial income and expenses and profitability.

#### (1) Financial income and expenses.

Unit: NT\$ thousands

Project/Year		2023	2022
Financial Results	Consolidated Operating Income	774,449	780,648
	Consolidated Operating Profit	608,626	606,264
	Consolidated operating income or loss	123,847	107,942
	Consolidated net income after tax	102,105	107,206
	Total Consolidated Profit and Loss	105,082	118,444
	Net profit attributable to owners of the Company	102,022	98,838
	Total consolidated profit or loss attributable to owners of the Company	105,062	109,759

(2) Profitability Analysis.

Project/Year		2023	2022
Profitability	Return on Assets (%)	10.56	11.86
	Return on Equity (%)	12.71	15.51
	Net income before income tax to paid-in capital (%)	31.41	33.08
	Net Profit Rate (%)	13.18	13.73
	Earnings per share (NT\$)	2.43	2.35

4. Research Development Status.

The company used the self-publishing games as a business model, we established R&D teams at Taiwan and abroad. We formulate strategies and flexibly arrange development tasks according to the markets and customers' needed, which can effectively improve the product value.

With the advancement of technology, in order to enhance the overall competitiveness, the Company continues to invest in the application of new technologies and R&D resources, and optimizes various game platform mechanisms and enriches game content. The consolidated research and development expenses in 2023 was NT\$149,414 thousand. We expect to provide high-quality game content to make products sustainable.

II. Outline of 2024 business plan and future development strategy.

1. Group Resource Integration

In line with the implementation of the overall business strategy, we shall integrate all R&D resources, operation team, and logistics teams and effectively utilize various resources within the group, to carry out game development, and to optimize marketing promotion, to explore new markets and new customers according to the needs of each business entity.

2. Diversification

We have focused our operating on online casual gaming products, offline zone network gaming system and mobile game agency business, which have relatively stable revenue and profit to enhance the company's overall competitiveness with diversified products.

3. Expanding into overseas markets

The company will keep launching international products in line with the localization for the overseas market, hoping to effectively enhance the international competitiveness of the products and to expand the overseas market; at the same time, the company will dynamically review the various operating indicators of the products to adjust marketing strategies and improve marketing effectiveness.

The Company's main revenue includes cell phone online game revenue, local. network license revenue and game software development revenue. Since the Company has not issued financial forecast for 2024, there is no information about expected sales volume

III. Influenced by the external competitive environment, regulatory environment and general business environment.

The Company continues to integrate upstream and downstream industries to increase R&D capacity for multinational product development. To develop successful business strategies for exploring the new markets and new customer, we shall also keep following the changes in regulations and the industry competition and perform effective risk assessments before making decisions.

We sincerely thank all shareholders for your support and recognition. The GameSparcs management team and all employees will continue to work hard upholding the concepts of advance, coexistence, and evolution to launch a positive cycle and create greater success.

Wish shareholders good health and good luck.

Chairman of the Board of Directors: KU, KANG-WEI

## II. Company Profile

1. Date of incorporation: Dec.6, 2010

2. Company history

Year	Events
2010	<ol style="list-style-type: none"> <li>1. GameSpracsCo.,Ltd. (Net Publishing) was established with paid-up capital of NT\$4,000 thousand for game operation and general advertising business.</li> <li>2. Launched its private brand the “Pubgame” platform</li> </ol>
2011	Cash capital increase of NT\$6,000 thousand and paid-up capital of up to NT\$10,000 thousand.
2012	<ol style="list-style-type: none"> <li>1. Cash capital increase of NT\$7,500 thousand and paid-up capital of up to NT\$17,500 thousand.</li> <li>2. Jointly launched via a platform games such as Wolong Yin, Long Jiang, Star Song, Tian Qi, Kaka's Big Fight, and Legend of the Rich.</li> <li>3. Game Dreamer Inc. (Game Dreamer) was set up as an agent and publisher for casual webgames</li> </ol>
2013	<ol style="list-style-type: none"> <li>1. Cash capital increase of NT\$15,000 thousand and paid-up capital of up to NT\$32,500 thousand.</li> <li>2. Initiated joint operation services for mobile games and worked closely with major developers and agents to launch games such as Swordsmen, Muxplay, Qin Ji, Heavily Armoured Warriors, and I am Dong Zai.</li> <li>3. Game Dreamer (HK) Ltd. was founded.</li> <li>4. Game Dreamer acted as an exclusive agent for games such as Love Dance and Star Song and was transforming itself into an exclusive agent for mobile games.</li> </ol>
2014	<ol style="list-style-type: none"> <li>1. Cash capital increase of NT\$45,000 thousand and paid-up capital of up to NT\$77,500 thousand.</li> <li>2. Invested in Ben Ben Investment Co. Ltd. (Ben Ben Investment) for a 100% stake, and indirectly obtained a 100% stake in Game Dreamer and its subsidiaries. Game Dreamer continued to survive after merged with Ben Ben Investment.</li> <li>3. Jointly launched via a platform games such as Out To Win, Encroaching, Xian Xia Dao, Ying Ling Zhi Chen and Goddess Alliance.</li> <li>4. Game Dreamer (Guangzhou) Inc. was set up.</li> <li>5. Game Dreamer acted as an agent for Sword of God and established its presence in the mobile game market across Southeast Asian countries (Thailand, Vietnam, Singapore, and Malaysia)</li> </ol>



Year	Events
2015	<ol style="list-style-type: none"> <li>1. Cash capital increase of NT\$27,370 thousand and paid-up capital of up to NT\$104,870 thousand.</li> <li>2. Capital reserve increased by NT\$115,130 thousand and surplus profit distributed in the form of new shares by NT\$5,400 thousand, with paid-in capital amounting to NT\$225,400 thousand.</li> <li>3. It was approved by Taipei Exchange for public issuance on May 28, 2015 and for emerging stock registration on June 25 the same year.</li> <li>4. Developed King of Knowledge together with a Taiwan team, which has been a phenomenal success.</li> <li>5. Game Dreamer was expanding the mobile game market in South Korea.</li> <li>6. Game Dreamer offered casual webgames, members and platforms for sale.</li> </ol>
2016	<ol style="list-style-type: none"> <li>1. Game Dreamer was actively expanding the mobile gaming market in Indonesia and North America.</li> <li>2. Surplus profit distributed in the form of new shares of NT\$33,186 thousand and cash capital increase of NT\$41,420 thousand with paid-up capital of up to NT\$300,006 thousand.</li> <li>3. Listed on Taiwan's OTC market on September 8, 2016.</li> </ol>
2017	<ol style="list-style-type: none"> <li>1. GameSpracs continued to survive after merged with its subsidiary Game Dreamer on January 1, 2017.</li> <li>2. Invested NT\$60,840 thousand in Heyyo Game Hk Limited, for a 54.15% stake. In the future, game products of strategy would be the main business focus.</li> <li>3. Invested NT\$15,512 thousand in Fantasy Fish Digital Games Co., Ltd. for a 10% stake.</li> <li>4. Invested NT\$32,000 thousand in Tonwa Online Entertainment Co., Ltd. for a 19.51% stake.</li> <li>5. Acted as an exclusive agent for games such as A Sleeping Forest, What If World, Power and Glory, Three Kingdoms Blade, and The Legend of The Condor Heroes 2017.</li> <li>6. Investment in its subsidiary Jyun-Mao Limited Co. increased by NT\$72,424 thousand with its shareholding falling to 90%. Its subsidiary set up O-YEAH Digital Co., Ltd, with game products of puzzle the main business focus.</li> </ol>

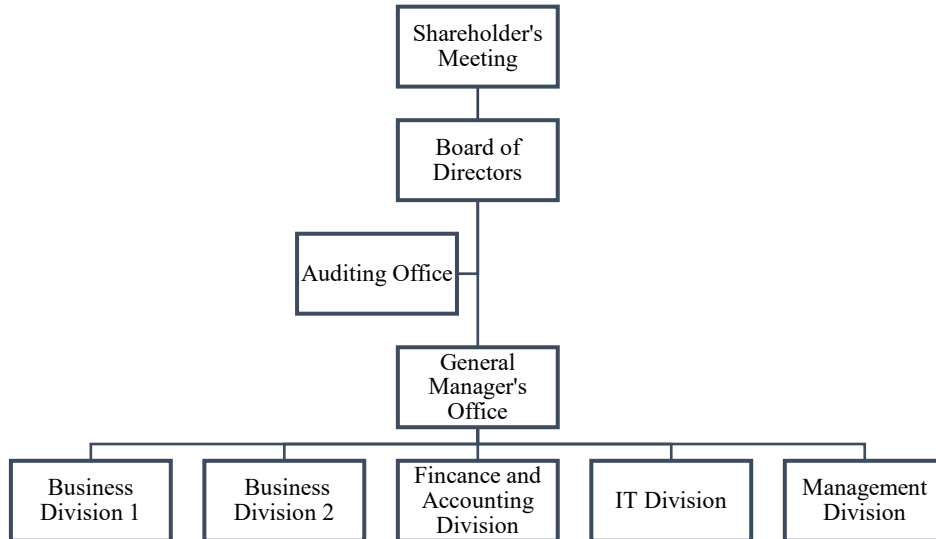
Year	Events
2018	<ol style="list-style-type: none"> <li>1. Invested NT\$29,840 thousand in Poseidon Net (HK) Limited for a 69.98% stake and acted as an agent for Japanese and South Korean products.</li> <li>2. Abandoned the subscription of cash capital increase of Heyyo Game Hk Limited and its shareholding dropped from 54.15% to 30%. It switched to equity-based investments.</li> <li>3. Repurchased a 10% stake in its subsidiary Jyun-Mao Limited Co. with NT\$8,192 thousand, and its shareholding increased to 100%.</li> <li>4. Acted as an exclusive agent for games such as LaTale W, The Storm Warriors 2, Final Blade, The Fantasy of the Three Kingdoms, Little Dragon Maiden, Hope Legend, Fantasy Romance, and Crossing Void.</li> <li>5. Conducting a private placement of cash capital increase of NT\$421,050 thousand, private placement of 10,500,000 shares of common stock and the amount of paid-in capital after the capital increase was \$420,006 thousand.</li> </ol>
2019	<ol style="list-style-type: none"> <li>1. The Company is committed to organizational restructuring, acquiring 100% equity interest in Aqura Technology Co., Ltd. and the "Bravo Casino" business, mainly in the leisure gaming business.</li> <li>2. Sale of 20% stake in Heyyo Game HK Limited, reducing the shareholding ratio from 30% to 10%.</li> <li>3. Exclusive agency for games such as Sky Gate, Attack on Titan, An Oriental Odyssey and Meteor, Butterfly and a Sword.</li> </ol>
2020	<ol style="list-style-type: none"> <li>1. Actively expanding the game development business and set up Chengdu Galaxy Interactive Network Technology Company, which is mainly engaged in game development business.</li> <li>2. Exclusive agent of Korean mobile game knight's princess raising, girl peace and wild girl.</li> </ol>
2021	<ol style="list-style-type: none"> <li>1. Develop and launch new games-Ace club.</li> <li>2. In response to business development and operational needs, the place of registration of operation was changed from New Taipei City to Taichung City.</li> <li>3. The subsidiary O-Yeah Digital Co., Ltd. was absorbed and merged by GameSparcs Co., Ltd. on September 22, 2021.</li> <li>4. Buy back 30.02% of the shares of Poseidon Net (HK) Limited and increase the shareholding ratio to 100%.</li> </ol>
2022	<ol style="list-style-type: none"> <li>1. Disposal the remaining 10% equity of Heyyo Game HK Limited.</li> <li>2. The subsidiary Aqura Technology Co., Ltd. was absorbed and merged by GameSparcs Co., Ltd. on December 31, 2022.</li> </ol>

Year	Events
2023	<ol style="list-style-type: none"> <li data-bbox="391 250 1396 383">1. Complete the greenhouse gas inventory, be ahead of the deadlines and requirements set by the competent authorities, and actively implement the goals of net-zero carbon emissions and climate environment issues.</li> <li data-bbox="391 394 1396 526">2. The "Weirdo Project" supported by the Longzhong Upward Education Foundation won the 4th "Future Education Taiwan 100" award and was recognized with the "Enterprise Special Award".</li> <li data-bbox="391 537 1396 759">3. In response to urban greening and creating an urban small forest, Longzhong Group joined hands with the Longzhong Upward Education Foundation to participate in tree planting activities at the Hakka Culture Theme Park in Taipei, planting approximately 500 saplings and nearly 20 species of plants.</li> </ol>

### III. Corporate Governance Report

#### 1. Organization

##### (1) Organizational chart



##### (2) Major corporate functions

Department	Business
Auditing Office	1. Assessment of and report on the implementation of internal control systems and internal management systems 2. Drafting and implementing the audit schedule.
GM's Office	Group operation strategy formulation, business target tracking and performance management.
Business Devision 1	1. R &D for Social Casino Game and platform development. 2. Strategy setting, game launch planning and schedule control. 3. Advertising planning and execution. 4. IOS and Android mobile game service shelf management. 5. Customer data collection and analysis and business intelligence establishment. 6. Digital marketing platform combined with big data analysis. 7. Game discussion forum, customer service mailbox and online customer service. 8. R &D for Casino Game and platform development. 9. Software Licensing, technical support for land-based gaming system. 10. Business promotion and customer service.

Department	Business
Business Devison 2	<ol style="list-style-type: none"> <li>1. R &amp;D for Social Casino Game and platform development.</li> <li>2. Strategy setting, game launch planning and schedule control.</li> <li>3. Advertising planning and execution.</li> <li>4. IOS and Android mobile game service shelf management.</li> <li>5. Customer data collection and analysis and business intelligence establishment.</li> <li>6. Digital marketing platform combined with big data analysis.</li> <li>7. Game discussion forum, customer service mailbox and online customer service.</li> </ol>
Finance & Accounting Devison	<ol style="list-style-type: none"> <li>1. Preparation and analysis of financial statements and budgets.</li> <li>2. Establishment, evaluation and implementation of accounting system.</li> <li>3. Fund allocation, utilization and planning.</li> <li>4. Stock operations and investor relations.</li> <li>5. Corporate governace planning and execution.</li> <li>6. Company contract drafting, contract review, intellectual property rights management and legal issues resolution.</li> </ol>
IT Devison	<ol style="list-style-type: none"> <li>1. IT quality assurance and maintenance for information security.</li> <li>2. Technical support and backend system management.</li> <li>3. IT service and cost control for network bandwidth.</li> <li>4. Information network planning, software installation and management, information security setting, backup database and disaster maintenance.</li> <li>5. Enterprise resource planning (ERP) service maintenance.</li> </ol>
Management Devison	<ol style="list-style-type: none"> <li>1. Employee recruitment, appointment, salary calculation and labor and health insurance operations.</li> <li>2. Employee training program and execution.</li> <li>3. Press relationship maintenance and CIS plaining.</li> <li>4. CSR events planning and execution.</li> <li>5. Company assets management and administration of general affairs.</li> </ol>

2. Information on directors, supervisors, president, vice president, assistant vice president, and managers of all the company's divisions and branch units

(1) Directors and Supervisors

1. Information of directors and supervisors

April 14, 2023

Title	Nationality / Country of Origin	Name	Gender /Age	First Election Date	Date Elected	Term (Years)	Shareholding when Elected		Current Shareholding		Spouse & Minor Children Shareholding		Shareholding in the name of another person		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
	ROC	Chen Hao Investment Co., Ltd.	-	June 19, 2019	July 27, 2021	3	5,040,000	12%	5,040,000	12%	-	-	-	-	-	-	-	-	-	-
Chairperson	ROC	Representative: Ku, Kang-Wei	M / 51~60	June 19, 2019	July 27, 2021	3	7,875,000	18.75%	7,875,000	18.75%	482,000	1.15%	-	-	National Chiao Tung University, Institute of Computer Science and Engineering Chairperson of GOSMIO TECHNOLOGY CO., LTD. Chairperson and president of Megata Ltd. Chairperson and President of Urnet Solutions Ltd.	President of the Company Chairperson and President of Xiang Shang Games Co., Ltd. Chairperson and President of Audere Gaming Co., Ltd. Chairperson of World Investment Inc. Chairperson of GSC Xiang Shang Education Foundation Responsible person of Chen Hao Investment Co., Ltd. Chairperson and President of Megata Ltd. Chairperson of Velvix Ltd. Chairperson of Crypto City Ltd.	Director Representative	Ku, Che-Ming	Second-degree relative	Note 1

Title	Nationality / Country of Origin	Name	Gender /Age	First Election Date	Date Elected	Term (Years)	Shareholding when Elected		Current Shareholding		Spouse & Minor Children Shareholding		Shareholding in the name of another person		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	ROC	Shih Neng Investment Co., Ltd.	-	June 19, 2019	July 27, 2021	3	1,680,000	4%	1,680,000	4%	-	-	-	-	-	-	-	-	-	-
	ROC	Representative: Ku, Che-Ming	M / 51~60	June 19, 2019	July 27, 2021	3	2,625,000	6.25%	2,625,000	6.25%	-	-	-	-	School of Chinese Medicine & Graduate Institute of Chinese Medicine Taiwan Otolaryngology Specialist Taiwan Chinese Medicine Clinician Chairperson of Taiwan Anthroposophic Medicine & Health Care Platform Chairperson of GX Foundation Supervisor of Megata Ltd. Supervisor of URNET SOLUTIONS LTD.	President of Ku Otolaryngology Clinic Chairperson of Chian-Shin Charity Foundation Director of Xiang Shang Games Co., Ltd. Director of Audere Gaming Co., Ltd. Director of World Investment Inc. Responsible person of Shih Neng Investment Co., Ltd. Director of Megata Ltd.	Director Representative	Ku, Kang-Wei	Second-degree relative	-
Director	BVI	BVI Shifu Corp.	-	April 27, 2015	July 27, 2021	3	10,855,311	34.46%	5,449,311	12.97%	-	-	-	-	-	-	-	-	-	-
Director	MY	Liu Han Ming	M / 41~50	July 27, 2021	July 27, 2021	3	-	-	-	-	-	-	-	Kota Tinggi Secondary School, Malaysia Founder and Permanent Honorary Consultant of Malaysia Charity Association	Chairman of Classic Vantage Limited Chairman of the Board, Asia Elmark Limited Chairman, Harvest Miracle Capital Berhad Limited Honorary President, Kota Tinggi Chinese Chamber of Commerce, Johor, Malaysia Malaysia Kota Tinggi Marwick Chinese Primary School Finance Honorary President of Kota Tinggiy Teh Church, Malaysia Founder and Permanent Honorary Advisor of Caritas Malaysia	-	-	-	-	-

Title	Nationality / Country of Origin	Name	Gender /Age	First Election Date	Date Elected	Term (Years)	Shareholding when Elected		Current Shareholding		Spouse & Minor Children Shareholding		Shareholding in the name of another person		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	ROC	Ho, Ron-Shu	M / 51~60	June 21, 2018	July 27, 2021	3	-	-	-	-	55,000	0.12%	-	-	MBA, NTU Deputy and investment officer, Te-Hung Investment Management Consulting Co. Project manager, Department of Investment, O-Bank Group Vice President, Department of Asset Management, Capital Securities	President of Yuan-Chuang Industrial Investment Consulting Co.	-	-	-	-
Independent Director	ROC	Wang Zheng Tang	M / 51~60	July 27, 2021	July 27, 2021	3	-	-	-	-	-	-	-	-	Bachelor of Materials Engineering, Tsinghua University Master of Materials Engineering, Jiaotong University PhD Candidate in Electronic Engineering, Jiaotong University Master of Business Administration, National Chengchi University Product manager, BenQ; Investment manager, China Venture Management, CDIB; Chairperson of Turnkey Manufacturing Solutions Inc., Executive Chairman of STAr Technologies, Inc. & WholeSenses Global Corp	Chief Strategies Officer, the General Manager and The director of Graphen Asia	-	-	-	-



Title	Nationality / Country of Origin	Name	Gender /Age	First Election Date	Date Elected	Term (Years)	Shareholding when Elected		Current Shareholding		Spouse & Minor Children Shareholding		Shareholding in the name of another person		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	ROC	Wu Pei Fen	F / 51~60	July 27, 2021	July 27, 2021	3	-	-	-	-	-	-	-	M.Sc., Michigan State University's Institute of Telex and Video Management Special Assistant to the Vice President's Office Associate Manager of Weiyang International Co., Ltd. Technical Promotion Manager, Microsystem Center, Industrial Technology Research Institute Director of Yanguang Wireless IOT Co., Ltd.	Manager of the Taiwan-Japan Fund Director of Shengfu Industrial Co., Ltd.	-	-	-	-	

Note 1: The Chairperson of the Board and the President of the Company are the same person, which is necessary for the development and integration of the Company, and the Company has a majority of directors who are not also employees or managers as a response.

2. Major shareholders of the institutional shareholders:

Apr.15, 2024

Name of Institutional Shareholders	Major Shareholders	%
BVI Shifu Corp.	CID Greater China Venture Capital Fund III, L.P.	100%
Chen Hao Investment Co., Ltd.	Ku, Kang-Wei	100%
Shih Neng Investment Co., Ltd.	Ku, Che-Ming	100%

3. Major Shareholders of Institutional Shareholders:

Apr.15, 2024

Name of Institutional Shareholders	Major Shareholders	%
CID Greater China Venture Capital Fund III, L.P.	Axiom Asia Private Capital Fund II, LP	22.50%
	CID Greater China Venture Capital Fund III (TE), LP	16.02%
	Oscilate Investment Pte Ltd	12.50%

#### 4. Professional qualifications and independence analysis of directors

Criteria Name	Professional Qualification and Work Experience (Note1)	Independence Criteria(Note2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairperson Chen Hao Investment Co., Ltd. Representative:Ku, Kang-Wei	<ul style="list-style-type: none"> <li>● Possesses five or more years of work experience required for the Company's business.</li> <li>● The current chairman and general manager of the company.</li> <li>● Served as a director of the company.</li> <li>● Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>	-	0
Director Shih Neng Investment Co., Ltd. Representative:Ku, Che-Ming	<ul style="list-style-type: none"> <li>● Possesses five or more years of work experience required for the Company's business.</li> <li>● Served as a director of the company.</li> <li>● Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>	-	0
Director BVI Shifu Corp.	<ul style="list-style-type: none"> <li>● Possesses five or more years of work experience required for the Company's business.</li> <li>● Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>	-	0

<p>Director Liu Han Ming</p>	<ul style="list-style-type: none"> <li>● Possesses five or more years of work experience required for the Company's business.</li> <li>● Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>	<p style="text-align: center;">-</p>	<p style="text-align: center;">0</p>
<p>Independent Director Ho, Ron-Shu</p>	<ul style="list-style-type: none"> <li>● Possesses five or more years of work experience required for the Company's business.</li> <li>● Graduated from the Business Studies of NTU with a master's degree, and serves as the general manager of Yuanchuang Industrial Investment Consultants Co., Ltd.</li> <li>● Served as an independent director of the company.</li> <li>● Convenor of the Company's Audit Committee and Remuneration Committee</li> <li>● Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>	<ul style="list-style-type: none"> <li>● The independent directors of the company meet the requirements of independence.</li> <li>● The person, spouse, or relative within the second degree of kinship does not hold company shares ; The person does not act as the director, supervisor or employee of an affiliated enterprise with specific relation with the Company.</li> <li>● Not a professional who provides commercial, legal, financial, accounting, or other related services with compensation with the past two years to the Company or affiliated enterprise.</li> <li>● Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>	<p style="text-align: center;">0</p>
<p>Independent Director Wang Zheng Tang</p>	<ul style="list-style-type: none"> <li>● Possesses five or more years of work experience required for the Company's business.</li> <li>● Graduated from the Jiaotong University with a master's degree in Materials Engineering, and serves as the General Manager of Tuc Technology Taiwan and Chief Strategy Officer of Tuc Technology Asia.</li> <li>● Not been a person of any conditions defined in Article</li> </ul>	<ul style="list-style-type: none"> <li>● The independent directors of the company meet the requirements of independence.</li> <li>● The person, spouse, or relative within the second degree of kinship does not hold company shares ; The person does not act as the director, supervisor or employee of an affiliated enterprise with specific relation with the Company.</li> </ul>	<p style="text-align: center;">0</p>

	30 of the Company Law.	<ul style="list-style-type: none"> <li>● Not a professional who provides commercial, legal, financial, accounting, or other related services with compensation with the past two years to the Company or affiliated enterprise.</li> <li>● Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>	
Independent Director Wu Pei Fen	<ul style="list-style-type: none"> <li>● Possesses five or more years of work experience required for the Company's business.</li> <li>● Graduated from the Michigan State University with a master's degree in Telex Video Management Institute, and serves as the director of Guanghong Technology Company and the Vice President of Innovative Industrial Technology Transfer Company.</li> <li>● Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>	<ul style="list-style-type: none"> <li>● The independent directors of the company meet the requirements of independence.</li> <li>● The person, spouse, or relative within the second degree of kinship does not hold company shares ; The person does not act as the director, supervisor or employee of an affiliated enterprise with specific relation with the Company.</li> <li>● Not a professional who provides commercial, legal, financial, accounting, or other related services with compensation with the past two years to the Company or affiliated enterprise.</li> <li>● Not been a person of any conditions defined in Article 30 of the Company Law.</li> </ul>	0

Note: 1. Professional qualification and experience: Describe the professional qualification and experience of individual director and supervisor. For member of Audit Committee with expertise in accounting or finance, describe their background in accounting or finance and work experience. Additionally, explain if the person is free from the circumstances prescribed under Article 30 of Company Act.

2. Describe conformance of independence required for independent director, including but not limited to if the person, spouse, and relative within the second degree of kinship serving as the director, supervisor, or employee of the Company and affiliated enterprise. The company

shares and weight held by the person, spouse, and relative within second degree of kinship (or using other's name). Does the person serve as the director, supervisor or employee to the affiliated company with special relation to the Company (refer to Article 3, paragraph 1 and provisions 5~8 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). The person provides compensation to the Company or affiliated enterprise within the 20 past two years by providing commercial, legal, financial, or other related services.

#### 5. Diversification of Board of Directors

The company's policy on the diversity of the composition of the board of directors is stipulated in the "Code of Practice on Corporate Governance". According to its Article 20, the ability of the board of directors should possess the following:

A. Ability to make operational judgments	E. Industry knowledge
B. Ability to perform accounting and financial analysis	F. A global market perspective
C. Ability to conduct management administration	G. Ability to lead
D. Ability to conduct crisis management	H. Ability to make policy decisions

The implementation status of the board diversity policy is as follows:

Name	Basic composition				Industry experience				
	Nationality/ Country of Origin	Gender	Age	Term of Independent Directors	Ability to conduct management administration	Ability to perform accounting and financial analysis	Ability to lead and to make policy decisions	Industry knowledge	A global market perspective
Chairperson Chen Hao Investment Co., Ltd.	ROC	M	51~60	-	✓	-	✓	✓	✓

Representative:Ku, Kang-Wei									
Shih Neng Investment Co., Ltd. Representative:Ku, Che-Ming	ROC	M	51~60	-	✓	-	-	✓	-
BVI Shifu Corp.	BVI	-	-	-	-	-	-	-	-
Liu Han Ming	MY	M	41~50	-	✓	-	✓	✓	✓
Ho, Ron-Shu	ROC	M	51~60	4	✓	✓	-	✓	-
Wang Zheng Tang	ROC	M	51~60	1	✓	✓	✓	✓	-
Wu Pei Fen	ROC	F	51~60	1	✓	-	-	✓	-

- (1) There are seven directors (include three independent director) in the Board, they all have many years of industry experience, rich background and expertise in business management, industry knowledge, accounting analysis, international market outlook, etc, which can provide professional advice to our company.
- (2) The average terms of the Board is three years, there are two independent directors who's seniority less than 3 years: Wang Zheng Tang and Wu Pei Fen ; one independent directors who's seniority is 6 years: Ho, Ron-Shu ; the terms of all the independent directors consecutive terms are less than three sessions. There are three independent directors, independent directors accounting for 43% of the composition, none of the independent directors were employees. The age distribution of board members includes 1 directors aged 41-50 and 5 directors aged 51-60. The Company also pays attention to the gender of the board of directors, the proportion of female directors is 14%, achieved the Board diversity goals. In the future, we will continue to work on the goal of increasing the proportion of female directors.
- (3) The Article 20 of the Company's "Code of Corporate Governance" has set out the standards about the orientation, complementarity and implementation of director diversity. In the future, the diversification policy will be updated in a timely manner depending on the operation of the board of directors, the type of operation and the development needs, including but not limited to the two major standards of basic

conditions and values, professional knowledge and skills, to make sure that the members of the board of directors shall generally possess the knowledge, skills and qualities.

(2) Information on President, Vice President, Assistant Vice President, and managers of all the company's divisions and branch units

Apr. 14, 2023

Title	Name	Nationality / Country of Origin	Gender	Date Effective	Shareholding		Spouse & Minor Children Shareholding		Shareholding in the name of another person		Experience (Education)	Other Position	Managers who are spouses or within two degrees of kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	Ku, Kang-Wei	ROC	M	SEP.1, 2020	7,875,000	18.75%	482,000	1.15%	—	—	National Chiao Tung University, Institute of Computer Science and Engineering Chairperson of GOSMIO TECHNOLOGY CO., LTD. Chairperson and president of Megata Ltd. Chairperson and President of Urnet Solutions Ltd.	President of the Company Chairperson and President of Xiang Shang Games Co., Ltd. Chairperson and President of Audere Gaming Co., Ltd. Chairperson of World Investment Inc. Chairperson of GSC Xiang Shang Education Foundation Responsible person of Chen Hao Investment Co., Ltd. Chairperson and President of Megata Ltd. Chairperson of Velvix Ltd. Chairperson of Crypto City Ltd.	—	—	—	Note 1
VP	Su, Chien-Tung	ROC	M	AUG 25,2021	—	—	—	—	—	—	MBA, National Taiwan University Financial director, Head of Internal auditor and Spokesman	Director of Xian Shang Games Co., Ltd. Director of World International Investment Co. Ltd. VP, GameSparcs subsidiary	—	—	—	—
Business Division I Supervisor	Xu, Wu-Xian	ROC	M	OCT. 1,2021	21,000	0.05%	—	—	—	—	PhD, Central University MBA, New York Institute of Technology General Manager of Guohe Digital (Stock) Company Chief Information Officer of Gamania Digital Entertainment	Operating VP og Game Dreamer (HK) Ltd. Director of Audere Gaming Co., Ltd. Director of GameSparcs Xiang Shang Education Foundation	—	—	—	—
Business Division II Supervisor	YI, ZHI-GANG	ROC	M	NOV. 16,2021	—	—	—	—	—	—	Guanghua Business Chief Operating Officer of Taiwan Branch of Hong Kong Alpha Gaming Co., Ltd. Chief Operating Officer of Cool Li Technology Co., Ltd. Product Minister of Yujun Technology Co., Ltd.	Business Division Supervisor of Megata Ltd.	—	—	—	—



Title	Name	Nationality / Country of Origin	Gender	Date Effective	Shareholding		Spouse & Minor Children Shareholding		Shareholding in the name of another person		Experience (Education)	Other Position	Managers who are spouses or within two degrees of kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
											Product Minister of Netzen Technology Co., Ltd.					
Information Technology Division	LIAO, LUN-HAO	ROC	M	Sep. 1,2021	-	-	-	-	-	-	PhD, Chaoyang University MBA, Chung Hsing University of Technology Teacher of the Chaoyang University Senior Technology Manager of the Hyweb Technology Co., Ltd. Technology Manager of the Hitron Technology Co., Ltd.	-	-	-	-	-
Director of Corporate Governance/ Senior Accounting Manager	LIN, PEI-YI	ROC	F	May. 11,2022	9,619	0.02%	-	-	-	-	Bachelor of Accounting, Tamkang University Audit Manager of KPMG Accounting Assistant manager of Apacer.Ltd Audit Manager of The Company	-	-	-	-	-
Auditing Manager	HUANG, YI-FEI	ROC	F	Nov. 10,2021	1,000	-	-	-	-	-	Bachelor, Fu Jen Catholic University Deputy Manager of Tax Department, Deloitte Auditor, KPMG	-	-	-	-	-

Note: The Chairperson of the Board and the President of the Company are the same person, which is necessary for the development and integration of the Company. According to the Standard 4<sup>th</sup>, the Company has a majority of directors who are not employees or managers and we are going to increase the number of independent directors in 2024 as a coping measures.

3. Remuneration paid during the most recent fiscal year to directors, supervisors, president, and vice president

(1) Remuneration of directors (including independent directors)

Unit: NT\$ thousands

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration Paid to Directors from an Invested Company Other than the Company's Subsidiary		
		Remuneratuin (A)		Severance Pay (B)		Remuneration of Directors (C)		Allowance(D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Remuneration of Employees (G) (Note)								
		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	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	Cash Dividends	Stock Dividends	Cash Dividends	Stock Dividends		The Company	Companies in the consolidated financial statements
Chairperson	Chen Hao Investment Co., Ltd. Representative: Ku, Kang-Wei	0	0	0	0	0	0	20	20	0.02%	0.02%	0	0	0	0	0	0	0	0	0	0	0.02%	0.02%	None
Director	Shih Neng Investment Co., Ltd. Representative: Ku, Che-Ming	0	0	0	0	0	0	5	5	0.01%	0.01%	0	0	0	0	0	0	0	0	0	0	0.01%	0.01%	None
Director	Liu Han Ming	0	0	0	0	0	0	10	10	0.02%	0.02%	0	0	0	0	0	0	0	0	0	0	0.02%	0.02%	None
Director	BVI Shifu Corp.	0	0	0	0	0	0	20	20	0.01%	0.01%	0	0	0	0	0	0	0	0	0	0	0.01%	0.01%	None
Independent Director	Ho, Ron-Shu	400	400	0	0	0	0	20	20	0.41%	0.41%	0	0	0	0	0	0	0	0	0	0	0.41%	0.41%	None
Independent Director	Wang Zheng Tang	400	400	0	0	0	0	20	20	0.41%	0.41%	0	0	0	0	0	0	0	0	0	0	0.41%	0.41%	None
Independent Director	Wu Pei Fen	400	400	0	0	0	0	20	20	0.41%	0.41%	0	0	0	0	0	0	0	0	0	0	0.41%	0.41%	None

- A. Policy, system, standard and structure of remuneration for independent directors: The independent directors of the company also serve as members of the audit committee and remuneration committee. Remuneration for independent directors shall be distributed in accordance with the "Regulations Governing the Remuneration and Rewards of Directors and Committee Members" approved by the Board of Directors. When independent directors perform their duties, the Company shall pay remuneration regardless of its operating profit or loss. In addition, independent directors attending meetings in person may be granted transportation allowances.
- B. Except as disclosed in the table above, the remuneration received by the directors of the Company for services rendered to all companies in the financial statements (e.g., as consultants to non-employees, etc.) in the most recent year: None.

Range of Remuneration

Range of Remuneration Paid to Directors	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	Chen Hao Investment Co., Ltd. Representative: Ku, Kang-Wei, Shih Neng Investment Co., Ltd. Representative: Ku, Che-Ming, BVI Shifu Corp. Liu Han Ming, Ho, Ron-Shu, Wang Zheng Tang, Wu Pei Fen	Chen Hao Investment Co., Ltd. Representative: Ku, Kang-Wei, Shih Neng Investment Co., Ltd. Representative: Ku, Che-Ming, BVI Shifu Corp. Liu Han Ming, Ho, Ron-Shu, Wang Zheng Tang, Wu Pei Fen	Chen Hao Investment Co., Ltd. Representative: Ku, Kang-Wei, Shih Neng Investment Co., Ltd. Representative: Ku, Che-Ming, BVI Shifu Corp. Liu Han Ming, Ho, Ron-Shu, Wang Zheng Tang, Wu Pei Fen	Chen Hao Investment Co., Ltd. Representative: Ku, Kang-Wei, Shih Neng Investment Co., Ltd. Representative: Ku, Che-Ming, BVI Shifu Corp. Liu Han Ming, Ho, Ron-Shu, Wang Zheng Tang, Wu Pei Fen
NT\$ 1,000,000 (inclusive)~NT\$ 2,000,000 (exclusive)	—	—	—	—
NT\$ 2,000,000 (inclusive)~ NT\$ 3,500,000 (exclusive)	—	—	—	—
NT\$ 3,500,000 (inclusive)~NT\$ 5,000,000 (exclusive)	—	—	—	—
NT\$ 5,000,000 (inclusive)~NT\$ 10,000,000 (exclusive)	—	—	—	—
NT\$ 10,000,000 (inclusive)~NT\$ 15,000,000 (exclusive)	—	—	—	—
NT\$ 15,000,000 (inclusive)~NT\$ 30,000,000 (exclusive)	—	—	—	—
NT\$ 30,000,000 (inclusive)~NT\$ 50,000,000 (exclusive)	—	—	—	—
NT\$ 50,000,000 (inclusive)~NT\$ 100,000,000 (exclusive)	—	—	—	—
Over NT\$100,000,000	—	—	—	—
Total	7 people	7 people	7 people	7 people

(2) Remuneration of supervisors: None

(3) Remuneration of the president and vice president

Unit: NT\$ thousands

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Remuneration of Employees (D)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration paid to the President and Vice President 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 Dividends	Stock Dividends	Cash Dividends	Stock Dividends			
General manager	Ku, Kang-Wei	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%	None
VP	Su, Chien-Tung	3,000	3,000	108	108	500	500	0	0	0	0	3.54%	3.54%	

Range of Remuneration

Range of Remuneration Paid to All Presidents and Vice Presidents	Name of President and Vice President	
	The Company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	Ku, Kang-Wei	Ku, Kang-Wei
NT\$ 1,000,000 (inclusive)~NT\$ 2,000,000 (exclusive)	—	—
NT\$ 2,000,000 (inclusive)~ NT\$ 3,500,000 (exclusive)	—	—
NT\$ 3,500,000 (inclusive)~NT\$ 5,000,000 (exclusive)	Su, Chien-Tung	Su, Chien-Tung
NT\$ 5,000,000 (inclusive)~NT\$ 10,000,000 (exclusive)	—	—
NT\$ 10,000,000 (inclusive)~NT\$ 15,000,000 (exclusive)	—	—
NT\$ 15,000,000 (inclusive)~NT\$ 30,000,000 (exclusive)	—	—
NT\$ 30,000,000 (inclusive)~NT\$ 50,000,000 (exclusive)	—	—
NT\$ 50,000,000 (inclusive)~NT\$ 100,000,000 (exclusive)	—	—
Over NT\$100,000,000	—	—
Total	2 people	2 people

(4) Names of the managers distributing the salaries of employees and the condition of distribution:

Unit: NT\$ thousands

	Title	Name	Stock Dividends	Cash Dividends	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	General manager	Ku, Kang-Wei				
	Vice President	Su, Chien-Tung	—	—	—	—
	Corporate Governance Officer	Lin, Pei-Yi				

(5) A comparison of the Company and the consolidated statements of all companies in the last 2 years to pay the Company's Directors, Supervisors, Presidents, and Vice Presidents of the total amount of remuneration as a proportion of individual or individual financial reporting after the pure benefit ratio analysis and description of the payment of remuneration policies, standards and combinations, procedures for the setting of honorariums and related to business performance and future.

1. The company and all the companies in the financial report in the last 2 years to pay the Company's Directors, Supervisors, President, and Vice President of the total remuneration as a proportion of after-tax pure benefit analysis:

Title	The ratio of the remuneration in the net profit after tax			
	2023		2022	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Director	1.29%	1.29%	1.34%	1.34%
President and Vice President	3.54%	3.54%	3.65%	3.65%

2. The policy, standard and payment of honorariums, the procedure for setting honorariums and the relevance to business performance:

(1) Principle of payment of remuneration to directors and independent directors

A. The company's directors' remuneration is clearly stated in the company's articles of association: the remuneration of all directors is authorized by the board of directors based on the degree of participation of individual directors in the company's operations and the value of their contributions, and with reference to the usual standards in the industry, and can be paid regardless of operating profits or losses. In addition, if the company makes a profit during the year, the board of directors shall decide to allocate no more than 3% as directors' remuneration. The company provides an annual fixed remuneration to each independent director in accordance

with the "Remuneration Payment Method for Directors and Functional Committee Members". Directors who concurrently serve as members of various functional committees of the company are unpaid positions.

- B. The company regularly evaluates the performance results of the board of directors and individual directors in accordance with the "Board of Directors Performance Evaluation Methods and Procedures" as a reference for selecting or nominating directors and setting their individual salaries and remuneration. In order to fully demonstrate the achievement of operating performance indicators, the company evaluates its performance results. Based on the degree of participation in the company's operations and the value of its contribution (such as the degree of participation in the board of directors, interaction with the management team, internal relationship management and communication, understanding of the company's industry, etc.), reasonable remuneration and relevant performance appraisals will be given. The salary and remuneration rationality are reviewed by the Salary and Remuneration Committee and the Board of Directors, and the remuneration system is reviewed in a timely manner based on the actual operating conditions and relevant laws and regulations. In 2023, the performance self-evaluation results of the Board of Directors, Director members and members of each functional committee all exceeded the standards. The actual amount of directors' remuneration will be reviewed by the Remuneration Committee and then proposed to the Board of Directors for decision.

(2) Presidents and Vice Presidents

- A. The company's manager remuneration is based on the "Manager Salary Remuneration Management Measures" and clearly stipulates various work allowances and bonuses to sympathize with and reward employees for their hard work at work. Relevant bonuses are also based on the company's annual operating performance, financial status, The operating status and individual work performance are verified; if the company makes a profit in the current year, according to the company's articles of association, it shall allocate no less than 1% as employee remuneration, which shall be distributed in stocks or cash by resolution of the board of directors. The performance evaluation results carried out by the company in accordance with the "Personnel Performance Management Measures" are used as a reference for the issuance of manager bonuses. The manager performance evaluation items are divided into 1. Financial indicators: According to the company's management profit and loss statement, each business department The company's profit contribution is distributed, taking into account the manager's project goal achievement rate; 2. Non-financial indicators: core function performance and management function performance, participation in sustainable operations, etc., calculate the remuneration for their operating

performance, and keep it at any time Review the remuneration system in a timely manner based on actual operating conditions and relevant laws and regulations.

- B. In order to regularly evaluate the salary and remuneration of managers and employees, the company is based on the evaluation results of the "Personnel Performance Management Measures" and links the company's strategic goals and the achievement of operating performance. In order to fully demonstrate the achievement of business performance indicators, the annual performance appraisal (such as: operating results, leadership vision, corporate governance, risk Management) as the issuance standard. The actual amount of manager's remuneration paid in 2023 will be reviewed by the remuneration committee and then proposed to the board of directors for decision.

(3)Connectivity to business performance and future risks

- A. The review of payment standards and systems related to the company's remuneration policy takes the company's overall operating conditions as the main consideration, and determines payment standards based on performance achievement rates and contributions, in order to enhance the overall organizational team effectiveness of the board of directors and managers. We also refer to industry salary standards to ensure that the company's management remuneration is competitive in the industry so as to retain outstanding management talents.
- B. The company's managers' performance targets are based on annual operating target results, combined with risk control and sustainable target weight adjustments to ensure that possible risks within the scope of responsibilities can be managed and prevented, and managers should not be led to pursue remuneration. Those who engage in behavior that exceeds the company's risks will be evaluated based on actual performance. Important decisions of the company's management are made after balancing various risk factors. The performance of relevant decisions is reflected in the company's profitability, and the remuneration of the management is related to the performance of risk control.
- C. The company pays the remuneration to the directors, general manager and deputy general manager, taking into account the operational risks the company will face in the future and its positive correlation with operating performance, in order to strike a balance between sustainable operations and risk control.

## (6) Remuneration for the top five highest paid executives

Position	Name	Pension(A)		Retirement Pension(B)		Bonuses and Special Expenses Fees, etc. (C)		Employee Compensation (D)				A, B, C and D as a percentage of net income after tax (%)		Received remuneration from a business outside the subsidiary or from the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Vice President	Su, Chien-Tung	3,000	3,000	108	108	500	500	0	0	0	0	3.54%	3.54%	None
Corporate Governance Officer	Lin, Pei-Yi	1,170	1,170	70	70	285	285	0	0	0	0	1.49%	1.49%	

## 4. Current condition of corporate governance

### (1) The operating conditions of the board

1. There were 4 board meetings held in the most recent year, 2023, and the attendance of the directors were as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Note
Chairperson	Chen Hao Investment Co., Ltd. Representative: Ku, Kang-Wei	4	0	100%	-
Director	Shih Neng Investment Co., Ltd. Representative: Ku, Che-Ming	1	3	25%	-
Director	BVI Shifu Corp	4	0	100%	-
Director	Liu Han Ming	2	1	50%	-
Independent Director	Ho, Ron-Shu	4	0	100%	-
Independent Director	Wang Zheng Tang	4	0	100%	-
Independent Director	Wu Pei Fen	4	0	100%	-

Other matters which shall be specified:

- For the matters specified in Paragraph 3, Article 14 of the Securities and Exchange Act, or other decisions with records or written statements in the board meetings that independent directors do not agree with, the dates, sequences, contents, all the opinions provided by independent directors and the handling of the opinions by the Company shall be specified:
  - Matters specified in Paragraph 3, Article 14 of the Securities and Exchange Act: none
  - Except for the preceding matters, other resolutions of the board meeting which are objected to or reserved by an independent director and have a record or written statement: none.
- In the event that a director circumvents an interest motion, the director should state the name of the director, the content of the motion, the reasons for the circumvention and the circumstances of his or her participation in the vote: none.
- TWSE/GTSM listed companies shall disclose information on the evaluation cycle and period, scope, method, and content of the evaluation by the board of directors (or peers), and the implementation of the evaluation by the board of directors is as follows:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Once per year.	For 2023, the Board's performance	Performance evaluation of the	Including internal board self-	(1) Board performance evaluation: This includes: 1. the level of participation in the Company's operations 2. the quality of



from January 1, 2023 to December 31, 2023 will be evaluated	Board of Directors, individual Board members and functional committees	evaluation, self-evaluation by board members, peer evaluation, appointment of external professional bodies, experts, or other appropriate means of performance evaluation	the board's decision-making 3.the composition and structure of the board 4.the selection and continuing education of directors 5.internal controls, etc.	(2) Individual Board members performance evaluation: These include: 1. mastery of the Company's objectives and tasks 2.awareness of directors' responsibilities 3.participation in the Company's operations 4.internal relationship management and communication 5.professional and continuing education of directors 6.internal control, etc.	(3) Functional committee performance evaluation This include: 1. participation in the Company's operations 2.awareness of the responsibilities of functional committees 3.quality of functional committee decisions 4.composition and selection of functional committees 5. internal control, etc.
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4. The objectives of strengthening the functions of the board of directors in the current and recent years (e.g. setting up audit committees and enhancing transparency of information) and the assessment of implementation:

1) Objectives of strengthening the functions of the board of directors

1. The Company has adopted the resolution of the board of directors meeting to set the “Regulations Governing the Procedures for Board of Directors Meetings” in accordance with the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies” and the operation of the board of directors shall be conducted in accordance with the said regulations.
2. The Company has elected three independent directors and formed an audit committee to replace the supervisors in order to strengthen the corporate governance function of the board of directors.
3. The Company establishes a compensation committee to assist the board of directors in implementing and evaluating its overall compensation and benefits system, and regularly review the appropriateness of remuneration for directors and managerial officers.
4. The Company regularly arranges directors to participate in professional in-service training courses, so that they can maintain their core values and professional advantages and capabilities.
5. Continuous improvement of information transparency: The Company designates a staff member to be responsible for the disclosure of company information and updating of company website information.

2) Assessment of implementation

1. On June 8, 2015 and September 30, 2015, the Company established a Remuneration Committee and an Audit Committee, respectively, and on June 19, 2019, the Company established "Standard Operating Procedures for the Handling of Requests Made by Directors" to assist the Board in carrying out its duties.
2. After the board meeting, the Company immediately posts important resolutions on the market observation post system to safeguard the rights and interests of shareholders, appointing special personnel to be responsible for the collection and disclosure of company information, and establishing a spokesperson system to ensure timely and proper disclosure of all important information for shareholders and stakeholders to refer to its financial business.

(2) Operation of the Board of auditors or participation of the supervisors in the operation of the board:

1. Audit Committee operation

The committee has called for 4 times in 2023 and the attending members are as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Note
Independent Director	Ho, Ron-Shu	4	0	100%	-
Independent Director	Wang Zheng Tang	4	0	100%	-
Independent Director	Wu Pei Fen	4	0	100%	-

Other notes:

1. The operation of the Audit Committee shall specify the date, period, content of the Audit Committee, the result of the Board's resolution and the Company's treatment of the opinion of the Audit Committee in the following cases:

(1) Matters related to Article 14-5 of Securities and Exchange Act:

Meeting Date	Proposals	Independent director's opinion and the response of the company
2023.03.17 (2023 1 <sup>st</sup> meeting)	<ol style="list-style-type: none"> <li>The Company's 2022 Annual Report on Operations and Financial Statements</li> <li>Amendment to the Company's "Board of Directors Performance Evaluation Methods and Procedures"</li> <li>The Company issued the assessment of the effectiveness of the internal control system and the "Statement of Internal Control System" for 2022.</li> <li>The case of changing the company's certified accountant.</li> <li>The company plans to lease an office from a related party.</li> <li>Revision of the company's "Standards of Procedures for Board of Directors".</li> </ol>	All the independent directors approved the proposals.
2023.05.08 (2023 2 <sup>nd</sup> meeting)	<ol style="list-style-type: none"> <li>The Company's endorsement and guarantee for its subsidiaries.</li> <li>Amendment of the Company's "Internal Control System"</li> </ol>	
2023.08.09 (2023 3 <sup>rd</sup> meeting)	<ol style="list-style-type: none"> <li>Consolidated financial statements for the second quarter of 2023.</li> <li>Formulate the company's "Risk Management Policies and Procedures".</li> <li>The company plans to dissolve and liquidate its 100% owned subsidiary Grant Prospect (HK) Ltd.</li> </ol>	
2023.11.08 (2023 4 <sup>th</sup> meeting)	<ol style="list-style-type: none"> <li>The Company's endorsement and guarantee for its subsidiaries.</li> <li>To establish the Company's 2024 annual audit plan.</li> <li>Plan to amend the company's "Standard Operating Procedures for Handling Directors' Requests".</li> </ol>	

(2) Except for the preceding items, any matter that has been adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee: none.

- Where independent directors enter recusal for any agenda item they are an interested party with, name of the independent directors, content of the item, the reasons why they are required to enter recusal and participation in voting shall be stated: none.
- Communication between independent directors and internal auditors and accountants (over major matters, methods and results regarding the Company's financial and business conditions): After the establishment of the audit committee on September 30, 2015, the Company's internal audit supervisor periodically reports with independent directors on the implementation of the annual internal audit plan, and attends the committee's meeting to deliver a report.

## 2. Key Jobs of Audit Committee

The Company established the Audit Committee in September 2015. The Audit Committee shall perform the following functions and powers, and submit its recommendations to the Board of Directors for discussion:

- Review and discuss the adoption or amendment for the internal control system
- The assessment of the effectiveness of the internal control system
- Review and discuss the adoption or amendment, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others
- Any matter that has a bearing on the personal interest of director
- Material asset or derivatives transactions
- Material monetary loans, endorsements or guarantees

- G. Offering, issuance or private placement of any equity-type securities
  - H. Hiring or dismissal of an attesting CPA, or the compensation given thereto and performance, qualification and independence of CPAs
  - I. Appointment or discharge of financial, accounting or internal auditing officers
  - J. Review and discuss the matters related to the annual profit distributions
  - K. Review and discuss other material matters required by the Company or the competent authorities
3. Communication between Independent Directors and Managers of Internal Audit of the Most Recent Annual Period
- Regularly- Report audit findings and improvement progress of abnormal matters to the Audit Committee, reply to questions raised by independent directors, and follow up. It instructs to strengthen the content of audit work to ensure the effectiveness of the internal control system.
  - Unregularly- Usually use telephone, email or face-to-face communication, if any major violations are found, immediately notify the independent director.

Date	Communication content	Result
2023.03.17 (The Audit Committee)	2022 internal audit report	Acknowledged and approved.
	The Company issued the assessment of the effectiveness of the internal control system and the "Statement of Internal Control System" for 2022.	
2023.05.08 (The Audit Committee)	2023 season one internal audit report	Acknowledged and approved.
2023.08.09 (The Audit Committee)	2023 season two internal audit report	Acknowledged and approved.
2023.11.08 (The Audit Committee)	2023 season three internal audit report	Acknowledged and approved.
	Amendment of the Company's " Internal major information processing procedures"	
	Establish the Company's 2024 annual audit plan.	
	Publicity of insider trading and integrity management laws and regulations	
	Communication meeting between independent directors and audit supervisors	

4. Communication between Independent Directors and Accountants of the Most Recent Annual Period
- Regularly- Before and after reviewing or reviewing quarterly, semi-annual and annual reports, accountants communicate with the Audit Committee on the review and review plan, execution status and results.
  - Unregularly- Before and after reviewing or reviewing quarterly, semi-annual and annual reports, accountants communicate with the Audit Committee on the review and review plan, execution status and results.

Date	Communication content	Result
2023.03.17 (The Audit Committee)	The Company's 2022 Annual Report on Operations and Financial Statements	Acknowledged and approved.
	2022 communication with management units after annual audit	
	2022 annual audit scope and significance	
	2022 annual audit report and key audit matters	
	2021 annual audit quality indicator information	
2023.05.08 (The Audit Committee)	Securities and Exchange Commission Updates	
2023.05.08 (The Audit Committee)	Consolidated Financial Statements of 2023 Q1	Acknowledged and approved.
2023.08.09 (The Audit Committee)	Consolidated Financial Statements of 2023 Q2	Acknowledged and approved.
2023.11.08 (The Audit Committee)	Consolidated Financial Statements of 2023 Q3	Acknowledged and approved.
	2023 communication plan with Governance	
	CPA's roles and responsibilities	
	The scope of the annual audit and annual audit service plan	
	Accountant's independence	
	Quality Management System for Accounting Firms	
	Company Law and Securities Exchange Act Updates	

(3) 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	Summary Description	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has drawn up the “Corporate Governance Best Practice Principles”, which shall be implemented in accordance with the spirit of corporate governance. The information has been disclosed on the Company’s website <a href="https://www.gamesparcs.com/">https://www.gamesparcs.com/</a>	No significant differences.
2. Shareholding structure & shareholders’ rights				
(1) Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes, and litigations, and implement based on the procedure?	✓		1) The company has set up a spokesperson system in accordance with the regulations, in which spokespersons and acting spokespersons act as channels of suggestions and communication for shareholders and can properly handle them.	No significant differences.
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		2) The Company has special personnel to handle related matters, and a professional stock agency is entrusted with the task of dealing with stock matters according to law. It can grasp the list of major shareholders who actually control the Company. The Company is also committed to good shareholder relations.	No significant differences.
(3) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	✓		3) The Company has made relevant operating procedures in the internal control system according to law and dealt with related enterprises in accordance with relevant provisions.	No significant differences.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
(4) Does the Company establish internal rules against insiders trading with undisclosed information?	✓		<p>4) The Company has drawn up the "Procedures for the Prevention of Insider Trading" which prohibits insiders from trading securities using unpublished information in the market.</p> <p>The Company prevents insider trading by controlling key points in its operations, which prevents Company insiders (employees, managers, and directors) from exploiting non-public information to trade securities. The Company held regular training on preventing insider trading.</p> <p>Implementing of Rules and Procedures in 2022:</p> <p>A. Directors and Independent directors</p> <p>When a director takes office or is dismissed, the company provides a director's regulations promotion manual, and explains to directors at any time relevant regulations on communication about insider trading and short-term trading. In 2023, the Company conducted education and publicity for directors/independent directors on the introduction of insider trading regulations, the timing of identification of major news components and handling of violations, analysis of examples, etc., and reminded directors not to disclose information 30 days before the announcement of</p>	No significant differences.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
			<p>the annual financial report and every Its stocks are traded during the closed period of the fifteen days before the announcement of the quarterly financial report.</p> <p>B. Managers and employees When a manager terminates his position as an insider, the company provides relevant laws and regulations on changes in insider equity, and employees are provided with timely education and publicity within three months of taking office. In 2023, the company conducted education and publicity for managers/employees on the introduction of insider trading regulations, the timing of identifying the elements of major news and handling of violations, and the analysis of examples.</p>	
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Does the Board develop and implement a diversified policy for the composition of its members?</p>	✓		<p>1) The Board of Directors of the Company consists of internal directors, multi-industry experts, independent directors with professional financial background and experts from industry and academia to assist its diversified operation, running and development. Please refer to “Board Diversity”.</p>	No significant differences.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		✓	2) The Company's Articles of Incorporation specify that a functional committee may be set up under the Board of Directors. The establishment and functions of the relevant committees shall be carried out in accordance with the regulations prescribed by the competent authority. However, at present, the Company has not set up any functional committees other than the remuneration committee and the audit committee for the sake of business operation.	No significant differences.
(3) Has the Company established a method for evaluating the performance of the Board of Directors and its assessment method, and conducts performance evaluation annually and regularly, and submits the results of performance evaluation to the Board of Directors for reference of individual director's salary compensation and nomination for reappointment?	✓		3) The Company on August 13, 2015 adopted the "Regulations on Performance Evaluation of the Board of Directors" by the Board of Directors' meeting resolution. The evaluation of directors' performance for 2023 was reported to the Board of Directors on March 7, 2024. The Board of Directors are assessed 45 items on five aspects and the results is consistent with corporate governance. The individual directors are assessed 23 items on six aspects and the result is consistent with corporate governance, and effectively enhancing the functions of the Board of Directors.	No significant differences.



Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
(4) Does the Company regularly evaluate the independence of CPAs?	✓		4) The company's audit committee evaluates the audit performance, independence and competency of its certified accountants every year. In addition to requiring the certified accountants to provide "Declaration of Detachment of Independence" and "Audit Quality Indicators (AQIs)", it evaluates the audit performance, independence and competency of its certified accountants based on five major aspects, and 13 AQI indicators, and check whether the accountant is a shareholder or director of the company, or has any other interests and business relationships other than the matters entrusted by the "routine non-confirmation service list", and does not accept the company's directors or managers. Or a major shareholder presents a gift of significant value. The accountant rotation shall also comply with relevant laws and regulations, and refer to the AQI indicator information to objectively evaluate the audit quality to maintain and improve the confidence of the company's financial reports. The evaluation results of the most recent year were reported on March 7, 2024 after the audit committee discussed and approved the accountant rotation appointment case, accountant independence and audit quality index (AQI)	No significant differences.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
			assessment on March 17, 2023 and March 7, 2024. The board of directors passed the assessment of the independence and competency of the accountants.	
4. Does the Company set up a corporate governance unit or personnel responsible for corporate governance related business? (including, but not limited to, providing directors, monitors to carry out the necessary data for the operation, handling matters related to the shareholders’ meeting and board meetings in accordance with the law, handling company registration and change registration, making the proceedings of the Board of Directors and shareholders’ meeting, etc.)	✓		<p>The The company has set up a corporate governance manager (who has completed 15 hours of training this year) and assigned a qualified and appropriate number of personnel to be responsible for corporate governance-related business. Matters related to corporate governance in the preceding paragraph include at least the following contents:</p> <ol style="list-style-type: none"> <li>1. Company registration and change registration</li> <li>2. Assist the board of directors and shareholders' meetings with procedures and resolutions on compliance matters.</li> <li>3. Provide directors with the information they need to perform their business and the latest legal developments related to operating the company to assist directors in complying with laws.</li> <li>4. Assist in handling matters related to director changes, director appointment and continuing education.</li> <li>5. Matters related to investor relations (fashu conference).</li> <li>6. Responsible for the announcement of important information regarding important resolutions of the board of directors and shareholders' meeting, and release important information in accordance with the</li> </ol>	No significant differences.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
			<p>law.</p> <p>7. Arrange the "Integrity Management Implementation Unit" to report to the Board of Directors on November 8, 2023 on the company's implementation status and plans for promoting integrity management in the current year to ensure the implementation of the Integrity Management Code.</p> <p>8. Arrange the sustainable development promotion team to report to the board of directors on the implementation results of the current year's sustainable development, communication with various stakeholders, and risk management operations on November 8, 2023, to ensure the implementation of the sustainable development practice code.</p> <p>9. Other matters stipulated in the company's articles of association or contract.</p>	
5. Does the Company establish a communication channel and build a designated section on its website for stakeholders, as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The Company has established appropriate communication channels with relevant stakeholders. For investors, there is a dedicated email box and telephone number for investor relations, which are handled by a designated person, with relevant contact information offered on the Company's website. For employees, there are labor and management meetings, grievance channels, staff meetings, etc. For contractors, there is a point of contact. With relevant	No significant differences.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
			business contact information on its website, interested parties may contact the Company at any time when necessary.	
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed the Transfer Agency Department of Yuanta Securities Co., Ltd. to handle the affairs of the board of shareholders.	No significant differences.
7. Information Disclosure				
(1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		(1) The Company's website, <a href="http://www.gamesparcs.com/">http://www.gamesparcs.com/</a> , publishes relevant information at any time, and announces its general situation and financial information at the Market Observation Post System in accordance with the regulations of the competent authorities.	No significant differences.
(2) 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)?	✓		(2) The company has set up Chinese and English websites and simultaneously publishes major information in Chinese and English, as well as relevant briefings in Chinese and English for corporate briefings. In addition to the public information observatory, it is also simultaneously placed on the company's website to fully disclose information to shareholders. and relevant stakeholders for reference, and has a spokesperson and acting spokesperson, and designates a dedicated person to be responsible for collecting and disclosing public information to provide	No significant differences.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
(3) Does the Company announce and report its annual financial report within two months after the end of the fiscal year, and announce and report its first, second and third quarter financial reports and operations for each month well in advance of the required deadline?		✓	<p>spokespersons, acting spokespersons and relevant business departments to answer inquiries from stakeholders and competent authorities.</p> <p>(3) In accordance with the relevant provisions of the Securities and Exchange Act, the Company announces and reports, within 75 days after the end of the fiscal year, an annual financial report signed or sealed by the chairperson of the Board of Directors, the manager and the head of accounting, certified by an accountant, approved by the Board of Directors and recognized by the Supervisor. The rest of the quarterly reports and revenue for each month are announced and reported in accordance with the relevant regulatory deadlines.</p>	Failure to report financial statements earlier than two months after the end of the fiscal year; in addition, no significant differences.
8. Does the Company have any other important information that could help understanding the operation of corporate governance (including, but not limited to, employee rights, employee care, investor relations, supplier relations, stakeholder rights, directors' and supervisors' continuing education, implementation of risk management policies and risk measurement standards, implementation status of customer policies, and the Company's procurement of liability insurance for directors and	✓		<p>(1) Implementation of employee benefits and care: The company has always attached great importance to the rights and interests of its employees. In addition to providing employees with a safe, healthy, diverse, equal and humane working environment in accordance with laws and relevant internal management regulations, the company also has certain policies in terms of appointments, promotions, rewards and punishments, benefits, salaries, training and other aspects. Follow, provide fair opportunities and behavioral norms, and establish good and honest</p>	No significant differences.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
supervisors)?			relationships and interactions with employees through welfare systems and education and training. The company is committed to fulfilling its social responsibilities and protecting the rights and interests of its employees. It has also joined the "2024 TALENT, in Taiwan, Taiwan Talent Sustainability Action Alliance", strictly abides by relevant regulations, and integrates concerns about human rights into all aspects of daily operations to fulfill its obligations. Employers' duty to care for their employees. In addition, the company has established an employee welfare committee and labor-management meeting to protect the rights and interests of employees.	
	✓		(2) Investor relations: The Company is required by law to provide honest disclosure of company information to protect the rights and interests of investors and fulfill its obligations to shareholders	No significant differences.
	✓		(3) Supplier relations: The Company maintains good interaction with game developers, payment flow service providers, distributors, and multimodal transport operators.	No significant differences.
	✓		(4) Rights of stakeholders: The Company respects and safeguards the legitimate rights and interests of	No significant differences.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
	✓		<p>stakeholders, who may communicate with the Company and put forward suggestions at any time to safeguard their due rights and interests.</p> <p>(5) Directors' and supervisors' continuing education: The directors of the Company all have professional background and practical experience in operation and management, and they all take professional courses according to the regulations to strengthen their corporate governance functions. The total training hours is 42 in 2023.</p>	No significant differences.
	✓		<p>(6) The company established the "Risk Management Policies and Procedures" on August 9, 2023 and approved it with the approval of the board of directors. The audit committee replaces the functions of the risk management committee. The Finance and Accounting Department is the promotion and execution unit, responsible for risk management policies and implementation of risk measurement, at least every year. The risk management operation status is reported to the board of directors on a regular basis. The 2023 operation status was reported to the board of directors on November 8, 2023. The company also formulates various internal regulations and internal control systems in accordance with the law, conducts various</p>	No significant differences.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
	✓		risk management and assessments, and has its internal audit unit regularly and irregularly check the implementation of the internal control system.	No significant differences.
	✓		(7) Implementation status of customer policy: The Company has set up a professional customer service team to deal with customer enquiries and will properly identify problems and responsibilities in response to customer complaints, so as to protect the rights and interests of customers. (8) The company purchases liability insurance for directors and supervisors: The company insures directors' liability insurance for directors every year, and has reported the insurance amount and other information to the board of directors on November 8, 2023.	
9. Please describe the improvements that have been made in the latest annual corporate governance review issued by the Taiwan Stock Exchange Corporation Governance Center and propose priorities and measures to strengthen those that have not been improved.		✓	The Company has developed and progressively improved the unimproved portion.	Improving



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

1. Remuneration Committee Member Information

Title	Name	Professional Qualification、work Experience and independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
Independent Director (Convener)	Ho Rong Shu	For related content, please refer to pages 17 to 20.	0
Independent Director	Wang Zheng Tang		0
Independent Director	Wu Pei Fen		0

2. Responsibilities of the Compensation Commission

The Committee shall, with the attention of the good manager, faithfully perform the following functions and submit the recommendations to the Board for discussion:

- (1) Review this code regularly and make recommendations for amendments.
- (2) To set and regularly review the policies, systems, standards and structures of the company's directors and managers ' annual and long-term performance objectives and salary compensation.
- (3) Regularly evaluate the achievement of the performance objectives of the directors and managers of the company, and set the content and amount of their individual salary remuneration.

3. Information on the functioning of the Compensation Commission

- (1) The Salary and compensation committee of the Company shall be counted as 3 persons.
- (2) The remuneration committee term is July 27, 2021 to July 26, 2024, and met 2 times (A) in 2023, the members were represented as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Note
Convener	Ho, Ron-Shu	2	0	100	-
Committee Member	Wang Zheng Tang	2	0	100	-
Committee Member	Wu Pei Fen	2	0	100	-

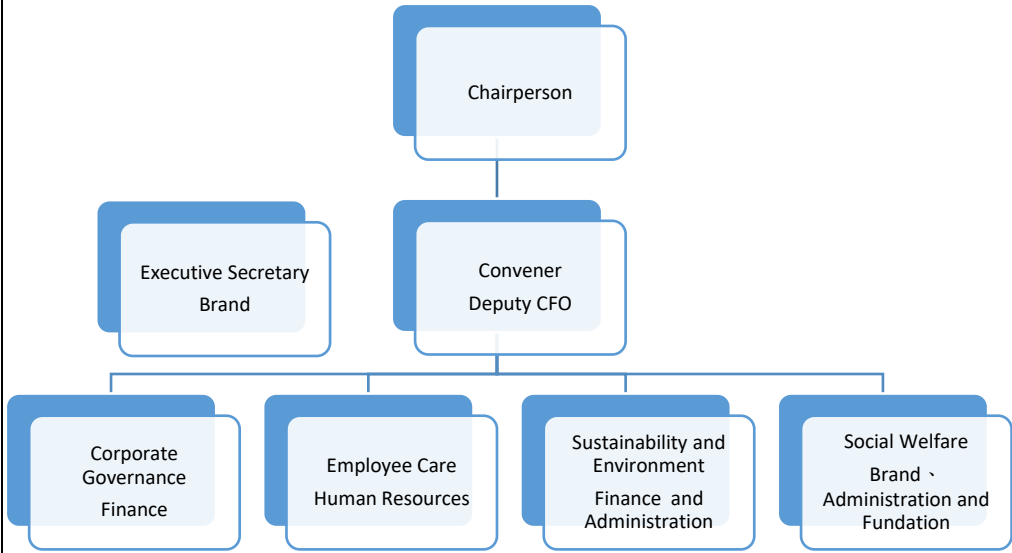
Other notable items:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should 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 (eg., 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.
2. Resolutions of the remuneration committee objected to by members or subject to a qualified opinion 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 should be specified: None.
3. The Comments and Resolutions by Remuneration Committee in the Most Recent Annual Period :

Date	Communication content	Result
2023.03.17 (The Remuneration Committee)	<ol style="list-style-type: none"> <li>1. Revise the company's "Board of Directors Performance Evaluation Methods and Procedures".</li> <li>2. The company's proposal for manager promotion, salary adjustment and performance bonus in 2023.</li> </ol>	Approved
2023.11.08 (The Remuneration Committee)	<ol style="list-style-type: none"> <li>1. Employee remuneration case for the company's managers</li> </ol>	Approved

(5) Corporate Social Responsibility

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
1. Has the Company established ESG unit (full- or part time), with a senior manager authorized by the Board of Directors to handle and report related activities to the Board of Directors?	✓		<p>On May 11, 2022, the company's board of directors approved the establishment of a sustainable development promotion group as an organization to promote sustainable development. The chairman serves as the chairman and the vice president of finance serves as the convener. The company also appoints the corporate governance manager and the main operating team. Develop and promote sustainable development policies, systems or related management guidelines and specific promotion plans. In accordance with the aspect of sustainable development, issues such as "corporate governance", "social responsibility" and "environmental protection" are integrated into various work units under the promotion group. Each unit is composed of core members of relevant departments and is responsible for the promotion of sustainable affairs. And handle it in accordance with the relevant provisions of the "Code of Practice for Sustainable Development".</p> <p>The organizational structure of the Sustainable Development Promotion Group is as follows:</p>	No significant differences.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
			 <pre> graph TD     Chairperson[Chairperson] --- Convener[Convener Deputy CFO]     Convener --- ES[Executive Secretary Brand]     Convener --- CG[Corporate Governance Finance]     Convener --- EC[Employee Care Human Resources]     Convener --- SE[Sustainability and Environment Finance and Administration]     Convener --- SW[Social Welfare Brand - Administration and Fundation] </pre> <p>The sustainable development promotion team regularly reports to the board of directors on the implementation of management operations at least once a year, with the most recent report date being November 8, 2023 , evaluate and review strategic promotion, and urge the management team to make adjustments when necessary to review the progress of sustainable development.</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons						
	Yes	No	Summary Description							
2. Does the company follow principles of materiality in evaluating the risks of environmental, social, and corporate governance, and establish relevant policies or strategies	✓		<p>The company replaces the functions of the Risk Management Committee with the Audit Committee, and the Finance and Accounting Department is the driving and executing unit. It conducts risk assessments on environmental, social and corporate governance issues related to operations in accordance with the principle of materiality, and also formulates relevant management policies such as internal audit systems, Reporting systems, climate change risk management and operational risk management, etc., have corresponding organizations to regularly review and reduce the probability of risk occurrence. Through a complete risk management structure, various risks that may affect the achievement of goals are considered and managed. After assessment, relevant risk management strategies and measures for major issues are formulated as follows.</p> <table border="1"> <thead> <tr> <th>Topics</th> <th>Risks</th> <th>Risk Management Measures</th> </tr> </thead> <tbody> <tr> <td>Environment</td> <td>Environmental protection and climate change</td> <td>The company has reviewed and evaluated the environmental protection and climate change factors involved in the company's industry in risk assessment meetings held regularly every year. The company's main business activity is the operation of online games, which belongs to the software industry. The company does not require factories to operate. Based on the characteristics of the industry, there has been no</td> </tr> </tbody> </table>	Topics	Risks	Risk Management Measures	Environment	Environmental protection and climate change	The company has reviewed and evaluated the environmental protection and climate change factors involved in the company's industry in risk assessment meetings held regularly every year. The company's main business activity is the operation of online games, which belongs to the software industry. The company does not require factories to operate. Based on the characteristics of the industry, there has been no	No significant differences.
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			<p>major pollution to the environment.</p> <p>Energy-saving measures: The company is not in the manufacturing industry, so it does not use a large amount of raw materials and water resources. The main energy consumption is concentrated on office computers and computer room equipment. The company's main servers have adopted smart environment control to monitor Computer room PUE indicator. The company is also committed to improving the utilization efficiency of various resources and using renewable resources with low impact on the environment, including prioritizing the use of energy-saving equipment to reduce energy consumption, using products that meet green certification, reducing waste, and actively promoting after-work hours. Shut down the PC host.</p> <p>Paper resources: As a global citizen, our company recognizes the importance of environmental sustainability. In order to reduce the paper consumption of office documents, the company has completed the establishment of an internal employee portal in phases, integrating payroll management, attendance management, and general procurement.</p>	

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				<p>Functions such as requesting and disbursing funds, announcements and publicity, etc., are managed through e-management of internal approvals. In addition, offices are encouraged to recycle recycled paper for non-sensitive documents to reduce the use of paper resources.</p>	
			Society	<p>Labor relation</p> <p>The company complies with relevant laws and regulations and follows international human rights conventions to implement internationally recognized labor rights. For matters that endanger labor rights and interests, the company provides an effective and appropriate complaint mechanism to ensure equality and transparency in the complaint process.</p> <p>The company provides a safe and healthy working environment for employees, including providing necessary health and first aid facilities, and is committed to reducing hazards to employee safety and health to prevent occupational disasters.</p> <p>The company creates a good environment for employees' career development and provides employees with complete training, development and appropriate incentive programs to enhance the competitiveness of talents.</p>	

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			the law for protection of personal information to ensure information security.	
3. Environmental Issues (1) Does the Company establish proper environmental management systems based on the characteristics of their industries?	✓		The company is a game company, and the management division is responsible for implementing and promoting various measures and policies for environmental protection, energy conservation and carbon reduction. The company attaches great importance to environmental protection issues. In addition to establishing and implementing green procurement and energy management, it has completed the 112th annual greenhouse gas emission inventory.	No significant differences.
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		The company belongs to cultural and creative content industry. Except for the use of electricity for office, there is no production process, so there is no waste that pollutes the environment such as waste water and waste gas. The environmental protection situation is good. In 2021, there was no violation of environmental protection laws and regulations. The company continues to improve energy efficiency and use recycled materials with low impact on the environment, such as using environmentally friendly and energy-saving label products, replacing energy-saving lamps, giving priority to the use of green	No significant differences.

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			certified products, reusing photocopying recycled paper, used envelopes for internal documents, regular recycling of waste toner cartridges, used batteries, waste paper, used office desks and chairs and computers, reduction and recycling of household waste, etc.	
(3) Does the company assess the current and future potential risks and opportunities of climate change for the business and take measures to address climate related issues?	✓		The company identifies key climate risks in accordance with the TCFD guidelines, conducts comprehensive climate risk management from the four major aspects of governance, strategy, risk management, indicators and goals, identifies the risks and opportunities of climate change to corporate operations, and analyzes financial We will formulate sustainable policies and environmental goals and plan response measures, implement energy conservation and carbon reduction and greenhouse gas reduction management, and cooperate with government policies to actively promote various energy conservation and carbon reduction programs to achieve sustainable goals.	No significant differences.
(4) Has the company compiled statistics on greenhouse gas emissions, water consumption and total weight of waste in the past two years, and	✓		The company is a game company without a manufacturing plant, and environmental pollution from operating process. So that there will be no waste water discharge or air pollution. Greenhouse gases mainly come from office electricity consumption. The company continues to promote various energy-saving and carbon-reduction measures. Usually through the relevant environmental education courses, to promote the concept of water saving and waste reduction to colleagues.	No significant differences.

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<p>formulated policies on energy conservation, carbon reduction, greenhouse gas reduction, water reduction or other waste management?</p> <p><input type="checkbox"/></p>			<p>Our company voluntarily conducted an annual ISO14064-1 greenhouse gas emissions inventory for the Taichung office in 2023 to fully understand the greenhouse gas emissions. In order to enable the effective operation of greenhouse gas inventory, our company has established a "Greenhouse Gas Inventory Promotion Team" to perform relevant inventory operations:</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2023</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Emission of greenhouse gases (tonne CO2e/year)</td> <td>177.192</td> <td>180.003</td> </tr> <tr> <td>Water consumption (degree)</td> <td>1,011.82</td> <td>874.14</td> </tr> <tr> <td>Energy used (degree)</td> <td>339,668.19</td> <td>345,346.93</td> </tr> <tr> <td>General waste (tonne)</td> <td>2.1180(Note)</td> <td>Note</td> </tr> <tr> <td>Recycling materials (tonne)</td> <td>0.9700(Note)</td> <td>Note</td> </tr> </tbody> </table> <p>Note : The actual statistical period is from October 1, 2023 to December 31, 2023, and the statistical data is extrapolated to the whole year. Our company is in the cultural and creative content industry, and waste is mainly generated by our colleagues’ daily lives. Through greenhouse gas</p>	Item	2023	2022	Emission of greenhouse gases (tonne CO2e/year)	177.192	180.003	Water consumption (degree)	1,011.82	874.14	Energy used (degree)	339,668.19	345,346.93	General waste (tonne)	2.1180(Note)	Note	Recycling materials (tonne)	0.9700(Note)	Note	
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			<p>inventory, we calculated that the carbon emissions generated from waste processing accounted for less than 1% of the greenhouse gas emission sources, so they were not listed as The company's major issues will be handled in accordance with local government regulations.</p> <p>The main impact of the company's operating activities on the environment is the electricity used in offices. The indirect energy greenhouse gas emissions mainly come from Taipower's power input, and its greenhouse gas emissions account for 94.89% of the total Category 1 add Category 2 emissions.</p> <p>The company continues to promote various energy-saving and carbon-reducing measures within the company, and regularly promotes concepts such as energy saving, water saving, and waste reduction to colleagues through relevant environmental publicity courses.</p> <ol style="list-style-type: none"> <li>1. Outsource a professional cleaning company: assign dedicated personnel to clean every day, and set up resource recycling bins to classify various resources, including: paper, glass bottles, iron and aluminum cans, plastics and waste batteries, etc. to reduce the impact on the environment.</li> <li>2. Popularize environmental protection, safety and health education, and actively promote environmental sanitation management.</li> </ol>	

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			<ul style="list-style-type: none"> <li>3. Prioritize the use of products with environmental protection and energy-saving labels, such as faucets and toilets, to reduce water consumption.</li> <li>4. Choose toilet paper and hand towels that do not contain chemicals, do not pollute the environment, and are easily decomposed in water.</li> <li>5. Make sure to turn off lights and computers during lunch breaks and after get off work to save energy.</li> <li>6. No disposable tableware is used in group activities: The company provides eco-friendly tableware for loan and encourages employees to bring their own eco-friendly cups and tableware. In 2023, the company reduced the use of more than 2,500 disposable tableware in total.</li> <li>7. Regularly disinfect the environment, maintain air-conditioning equipment and clean air-conditioning blowers to maintain a clean environment.</li> <li>8. Regularly clean drinking water towers, maintain drinking water dispensers and test the quality of drinking water within the company.</li> <li>9. Office air-conditioning blowers and cooling towers are regularly cleaned and maintained by outsourced manufacturers to maximize their functionality.</li> <li>10. Make full use of energy-saving lamps or Led lamps.</li> <li>11. The average air-conditioning temperature in the office is set at 25°C</li> </ul>	

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			<p>~26°C to save energy and not waste energy.</p> <p>In order to continue to achieve the international reduction trend, the company, through the board of directors and the sustainable development promotion group, conducts reduction tracking with 2023 years as the base year, and sets reduction targets and strategies to reduce the impact of operations on the environment and improve Energy performance and optimized usage efficiency.</p>	
<p>4. Social Issues</p> <p>(1) Does the Company establish appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	✓		<p>The company follows the current laws and regulations, including the Labor Standards Act, the Employment Services Act, and the Gender Work Equality Act, the standards of human rights conventions. In order to enhance the respect and support for human rights of the company and its personnel, the company has formulated and publicized "Integrity Management Code", "Ethical Code of Conduct" and "Work Rules" to protect the rights and interests of colleagues. All employees should be treated fairly and with respect.</p> <p>The company regards equality as an important asset, provides meaningful work content, a safe and healthy working environment, high-quality remuneration and benefits, encourages employees to balance work and life and job training. The company also implements employee group insurance plan and vacation subsidize plan, performance management plan and provides the provision of labor pensions in accordance with the law. All implementation of the</p>	No significant differences.

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			<p>employment policy is non-discriminatory treatment, to ensure the rights and interests of laborers.</p> <p>In addition, in 2023, training related to human rights protection was implemented for colleagues, with a total of 17 hours, and a total of 17 people completed the training. In the future, the Company will continue to pay attention to human rights protection issues and promote relevant education and training to increase awareness of human rights protection and reduce the possibility of related risks.</p>	
(2) Does the Company establish and implement reasonable employee benefit measures (including remuneration, leave and other benefits, etc.) and appropriately reflect operating performance or results in employee remuneration?	✓		<p>The company has established SOP for salary management, employee welfare management, attendance management and personnel performance management methods, which clearly regulate the salary structure, vacation system, welfare and performance evaluation, and appropriately share business profit into employee remuneration. The promotion, salary raise and bonus distribution is based on performance appraisal results. The company shall provide employees with satisfied incentive. Employee remuneration is stipulated in the company's articles of association. If the company makes a profit during the year, it shall allocate no less than 1% as employee remuneration, which shall be distributed in the form of stocks or cash by resolution of the board of directors. The company follows labor standards laws and regulations to handle employee compensation and vacation systems. The employee welfare committee is</p>	No significant differences.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
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			<p>responsible to plan and provide various high-quality welfare measures for colleagues:</p> <ol style="list-style-type: none"> <li>1. Labor health insurance and pension provision</li> <li>2. Festivals activities</li> <li>3. Family Day Activities and year-end party activities</li> <li>4. Birthday gifts, marriage and funeral allowances, travel allowances, employee referral bonuses</li> <li>5. Employee group insurance</li> <li>6. Employee Health examination</li> <li>7. Proper channel for promotion and development</li> <li>8. Year-end bonus, performance bonus</li> <li>9. Maternity leave for female colleagues, paternity leave for male colleagues, etc.</li> <li>10. Staff short-term dormitory rental</li> </ol> <p>The company values importance of diversity and equality in the workplace, and realizes the principle of equal pay for equal work and equal opportunities of promotion for male and female employees. In 2023, around 35.58% of employees and 16.66% of supervisors are female.</p>	
(3) Does the Company provide a healthy and	✓		<ol style="list-style-type: none"> <li>1. The company aims to provide a safe, healthy and comfortable working environment, promotes health and safety management, and enables</li> </ol>	No significant differences.



Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
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safe working environment and organize training on health and safety for its employees on a regular basis?			<p>colleagues to develop correct concepts and healthy body and mind. Conduct employee health examinations and health examination follow-up every year, hold lectures/training on health stress relief, first aid, firefighting, etc., to develop employees' emergency response capabilities and safety concepts, arrange on-site services of occupational safety and health medical staff, and have emergency call-out facilities Buttons, first aid kits, and AEDs (automated external defibrillators) to maintain the health and safety of colleagues.</p> <ol style="list-style-type: none"> <li>2. Set up occupational safety personnel and emergency backup teams, and arrange regular drills to maintain the safety of all colleagues.</li> <li>3. Hold health lectures to establish the concept of independent health management among employees, assist employees in improving potential and existing health problems, and reduce the occurrence of diseases, so as to improve personal health and improve work efficiency.</li> <li>4. In order to achieve the policy of protecting women and being a friendly workplace, a breast-feeding room is set up to provide mothers with all the thoughtful equipment and space they need to breast-feed. It also provides a warm and friendly environment (for example: women’s toilets) Hygiene products and parking spaces for pregnant women are provided) and many considerate measures are provided.</li> </ol>	

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			<p>5. Set up emergency escape routes and exits in the office, conduct regular maintenance of elevator equipment, prepare fire-fighting facilities, fire extinguishers, and fire hydrants, conduct regular fire safety inspections, disinfect and clean the working environment, conduct water quality testing, and implement access control.</p> <p>6. The company has established "Sexual Harassment Prevention and Control Measures Complaints and Punishment Measures" and "Prevention Plan for Unlawful Violations in the Performance of Duties" to provide employees with channels for complaint and create a safe working environment and order.</p> <p>7. There were no employee occupational accidents or fires in the company in 2023.</p>	
(4) Does the company provide its employees with career development and training sessions?	✓		The company creates a good environment for the career development of employees, arranges various professional and management courses for employees and establishes an effective career ability development training plan, encourages employees to improve themselves, and participates in vocational training courses for different career abilities, so as to improve professional ability, help employees to target their career development goals, and then achieve business operation goals in return. In 2023 years, 424 people were	No significant differences.

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			educated and trained, with a total of 1,752 hours of training, and a total of 701,606 yuan in employee education and training fees.	
(5) Does the Company comply with relevant regulations and international standards on customer health and safety, customer privacy, marketing and labeling of its products and services, and has it formulated relevant policies and complaint procedures to protect consumer rights?	✓		<p>The company values customer feedback, and has established a customer complaint handling process. A dedicated unit handles customer comments to ensure the best service efficiency for customers and achieve the purpose of protecting rights and interests of customers. In addition, it also provides player feedback channels on the company's website and game social media.</p> <p>The company spares no effort to protect the personal information and privacy of game players. In addition to abiding personal data protection law and implementing information security management, it also built network firewalls and anti-virus mechanisms to protect the information system and avoid being damaged by illegal intrusion and malicious programs. .</p> <p>The company does follow the relevant laws and regulations such as the game software classification, the Consumer Protection Law, and the items that should be recorded in the stereotyped contract.</p>	No significant differences.
(6) Does the Company have a supplier management policy that requires suppliers to comply with	✓		The company manages and evaluates supplier behavior in accordance with the "Manufacturer Management Measures" and the "Supplier Evaluation Form". It has supplier management and human rights policies and requires suppliers to comply with relevant standards on issues such as environmental protection, occupational safety and health, or labor rights. , and include it in the selection	No significant differences.

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relevant regulations on environmental protection, occupational safety and health, or human rights in the workplace, and how is it implemented?			<p>of suppliers, giving priority to suppliers who operate with integrity and fulfill their corporate sustainability responsibilities.</p> <p>1. The company evaluates new suppliers and files basic information for new suppliers. It conducts regular evaluations every year. In addition to assessing whether they meet the company's business cooperation conditions, it also evaluates whether the suppliers have any impact on the environment and society. Major violations of laws and regulations, as well as compliance with relevant social responsibility (such as environmental protection, occupational safety, labor rights) laws and regulations are included in the evaluation conditions. We will continue to conduct continuous cooperation assessments on supplier cooperation every year, and assess their quality, delivery time, price, capability, service cooperation, sustainability, etc., to determine the criteria for inclusion in the continuous cooperation supplier scoring and the quantitative scoring criteria for supplier evaluation. (Quality, delivery time, price, capability, service cooperation, sustainability) and response: There are 4 levels of assessment project scores: (1) <math>\geq 91</math> is divided into continuous suppliers (excellent), (2) 71~90 It is classified as a continuous supplier (good), (3) 61~70 points, and conditionally listed as a continuous supplier (improvement through communication, coordination, and discussion of purchase volume ratio), (4) &lt;60 points, except for the</p>	

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			<p>supplied products Except for products that are exclusive to the market, transactions will be suspended until the supplier fails to propose an improvement plan.</p> <p>2. When discussing cooperation with suppliers, each unit of the company should publicize the relevant social responsibilities (such as environmental protection, occupational safety, labor rights) laws and regulations that the company follows, and add them to the "contract" signed with the supplier. The corporate sustainable responsibility clause requires suppliers to abide by relevant laws and regulations such as environmental protection, various working conditions, occupational safety and health, and labor rights, and requires suppliers to jointly fulfill corporate social responsibilities through practical actions. If it is determined that the supplier has indeed violated or failed to meet the standards, a certain time limit may be set to urge the supplier to perform or improve. If the supplier fails to perform or improve within the time limit, the contract may be terminated or terminated. In addition to conveying sustainability concepts and goals to suppliers every year, the company also strengthens cooperative relationships with suppliers that have been evaluated well (such as quality improvement, cost reduction, guaranteed delivery, sustainable performance, etc.).</p> <p>3. The company's standard contracts signed with suppliers already contain</p>	

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			regulatory provisions on issues such as environmental protection, occupational safety and health, or labor rights related to social responsibility. In 2023, the company's top ten suppliers were selected and evaluated. Except for one that was evaluated as "conditionally listed as a continuing supplier" (improvement of communication and coordination was adopted to discuss the purchase volume ratio), the rest all passed the supplier evaluation and were included. Continue to cooperate with manufacturers.	
5. Does the Company make reference to international standards or guidelines for the preparation of corporate social responsibility reports and other reports that disclose non-financial information about the Company? Did the Company obtain a third-party verification	✓		The company has prepared the "2022 Corporate Social Responsibility Report" in 2023 with reference to the GRI Sustainability Reporting Standards (GRI Standards) promulgated by the Global Reporting Initiative (GRI), and disclosed it in public information Observatory and company website. The "2023 Sustainability Report" will be published in 2024. The report has not yet been verified by a third-party.	No significant differences.

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unit's confirmation or assurance opinion on the previous report?								
<p>6. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: The company handled the matters in accordance with relevant regulations, and it still complies with the "Code of Practice for the Sustainable Development of Listed OTC Companies", and there is no difference.</p>								
<p>7. Other important information that contributes to the understanding of the operation of corporate social responsibility: The Company is not only committed to the operation of its business, but also actively takes part in various public welfare activities. (1) The Company has injecting new thinking into the society through the speculative social issues (humanities) and environmental ecological protection (nature) by GameSparcs and XSG Education Foundation. Please visit the following websites for more information: <a href="https://www.gx-foundation.org/">https://www.gx-foundation.org/</a>. (2) For more actions and achievements in promoting sustainable development, please refer to the corporate sustainability area of our website : <a href="https://www.gamesparcs.com/">https://www.gamesparcs.com/</a></p>								
<p>8. Implementation of Climate-related Information</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Status of implementation</th> </tr> </thead> <tbody> <tr> <td>(1) Describes the oversight of the Board and Management's, governance of climate-related risks and opportunities.</td> <td>In order to respond to the high degree of climate uncertainty and rapid changes in policies and markets, and to promptly grasp and estimate the possible impacts of climate change, the Company regularly convenes senior managers from various departments to identify major climate risks and opportunities. The company's sustainable development promotion group holds regular meetings and is responsible for</td> </tr> </tbody> </table>					Item	Status of implementation	(1) Describes the oversight of the Board and Management's, governance of climate-related risks and opportunities.	In order to respond to the high degree of climate uncertainty and rapid changes in policies and markets, and to promptly grasp and estimate the possible impacts of climate change, the Company regularly convenes senior managers from various departments to identify major climate risks and opportunities. The company's sustainable development promotion group holds regular meetings and is responsible for
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	Yes	No									
				<p>formulating, promoting and strengthening action plans for important policies on sustainable development (including climate-related issues), reviewing, tracking and revising the implementation and effectiveness of sustainable development, and reporting to the board of directors . The sustainable development promotion team has a sustainable environment team, which is responsible for environmental management systems, compliance with environmental laws and international standards, evaluation of sustainable transformation, improvement of resource utilization, climate change response mechanisms, and occasional cross-department meetings to discuss with each other. Coordination to achieve the goal of environmental sustainability.</p> <p>The company replaces the functions of the Risk Management Committee with the Audit Committee. The Finance and Accounting Department is the promotion and execution unit and is responsible for the risk management policies and procedures of each company in the group, including the latest legal regulations on climate-related risk issues and industrial climate risks, and updates on climate risks and opportunities. identification results, etc.</p>							
(2) Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the organization (short, medium, and long term).				<p>Based on the climate risk and opportunity factors recommended by TCFD, the risk value and opportunity value are evaluated based on the probability, frequency, and possible impact, and the priority entities and transition risks are identified. Through cross-departmental discussions and identification of climate-related risks and opportunities, and based on the professional experience of each unit, we evaluate the potential operational and financial impacts of major climate risks and opportunities on the company.</p> <table border="1"> <thead> <tr> <th>Climate risk</th> <th>Risk description</th> <th>Action</th> </tr> </thead> <tbody> <tr> <td>Transition risk</td> <td>● Short term: In response to the</td> <td>● Regularly identify and review</td> </tr> </tbody> </table>	Climate risk	Risk description	Action	Transition risk	● Short term: In response to the	● Regularly identify and review	
Climate risk	Risk description	Action									
Transition risk	● Short term: In response to the	● Regularly identify and review									



Evaluation Item	Implementation Status			Summary Description	Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No			
				<p>country’ s emerging regulations on carbon reduction (such as the Climate Change Response Act), increase the proportion of renewable energy use, thereby increasing operating costs.</p> <ul style="list-style-type: none"> <li>● Mid-term: Due to international initiatives and the carbon reduction targets set by the company, the energy resource efficiency standards of various assets will be improved, thereby increasing operating costs.</li> <li>● Long-term: Insufficient climate response actions lead to a decline in brand reputation.</li> </ul>	<p>emerging regulations on carbon reduction.</p> <ul style="list-style-type: none"> <li>● Set internal carbon reduction targets and review management regularly.</li> <li>● Improve energy usage through actual carbon reduction actions.</li> <li>● Continue to pay attention to climate-related issues, strengthen the corporate public welfare image, and increase user recognition.</li> </ul>
			Physical risk	<ul style="list-style-type: none"> <li>● Short-term: The frequency and severity of extreme weather events such as typhoons, floods and droughts increase, causing power and network system interruptions, thereby affecting services.</li> </ul>	<ul style="list-style-type: none"> <li>● In order to maintain business continuity, we actively monitor weather-related events and have plans in place, regularly perform game data backup and disaster recovery drills, and set up cross-</li> </ul>

Evaluation Item	Implementation Status			Summary Description	Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No			
				<ul style="list-style-type: none"> <li>● Long-term: High temperatures will cause global sea levels to rise and coastal port areas to be submerged, affecting business activities.</li> </ul>	<p>department teams to perform relevant dispatch operations when natural disasters occur to respond to disaster events and implement emergency procedures. , to prevent or mitigate the impact on the company’s operating losses.</p> <ul style="list-style-type: none"> <li>● Evaluate and select partners with renewable energy strategies to reduce greenhouse gas emissions, reduce climate-related risks, and respond to possible future global policy changes.</li> </ul>
			Opportunity topics	<ul style="list-style-type: none"> <li>● Actively integrate the concept of sustainable development into corporate culture to improve corporate image and brand reputation.</li> <li>● Consumer digital application behavior has changed, and players are more inclined to cooperate with products or companies that actively reduce carbon footprints.</li> </ul>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
			<ul style="list-style-type: none"> <li>● In response to environmental sustainability issues, investors are more willing to invest in low-carbon companies.</li> <li>● Respond to the low-carbon transformation and support suppliers with renewable energy strategies and sustainable development to reduce environmental carbon footprint and improve corporate competitiveness.</li> </ul>	
(3) Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the organization (short, medium, and long term).			<p>Through internal discussions, inventories and assessments, the company identified potential risks to operations caused by floods, droughts, changes in precipitation patterns and extreme climate changes; and under transformation risks, the low-carbon economic transformation may need to face a wide range of policies and regulations, technology and market changes.</p> <p>As an online game R&amp;D and operation company, the Company’s greenhouse gas emissions are relatively low compared to other industries. However, climate change is a global issue, and the Company is also actively investing in sustainable development, including talent sustainability policies, AI Technology applications and energy-saving and carbon-reduction projects, etc., continue to cultivate the skills or resources required to judge climate-related risks or opportunity quantification information through internal and external education and training. This will lead to an increase in the company's own capital investment or operating costs, but so far To date, no climate-related risks have been observed that could have a material impact on the financial statements.</p>	
(4) Describe how the process of identifying, assessing, and managing climate risk is			The Board of Directors is the highest decision-making unit of the Company's risk control and directly supervises the Company's risk governance structure. In order to improve risk assessment and strengthen management functions, the company established the "Risk Management Policies and Procedures" on	

Evaluation Item	Implementation Status			Summary Description	Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No			
integrated into the overall risk management system.				August 9, 2023 and approved it with the approval of the Board of Directors. The Audit Committee replaced the functions of the Risk Management Committee. The Finance and Accounting Department is the driving and executing unit and is responsible for Identify and manage risks in corporate operations, including physical and transformation risks that may be brought about by climate change, and lead the planning of relevant response measures, control risks that may arise from each business within an acceptable range, and establish sound risk management operations in principle. Based on the business scope of each department, the Accounting Department conducts risk identification and analysis in operations, finance, legal compliance, ESG, human resources and information security, etc., and updates the annual major risk identification matrix. Based on the risk identification results, each department carries out corresponding strategic planning. , integrate and manage risks that may affect operations and profits, submit management implementation and risk control reports to the board of directors at least once a year, supervise and track and review the implementation of risk management, with a view to strengthening the corporate constitution.	
(5) If scenario analysis is used to assess the resilience to climate change risk, describe the scenarios, parameters, assumptions, analytical factors, and key financial impacts.				The company is still collecting values and assumptions for the overall climate resilience analysis, and is expected to entrust professional organizations with guidance and personnel education and training. The company has currently only completed the inventory of greenhouse gas emissions for 2023.	
(6) If scenario analysis is used to				In order to achieve net-zero emissions and continue to achieve the international reduction trend, the	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
			<p>assess the resilience to climate change risk, describe the scenarios, parameters, assumptions, analytical factors, and key financial impacts.</p> <p>company will formulate a low-carbon transformation plan, which will target direct emissions from operating activities (Scope 1), indirect emissions from energy use (Scope 2), and value chain emissions. Reduce indirect emissions (Category 3); through the board of directors and the sustainable development promotion group, we will track the reduction with 2023 as the base year, and set reduction targets and strategies to reduce the impact of operations on the environment, and Improve energy performance and optimize usage efficiency.</p>	
			<p>(7) If internal carbon pricing is used as a planning tool, the basis for price setting should be stated.</p> <p>The Company does not currently use internal carbon pricing as a planning tool.</p>	
			<p>(8) If climate-related targets are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the annual progress of achievement should be described; if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and quantity of carbon reduction credits or the quantity of</p> <p>Please refer to the instructions 1-1 and 1-2 below.</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	

renewable energy certificates (RECs) offset should be described.				
(9) GHG inventory and confirmation situation (fill in 1-1 and 1-2 separately).			Please refer to the instructions 1-1 and 1-2 below.	

1-1 Greenhouse Gas Inventory and Confirmation Situation of the Company in the Last Two Years

1-1-1 Greenhouse Gas Inventory Information

The greenhouse gas emissions in the past two years are as follows: The inventory of scopes 1 and 2 is based on the information of our company's Taichung office and has not yet been verified by a third party.

	2023		2022	
	Emissions (Ton CO2e)	Density (Ton CO2e/ Turnover NT\$ million)	Emissions (Ton CO2e)	Density (Ton CO2e/ Turnover NT\$ million)
Scope I Direct greenhouse gas emissions	9.056	0.0242	9.056	0.0247

Evaluation Item	Implementation Status			Summary Description	Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons	
	Yes	No				
Scope II Indirect greenhouse gas emissions			168.136	0.4493	170.947	0.4658
Total			177.192	0.4735	180.003	0.4905

1-1-2 Greenhouse Gas Verification Information  
The company plans to conduct external verification of greenhouse gas assurance in 2027.

1-2 Greenhouse Gas Reduction Targets, Strategies and Specific Action Plans  
In order to continue to achieve the international reduction trend, the company, through the board of directors and the sustainable development promotion group, conducts reduction tracking with 2023 years as the base year, and sets reduction targets and strategies to reduce the impact of operations on the environment and improve Energy performance and optimized usage efficiency.

(6) Ethical Corporate Management

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
1. Establishment of ethical corporate management policies and programs				
(1) Has the Company established an ethical corporate management policy approved by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?	✓		(1) The company's board of directors approved the establishment of the "Code of Integrity Management", which stipulates the company's integrity management policy and the "Integrity Management Operating Procedures and Conduct Guidelines" to specifically regulate the operations that the company's directors, managers and employees should follow when performing business procedures, and in the process of engaging in business activities, the company's integrity management policies and related regulations should be explained to the transaction partners.	No significant differences.
(2) Has the Company established an evaluation mechanism for the risk of unethical conduct, and regularly analyzed and evaluated the business	✓		(2) The company has a "Code of Ethical Conduct" to follow, which clearly stipulates the ethics of directors and managers, relevant punishment	No significant differences.



Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
<p>activities within its business scope with a higher risk of unethical conduct, and formulated a plan to prevent unethical conduct, covering at least the preventive measures under Article 7, paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?</p> <p>(3) Has the Company defined and implemented the operating procedures, conduct guidelines, disciplinary and complaint systems for non-compliance in its unethical conduct prevention</p>	✓		<p>methods, etc. It strictly requires that all decisions and actions of the company must be based on the basic principle of complying with legal provisions and be transparent Strengthen the concept of honest management through education and promotion. The company has "Integrity Business Operation Procedures and Behavior Guidelines" that describe the handling procedures of various preventive measures. Based on the business philosophy of honesty, transparency and responsibility, we formulate business policies based on integrity, and establish good corporate governance and Risk control mechanism to create a business environment for sustainable development.</p> <p>(3) The company has established an effective internal control system, and its compliance is regularly checked by internal auditors. It has high standards for each paragraph 2 of Article 7</p>	No significant differences.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
program, and regularly reviewed and revised the preceding program?			of the "Code of Integrity Management for Listed Overseas Companies" or other business scopes. For business activities with risks of dishonest behavior, preventive management measures are adopted, and operating procedures, behavioral guidelines, penalties for violations, and appeal systems are clearly defined in the plan to prevent dishonest behavior to ensure the prevention of dishonest behavior. In 2023, there were no major violations of integrity management.	
2. Fulfill operations integrity policy (1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		(1) The Company has taken into consideration the legality of the trading counterparts and the record of their unethical conduct to ensure that the business activities comply with the principle of good faith. It is stipulated in the contract that the Company may terminate or cancel the contract at any time unconditionally if the	No significant differences.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
(2) Does the Company have a dedicated (part-time) unit under the Board of Directors to promote ethical corporate management and report to the Board of Directors on a regular basis (at least once a year) on its ethical corporate management policies and programs to prevent unethical conducts and monitor their implementation?	✓		<p>Company's interests are damaged by dishonest conduct.</p> <p>(2) The company has "Integrity Management Operating Procedures and Behavior Guidelines". The Finance Department is a full-time unit that regularly reports to the board of directors at least once a year on the supervision and implementation of the integrity management policy and plan to prevent dishonest behavior, and assists the board of directors and management in their review. And evaluate whether the preventive measures established for the implementation of honest management are operating effectively, and report the operation and implementation status to the board of directors in the past year (November 8, 2023):</p> <ol style="list-style-type: none"> <li>1. In 2023, the Company’s directors, managers and employees had no violations of honest</li> </ol>	No significant differences.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		<p>management.</p> <p>2. Promotion and training of integrity management policies.</p> <p>3. Whistleblower system and whistleblower protection.</p> <p>4. Regular review and analysis.</p> <p>(3) The company clearly stipulates that during the period of employment, all employees shall not use their position to request entertainment or gifts from customers or vendors, or accept commissions, remuneration and other improper benefits to prevent employees from damaging the company's rights and interests due to personal interests. The company has a reporting channel for internal employees and external stakeholders, and strictly implements confidentiality requirements on the identity and content of whistleblowers.</p>	No significant differences.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
(4) Has the Company established an effective accounting system and internal control system for the implementation of ethical corporate management, and has the internal audit unit drawn up an audit plan based on the results of the assessment of the risk of ethical conduct, in order to verify compliance with the plan for prevention of unethical conduct, or has it engaged an accountant to perform the audit?	✓		(4) In order to ensure the implementation of honest operations, the company has established an effective accounting system and internal control system, and its compliance is regularly checked by internal auditors. The internal auditors communicate with independent directors on a quarterly basis and attend the board of directors report review every quarter. In such circumstances, accountants are also entrusted to conduct internal control audits. In 2023, certified accountants conducted necessary inspections and assessments on the design and implementation of the company's internal control system related to financial reporting, and found no major deficiencies in the internal control system that should be improved.	No significant differences.
(5) Does the Company regularly hold internal and external educational trainings on operational integrity?	✓		(5) In order to promote and publicize honest behavior, the company regularly conducts internal publicity and education training for new	No significant differences.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
			employees by a dedicated unit, and places relevant standards such as "Integrity Business Operation Procedures and Behavior Guidelines" on the company website For reference at any time, the company has participated in internal and external education and training on integrity management issues in 2023 years (including courses related to integrity management compliance, corporate governance, accounting systems and internal control) for a total of 92 people, with a total of 136.5 hours of training. .	
<p>3. Operation of the corporate whistle-blowing system</p> <p>(1) Does the Company establish both a reward/punishment system and a whistle-blowing hotline? Can the accused be reached by an appropriate person for follow-up?</p>	✓		(1) The company has established "Integrity Business Operation Procedures and Behavior Guidelines" to encourage internal and external personnel to report dishonest or inappropriate behavior. Bonuses will be awarded based on the severity of the reported matter. If internal	No significant differences.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
(2) Does the company establish standard operating procedures, Follow-up actions to be taken after completion of the investigation, and confidential reporting on investigating accusation cases?	✓		personnel make false reports or malicious accusations if the circumstances are serious, disciplinary action should be taken, and if the circumstances are serious, he should be dismissed. (2) According to the "reporting system", there are procedures for accepting reports and confidentiality clauses for reports. When the responsible unit confirms that the case has been accepted, a special team will be used to handle the investigation.	No significant differences.
(3) Does the Company provide proper whistleblower protection?	✓		(3) The company will keep the identity of the whistleblower and the content of the report confidential, and will actively verify and handle the matter.	No significant differences.
4. Strengthening information disclosure (1) Does the Company disclose its ethical corporate management policies and the results of its	✓		(1) The Company has published its “Ethical Corporate Management Best Practice Principles” at the Market Observation Post System.	No significant differences.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
implementation on the company’s website and MOPS?				
<p>5. Where the company has drawn up its code of business conduct and ethics according to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please state the difference between its operation and the established code:</p> <p>The Company has formulated the Code of Business Conduct and Ethics, in which the administrative center acts as a dedicated unit to handle the revision, implementation, interpretation, consultation service of the operating procedures and behavioral guidelines, and the registration and filing of the contents of the notification and supervise the implementation of relevant operations, and if necessary, deliver a report to the board of directors. There is no significant difference between its operation and the code.</p>				
<p>6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).</p> <p>(1) To implement the basics of ethical corporate management policies, the Company operates under the Company Act, Securities and Exchange Act, Businesses Entity Accounting Act, related regulations for TWSE/TPEX-Listed Companies, and other laws and decrees concerning business transactions.</p> <p>(2) The "Rules of Procedure for Board of Directors Meeting" of the Company provides a recusal system for directors. If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of this Corporation, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.</p>				



Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary Description	
(3) The Company has a "prevention of insider trading procedures" and "internal major information processing procedures", the specified directors, handlers and employees shall not disclose the information of the internal material known to others, may not be aware of the company's internal material information of the person to inquire, Or the collection of important internal information not disclosed by a company that is not related to his or her personal position,nor shall it be disclosed to other persons for information not to be disclosed by the company for the performance of its business.				
(4) The Company has always maintained the ethical corporate management, in accordance with the relevant laws and regulations and internal control system of good management, strictly prohibit dishonesty or violations of the law, and has a legal unit as the necessary advice and the basis for validation.				
(5) The Company has been purchaed for directors, managers and key employees of directors and managers liability insurance, can fully reduce the relevant personnel to carry out their duties on the company's risks, to protect the rights and interests of investors.				
(6) The Company currently has “Ethical Corporate Management Best Practice Principles”, “Adoption of Codes of Ethical Conduct”, “Corporate Social Responsibility Best Practice Principles”, “Corporate Governance Best Practice Principles”, “Audit Committee Charter”, “Remuneration Committee Charter”, and “Rules Governing the Scope of Powers of Independent Directors” and other relevant regulations, and has been disclosed in accordance with the provisions of the MOPS and the Company’s website.				

(7) If a company has established a corporate governance code and related regulations, the company should disclose the way to make inquiries at the company's website (<http://www.gamesparcs.com/>) or MOPS.

(8) Other important information that can enhance understanding of corporate governance operations :

A. The company's board of directors approved the establishment of a corporate governance manager on May 11, 2022, and assigned a qualified and appropriate number of personnel to be responsible for corporate governance-related business. Matters related to corporate governance in the preceding paragraph include at least the following contents:

- Handle company registration and change registration.
- Handle matters related to meetings of the board of directors and shareholders' meetings in accordance with the law, and assist the company in complying with relevant laws and regulations of the board of directors and shareholders' meetings.
- Plan and execute board and shareholder meetings.
- Provide directors with the information they need to execute their business and the latest legal developments related to operating the company to assist directors in complying with laws.
- Assist in handling director changes and matters related to director appointment and continuing education.
- Matters related to investor relations.
- Other matters stipulated in the company's articles of association or contract.

B. The head of corporate governance has completed 15 hours of training in 2023.

Day	Host	Name	Hours
2023.05.23	Taipei Exchange.	Publicity meeting on sustainable development action plans for listed companies	3 Hours
2023.07.20	The Institute of Internal Auditors-Chinese Taiwan	Analysis of illegal cases of audit/accounting personnel and how to deal with them	6 Hours
2023.08.23	Taipei Exchange.	Insider equity promotion briefing	3 Hours
2023.10.05	Accounting Research and Development Foundation	Financial and tax planning practice and case analysis of international diversified operations	3 Hours

C. Education and propaganda to prevent insider trading

- The company conducts education and promotion of the "Insider Trading Prevention Management Measures" and related laws to current directors (including independent

directors), managers and employees through email at least once a year, and to new directors (including independent directors) And managers will arrange education and promotion within 3 months after taking office, and for new employees, education and promotion will be provided by personnel during pre-employment training.

- Relevant education and publicity has been carried out to current directors (including independent directors), managers and employees on December 21 and December 29, 2023. The content of the emails includes publicity on laws and regulations for directors and supervisors, and publicity on laws and regulations for independent directors. Explanations on matters that new insiders of listed (emerging) companies should pay attention to, as well as common forms and explanations of short-term trading rights.
- In order to safeguard the rights and interests of shareholders and implement equal treatment of shareholders, the company has stipulated in the corporate governance code of practice and operating procedures to prevent insider trading that insiders of the company are prohibited from using undisclosed information in the market to buy and sell securities. At the end of each month, the email reminds directors not to trade their stocks during the closed period of 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report. In 2023, no insiders of the Company traded stocks during the closed period.

(9) The following matters shall be disclosed when the internal control system is being carried out:

1. Statement of Internal Control System

GameSpracs Co., Ltd.  
Statement of Internal Control System

Date: March 7, 2024

The Company's internal control system for 2023, based on the results of self-assessment, hereby states as follows:

1. The Company knows that it is the responsibility of the board of directors and managers of the Company to establish, implement and maintain the internal control system. The Company has established such system to reasonably assure the effectiveness and efficiency of operations (including profits, performance and asset security), report reliability, timeliness, transparency and compliance with relevant regulations.
2. An internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three objectives. Moreover, the effectiveness of internal control system may vary with the change of the environment and situation. However, the Company's internal control system has a self-monitoring mechanism. Once the deficiencies are identified, the Company will take corrective action.
3. The Company shall judge whether the design and implementation of the internal control system are effective or not according to the assessment items for the effectiveness of the internal control system stipulated in the Regulations Governing Establishment of Internal Control Systems by Public Companies (the Regulations). According to the assessment items adopted therein, the internal control system is divided into five elements based on the the process of management control: (1) environment control, (2) risk assessment, (3) control operation, (4) information and communication, and (5) supervision operation. Each component element also includes several items. For the above items, please refer to the provisions of the Regulations.
4. The Company has adopted the above internal control system to assess the items and evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the outcome of the foregoing assessment, the Company considers that the design and implementation of its internal control system (including supervision and management of its subsidiaries) as of December 31, 2021, regarding ther understanding of the effectiveness of operations and the extent to which efficiency objectives have been achieved, report reliability, timeliness, transparency and compliance with relevant regulations, are effective and that the system can reasonably ensure the attainment of the above objectives.
6. This statement constitutes the main content of the annual report and the prospectus of the Company and is made public. If any of the contents disclosed above is found to be false, have concealment or other illegal matters, it will involve legal liabilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement was approved by the board meeting of the Company on March 7, 2024. Among the seven directors present, no one held opposing opinions, while the rest agree with the content of this statement.

GameSpracs Co., Ltd.

Chairperson: Ku, Kang-Wei (Signature)

President: Ku, Kang-Wei (Signature)

2. Where a certified public accountant is entrusted to examine the internal control system, the audit report shall be disclosed: none.

(10) During the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the Company and its internal personnel have been punished according to the law or the Company has imposed punishment on its internal personnel for violating the provisions of the internal control system, been found to have major deficiencies and made improvements: none.

(11) During the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, important resolutions of the shareholders' meeting and the board of directors meeting:

1. Significant resolutions of regular meetings of shareholders:

Meeting Date	Resolutions	Implementation Status
2023.06.13	Approved matters:	Reported to the shareholders' meeting on June 13, 2023.
	1. 2022 Annual Report on Operations and Financial Statements.	
	2. 2022 Loss provision for the year.	

2. Significant resolutions of the Board of Directors meeting

Date	Important Resolution
2023.03.17	<ol style="list-style-type: none"> <li>1. Approved the Company's 2022 Annual Report on Operations and Financial Statements</li> <li>2. Approved the Company's 2022 annual loss off-setting plan</li> <li>3. Approved the amendment to the "Measures and Procedures for Performance Evaluation of the Board of Directors" of the Company.</li> <li>4. Approved the recommendation on promote, salary raise and performance bonus for manager on 2023</li> <li>5. Approved the Company's 2023 budget</li> <li>6. Approved the assessment of the effectiveness of the Company's internal control system and the "Statement of Internal Control System" for 2022</li> <li>7. Approved the replacement of The Company's Accountant</li> <li>8. Approved the appointment and independence evaluation of the Company's certified public accountant</li> <li>9. Approved The Company to pre-approve accountants and affiliated companies to provide non-certification services to the company and its subsidiaries</li> <li>10. Approval of office rental with related party</li> <li>11. Approved the amendment to the "Rules of Procedure of board Meetings" of the Company</li> <li>12. Approved to follow "Sustainable Development Guidemap for TWSE- and TPEX-Listed Companies" launched by FSC and propose greenhouse gas inventory &amp; verification plan</li> <li>13. To approve the convening of the Company's FY2023 Annual General Meeting of Shareholders and the period and premises for accepting proposals from shareholders holding 1% of the shares</li> </ol>
2023.05.08	<ol style="list-style-type: none"> <li>1. Approval of the Company's consolidated financial statements for the first quarter of 2023</li> <li>2. Approval of the renewal of the Company's bank loan facilities</li> <li>3. Approved the Company's endorsement and guarantee for its subsidiaries.</li> <li>4. Approved the amendment and add the Company's "Internal Control System"</li> </ol>
2023.08.09	<ol style="list-style-type: none"> <li>1. Approval of the Company's consolidated financial statements for the second quarter of 2023</li> </ol>

	<ol style="list-style-type: none"> <li>2. Passed the formulation of the company's "Risk Management Policies and Procedures"</li> <li>3. Approval of handling the dissolution and liquidation case of Junmao Co., Ltd., a subsidiary 100% owned by the company</li> </ol>
2023.11.08	<ol style="list-style-type: none"> <li>1. Approval of the Company's consolidated financial statements for the third quarter of 2023</li> <li>2. Approval of the renewal of the Company's bank loan facilities</li> <li>3. Approved the Company's endorsement and guarantee for its subsidiaries.</li> <li>4. To establish the Company's audit plan for 2024</li> <li>5. To adopted the revision of the Company's "Standard Operating Procedures for Handling Directors' Requests"</li> <li>6. Approved the employee remuneration case for the company's managers</li> </ol>
2024.03.07	<ol style="list-style-type: none"> <li>1. Approved the Company's 2023 Annual Report on Operations and Financial Statements</li> <li>2. Approved the Company's 2023 Earnings Distribution</li> <li>3. Approved the Company's 2023 distribution of the cash dividends from Earnings and Capital Surplus</li> <li>4. Approved the amendment to the "Rules of Procedure for Board of Directors Meetings"</li> <li>5. Approved the amendment to the "Rules of Procedure of the Shareholders' Meeting"</li> <li>6. Approved on 2023 employees' remuneration</li> <li>7. Approved on 2023 directors' remuneration</li> <li>8. Approved the Company's 2024 Manager Salary Increase and Performance Bonus Proposal</li> <li>9. Approved the Company's 2024 budget</li> <li>10. Approved the assessment of the effectiveness of the Company's internal control system and the "Statement of Internal Control System" for 2023</li> <li>11. Approved of the renewal of the Company's bank loan facilities</li> <li>12. Approved the Company's endorsement and guarantee for its subsidiaries.</li> <li>13. Approved the appointment and independence evaluation of the Company's certified public accountant</li> <li>14. Approved The Company to pre-approve accountants and affiliated companies to provide non-certification services to the company and its subsidiaries</li> <li>15. Approved the election of new directors (include the independent directors)</li> <li>16. Approved the nomination and review of candidate list of directors (including independent directors)</li> <li>17. Approved the lifting of non-competition restrictions for directors of the Company</li> <li>18. To approve the convening of the Company's FY 2024 Annual General Meeting of Shareholders and the period and premises for accepting proposals from shareholders holding 1% of the shares</li> </ol>
2024.05.09	<ol style="list-style-type: none"> <li>1. Approval of the Company's consolidated financial statements for the first quarter of 2024</li> <li>2. Approval of the resolution by the company's board of directors for the ex-dividend record date of cash dividends</li> <li>3. Approval of the Board of Directors resolved to approve to set up a subsidiary</li> </ol>

- (12) During the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the directors or supervisors have different opinions on the important resolutions adopted by the board of directors meeting with records or written statements: none.
- (13) Summary of resignations and terminations of the Chairperson, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor and Chief R&D Officer of the Company for the most recent year ended on the date of publication of the Annual Report : None.

## 5. Accountant's fees information

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Period Covered by CPA's Audit	Non-audit Fee (Note)	Subtotal	Remarks
Pricewaterhouse Coopers Taiwan	Lai, Tsung-His	2023	3,500	203	3,703	-
	Xu, Jian-ye					

Note : It is tax consulting fee and disbursement fees.

- (1) When an company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.
- (2) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

6. Information on replacement of accountant: None.

7. Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.

8. During the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent

1. Change of stakes held by directors, supervisors, managers and majority shareholders

Unit: shares

Title	Name	2023		2024/1/1~2024/4/15	
		Shareholding Increase (Decrease)	Pledged Holding Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Holding Increase (Decrease)
Corporate representative of the Chairperson that holds more than 10%	Ku, Kang-Wei	0	0	0	0
Corporate representative of the Chairperson	Ku, Che-Ming	0	1,500,000	0	0
Director	BVI Shifu Corp	0	0	0	0
Director	Liu Han Ming	0	0	0	0
Independent Director	Ho Rong Shu	0	0	0	0
Independent Director	Wang Zheng Tang	0	0	0	0
Independent Director	Wu Pei Fen	0	0	0	0
VP	Su, Cheien-Tung	0	0	0	0
Director of Corporate Governance	Lin, Pei-Yi	0	0	0	0

2. Stock transfer: None.

3. Pledged shares information: None

## 9. Relationship among the Top Ten Shareholders

April 15, 2024 Unit: shares; %

Name	Shareholding		Spouse, minor children		Total holding in the name of others		The names and relationships of the top ten shareholders who are related to each other or who are related to each other as spouses or second degree relatives.		Note
	Share	%	Share	%	Share	%	Name	Relation	
KU, GANG-WEI	7,875,000	18.75%	482,000	1.15%	—	—	Chen Hao Investment Corp.	Responsible person	—
							KU, CHE-MING	Second degree relatives	
							Shi Jie International Investment Corp.	Responsible person	
							Xiang Shang Games Co.,Ltd.	Responsible person	
BSV Shifu Corp.	5,449,311	12.97%	—	—	—	—	—	—	—
Rept: CHANG, JING-YI	—	—	—	—	—	—	—	—	—
Chen Hao Investment Corp.	5,040,000	12%	—	—	—	—	KU, GANG-WEI	Responsible person	—
							Xiang Shang Games Co.,Ltd.	Same Responsible person	
							Shi Jie International Investment Corp.	Same Responsible person	
Rept: KU, GANG-WEI	7,875,000	18.75%	482,000	1.15%	—	—	KU, CHE-MING	Second degree relatives	—
							Xiang Shang Games Co.,Ltd.	Same Responsible person	
							Shi Jie International Investment Corp.	Same Responsible person	
CHANG, CIANG-SEN	3,929,000	9.35%	—	—	—	—	—	—	—
Shi Jie International Investment Corp.	3,780,000	9%	—	—	—	—	KU, GANG-WEI	Responsible person	—
							Xiang Shang Games Co.,Ltd.	Same Responsible person	
							Chen Hao Investment Corp.	Same Responsible person	
Rept: KU, GANG-WEI	7,875,000	18.75%	482,000	1.15%	—	—	KU, CHE-MING	Second degree relatives	—
							Xiang Shang Games Co.,Ltd.	Same Responsible person	
							Chen Hao Investment Corp.	Same Responsible person	
KU, CHE-MING	2,625,000	6.25%	—	—	—	—	KU, GANG-WEI	Second degree relatives	—
							Shi Jie International Investment Corp.	Director	
							Xiang Shang Games Co.,Ltd.	Director	
							Shi Neng Investment Corp.	Responsible person	



Name	Shareholding		Spouse, minor children		Total holding in the name of others		The names and relationships of the top ten shareholders who are related to each other or who are related to each other as spouses or second degree relatives.		Note
	Share	%	Share	%	Share	%	Name	Relation	
Shi Neng Investment Corp.	1,680,000	4%	—	—	—	—	KU, CHE-MING	Responsible person	—
Rept: KU, CHE-MING	2,625,000	6.25%	—	—	—	—	KU, GANG-WEI	Second degree relatives	
HSBC was entrusted with the custody of the investment account of UOB Kay Hian Pte Ltd.	1,459,000	3.47%	—	—	—	—	—	—	—
TSAI, REI-TSONG	905,000	2.15%	—	—	—	—	—	—	—
Xiang Shang Games Co.,Ltd.	800,000	1.90%	—	—	—	—	KU, GANG-WEI	Responsible person	—
							Shi Jie International Investment Corp.	Same Responsible person	
							Xiang Shang Games Co.,Ltd.	Same Responsible person	

10. The number of shares of the company, its directors, supervisors, managers and undertakings directly or indirectly controlled by the company in the same transferred investment business, and the combined calculation of the consolidated shareholding ratio

March 31, 2024 Unit: Shares; %

Reinvestment in the Business	The Company's Investment		Investments in the business directly or indirectly controlled by directors, supervisors, managers		Consolidated Investment	
	Shares	%	Shares	%	Shares	%
Game Dreamer (HK) Ltd.	64,000,000	100%	-	0%	64,000,000	100%
Hsu Tsun Enterprise Co., Ltd.	-	100%	-	0%	-	100%
Jyun-Mao Limited Co. (Note 1)	21,000,000	100%	-	0%	21,000,000	100%
Game Dreamer (Thai) Inc.	-	100%	-	0%	-	100%
Poseidon Net (HK) Limited	1,428,900	100%	-	0%	1,428,900	100%
Game Dreamer (Guangzhou) Inc.	-	100%	-	0%	-	100%
Game Dreamer (Hangzhou) Ltd.	-	100%	-	0%	-	100%
Megata Ltd.	15,000,000	60%	-	0%	15,000,000	60%
Megata (Chengdu) Technology Ltd.	-	60%	-	0%	-	60%
Poseidon Net Limited	3,500,000	100%	-	0%	3,500,000	100%
Megata (HK) Ltd. (Note 2)	300,000	60%	-	0%	300,000	60%

Note 1 : The Board had agree to disband Jyun Mao Co., Ltd., subsequent matters will be handled in accordance with government regulations. As of March 31, 2024, the procedural had not been completed.

Note 2 : The Board of Megata Co., Ltd. had agree to disband Megata (HK) Ltd., subsequent matters will be handled in accordance with government regulations. As of March 31, 2024, the procedural had not been completed.

## IV. Fundraising Status

### 1. Capital and Shares

#### (1) Source of Capital Stock

##### 1. Capital change in last five years as of the date of publication of the annual report

Unit: thousand shares/NT\$ thousands

Date	Par Value	Authorized stock		Paid-up capital		Note		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2010.12	10	3,000	30,000	400	4,000	Established	—	Note 1
2011.05	10	3,000	30,000	1,000	10,000	Capital Increased by Cash \$6,000	—	Note 2
2012.06	20	3,000	30,000	1,750	17,500	Capital Increased by Cash \$7,500	—	Note 3
2013.06	40	10,000	100,000	3,250	32,500	Capital Increased by Cash \$15,000	—	Note 4
2014.09	40	10,000	100,000	7,750	77,500	Capital Increased by Cash \$45,000	—	Note 5
2015.03	40	50,000	500,000	10,487	104,870	Capital Increased by Cash \$27,370	—	Note 6
2015.05	10	50,000	500,000	22,000	220,000	Capitalization of capital reserves \$115,130	—	Note 7
2015.11	10	50,000	500,000	22,540	225,400	Capitalization of retained earnings \$5,400	—	Note 8
2016.08	10	50,000	500,000	25,859	258,586	Capitalization of retained earnings \$33,186	—	Note 9
2016.09	106	50,000	500,000	30,001	300,006	Capital Increased by Cash \$41,420	—	Note 10
2017.07	10	50,000	500,000	31,501	315,006	Capitalization of retained earnings \$15,000	—	Note 11
2018.07	40.1	50,000	500,000	42,001	420,006	Private placement Capital Increased by Cash \$421,050	—	Note 12
2019.07	-	80,000	800,000	42,001	420,006	—	—	Note 13

Note 1: Approved by letter No. 09990307010 issued by Taipei City Government on Dec.6, 2010.

Note 2: Approved by letter No. 10083323000 issued by Taipei City Government on May 6, 2011.

Note 3: Approved by letter No. 1015033117 issued by New Taipei City Government on Jun.1, 2012.

Note 4: Approved by letter No. 1025038710 issued by New Taipei City Government on Jun.26, 2013.

Note 5: Approved by letter No. 1035177557 issued by New Taipei City Government on Sep.4, 2014.

Note 6: Approved by letter No. 1045134530 issued by New Taipei City Government on Mar.16, 2015.

Note 7: Approved by letter No. 1045145862 issued by New Taipei City Government on May 5, 2015.

Note 8: Approved by letter No. 1045192998 issued by New Taipei City Government on Nov.6, 2015.

Note 9: Approved by letter No. 1055300554 issued by New Taipei City Government on Aug.12, 2016.

Note 10: Approved by letter No. 1055313058 issued by New Taipei City Government on Sep.26, 2016.

Note 11: Approved by letter No. 1068046154 issued by New Taipei City Government on Jul.24, 2017.

Note 12: Approved by letter No. 1078047712 issued by New Taipei City Government on Jul.27, 2018.

Note 13: Approved by letter No. 1088044563 issued by New Taipei City Government on Jul.09, 2019.

### 1. Type of Share

April 15, 2024; Unit: shares

Type of Share	Authorized Stock			Note
	Outstanding shares (note)	Unissued shares	Total (Note)	
Common Stock	42,000,630	37,999,370	80,000,000	Reserve for employee option: 12,000,000 shares

Note: This common stock is listed stock.

3. Applicable declaration system: None

### (2) Shareholder Structure

April 15, 2024; Unit: shares; person

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Individual	Foreign Institutions & Natural Persons	Total
Number of Shareholders	—	—	16	862	12	890
Shareholding	—	—	11,410,932	22,306,512	8,283,186	42,000,630
%	—	—	27.17%	53.11%	19.72%	100%

### (3) Shareholding Distribution Status

April 15, 2024; Unit: shares; person

Class of Shareholding	Number of Shareholders	Shareholding	%
1 ~ 999	320	24,601	0.06
1,000 ~ 5,000	381	659,420	1.57
5,001 ~ 10,000	61	469,772	1.12
10,001 ~ 15,000	27	344,980	0.82
15,001 ~ 20,000	8	148,557	0.35
20,001 ~ 30,000	15	369,708	0.88
30,001 ~ 40,000	17	586,320	1.40
40,001 ~ 50,000	15	675,121	1.61
50,001 ~ 100,000	25	1,826,010	4.35
100,001 ~ 200,000	3	307,640	0.73
200,001 ~ 400,000	6	1,779,240	4.24
400,001 ~ 600,000	1	482,000	1.15
600,001 ~ 800,000	2	1,584,950	3.77
800,001 ~ 1,000,000	1	905,000	2.15
1,000,001 or above	8	31,837,311	75.8
Total	890	42,000,630	100.00

## (4) List of Major Shareholders

April 15, 2024; Unit: shares

Name	Shares	Shareholding	%
Ku, Kang-Wei		7,875,000	18.75%
BVI Shifu Corp.		5,449,311	12.97%
Chen Hao Investment Co., Ltd.		5,040,000	12.00%
Chang, Chiang-Sen		3,929,000	9.35%
Shi Jie International Investment Corp.		3,780,000	9.00%
Ku, Che-Ming		2,625,000	6.25%
Shih Neng Investment Co., Ltd.		1,680,000	4.00%
HSBC was entrusted with the custody of the investment account of UOB Kay Hian Pte Ltd.		1,459,000	3.47%
Tasi, Rui-Tsung		905,000	2.15%
Xiang Shang Games Co.,Ltd.		800,000	1.90%

## (5) Market price, net value, earnings, dividends per share and related information for the latest two years

Unit: NT\$ thousand; thousand shares

Item		Year	2022	2023	2024 Q1
Market Price per Share	Highest		62.90	65.20	66.80
	Lowest		40.25	43.00	47.85
	Average		49.61	52.30	52.33
Net Worth per Share	Before Distribution		15.84	18.34	19.42
	After Distribution		15.84	17.74	19.42
Earnings per Share	Weighted Average Shares (thousand shares)		42,001 thousand shares	42,001 thousand shares	42,001 thousand shares
	EPS		2.35	2.43	0.93
Dividends per Share	Cash Dividends		—	1.00	—
	Stock Dividends	—	—	—	—
		—	—	—	—
	Accumulated Undistributed Dividends		—	—	—
Return on Investment	Price / Earnings Ratio (Note 1)		21.11	21.52	56.27
	Price / Dividend Ratio (Note 2)		Not applicable	Not applicable	Not applicable
	Cash Dividend Yield Rate (Note 3)		Not applicable	Not applicable	Not applicable

Note 1: P/E ratio = average closing price per share for the current year/earnings per share

Note 2: Price/dividend ratio = average closing price per share for the current year/cash dividend per share

Note 3: Cash dividend yield = cash dividend per share/average closing price per share for the year

(6) Company dividend policy and implementation status

1. The dividend policy stipulated in the articles of incorporation

In the annual general final accounts, if the Company has net profit after tax of the current period, it shall first make up for the accumulated losses, and set aside 10% of it as the legal reserve. However, when the legal reserve has reached the paid-in capital, it may be exempted from further appropriation, or the special reserve may be appropriated or reversed according to the provisions of the law or business needs. If there is any remaining balance, the board of directors shall propose to the board of shareholders for resolution on the distribution of dividends and bonuses to shareholders in conjunction with the surplus undistributed at the beginning of the period.

The Company's dividend distribution policy should take into consideration its current and future investment environment, capital demand, domestic and foreign competition, capital budget and other factors, as well as the interests of shareholders and the Company's long-term financial planning. The Stockholder's dividends and bonuses can be set aside from not less than 10% of the annual divisible surplus, and paid in cash or stock, of which the cash dividend shall not be less than 10% of the total dividend.

2. Proposed dividend distribution at the most recent shareholders' meeting

The company's 2023 earnings distribution proposal was approved by the board of directors on March 7, 2024. Please refer to the table below:

	Unit: NTD
Expect to make up for losses at the beginning of the year	( \$ 84,600,709 )
2023 Net income after tax	102,021,724
Less: 10% legal reserve	( 1,742,102 )
Add: special reserve	9,595,562
Distributable amount - 2023	\$ 25,274,475
Distribution :	
Shareholder dividend - Cash (\$ 0.6/per share)	( 25,200,378 )
Unappropriated earnings - ending	\$ 74,097

(7) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: N/A.

(8) Remuneration of employees, directors, and supervisors:

1. The percentages or ranges with respect to employee, director, and supervisor compensation, as set forth in the Company's Articles of Incorporation.

If the Company has earned a profit in the current year (on the basis of the pre-tax net profit before deduction of employee's remuneration and the remuneration of the directors and supervisors), no less than 1% of the profit shall be allocated to employees. The board of directors shall decide whether to distribute the remuneration in stock or cash to the company employees who meet certain conditions. The Company's board of directors meeting shall, by resolution, allocate not more than 3% of the profits to the directors. Employee remuneration and director remuneration distribution shall be reported to the shareholders' meeting. However, if the Company still has an accumulated deficit, the amount of compensation shall be retained in advance, and then the remuneration of employees and directors should be set aside according to the proportion noted in the preceding paragraph.

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 remuneration for employees and directors and supervisors of the Company shall be appraised in accordance with the articles of incorporation of the Company and the results of its operations, and shall be listed as an appropriate accounting item under operating costs or operating expenses according to the nature of the compensation for employees and directors and supervisors. If there is any difference between the actual allotment amount and the estimated amount, it shall be deemed as the change of accounting estimate and shall be recognized as profit and loss of the actual distribution year.

3. Information on any approval by the Board of Directors of distribution of remuneration:

- (1) The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

The company's employee remuneration and director remuneration distribution plan for 2023 was approved by the board of directors on March 7, 2024, and employee remuneration of \$436,193 and director remuneration of \$0 were distributed respectively, which is no different from the total employee remuneration and director remuneration estimated in the annual financial report.

- (2) The amount of remuneration paid by the employee in stock is the proportion of the total amount of net benefit and employee compensation after the current period:

The company has distributed cash to employees for 2023 years and has not distributed shares to employees.

4. The actual distribution of remuneration of employees, directors and supervisors in the previous year (including the number of shares, the amount and the share price), the dividends of their employees and the differences in the remuneration of directors and supervisors, and the difference between the number, reasons and circumstances of the treatment should be

stated: None.

(9) The circumstances in which the company buys back shares: None.

2. Company bond: None.

3. Special share: None.

4. Overseas Depository Voucher: None.

5. Employee option: None.

6. Restriction on issuing of new employee option: None.

7. Share issuance of merged company: None.

8. Implementation of the capital utilization plan: None.

## V. Operational Highlights

### 1. Business Content

#### (1) Scope of business

##### 1. Principal activities of the Company

- (1). CC01120 Data Storage Media Manufacturing and Duplicating
- (2). F109070 Wholesale of Stationery Articles, Musical Instruments and Educational products
- (3). F113070 Wholesale of Telecom Instruments
- (4). F118010 Wholesale of Computer Software
- (5). F209060 Retail of Stationery Articles, Musical Instruments and Educational products
- (6). F213060 Retail Sale of Telecom Instruments
- (7). F218010 Retail Sale of Computer Software
- (8). F401010 International Trade
- (9). I102010 Investment Consultancy
- (10). I103060 Management Consulting Services
- (11). I301010 Software Design Services
- (12). I301020 Data Processing Services
- (13). I301030 Digital Information Supply Services
- (14). I401010 General Advertising Services
- (15). IZ12010 Manpower Services
- (16). IZ13010 Internet Identify Services
- (17). ZZ99999 All business items that are not prohibited or restricted by law

##### 2. Operating ratio

Unit: NT\$ thousands

Items \ Year	2022		2023	
	Sales revenue	Propotion(%)	Sales revenue	Propotion(%)
Online games Revenue	472,708	60.55	459,320	59.31
Royalties Revenue	167,265	21.43	224,422	28.98
Sales Revenue	140,675	18.02	90,707	11.71
Total	780,648	100.00	774,449	100.00

##### 3. Current product items

#### (1). Mobile games:

The Company has focus on self-publishing, there are three self-publishing online games on the platform. “Bravo Casino” is a casual game with community interaction as the core, the platform includes clubs, room co-playing, tournaments, chatting and giving gifts, etc. Community mechanism, the game content includes slot machine games with various gameplays, combined with the virtual treasure card mechanism to strengthen



players' feelings and preferences for characteristic gameplays; "Ace Club" focuses on rich machines and multiple gameplays, and the platform includes various gameplays. Slot machines, electronic chess and cards, fishing machines, etc., combine various themes to satisfy players' feelings and preferences for unique gameplay; "Jackpot Island" is an online casual game platform specially created for the European and American markets, combining the group's virtual treasure card mechanism and matching original island construction. The gameplay strengthens the emotional establishment and connection between players, and gives different game purposes and experiences.

The agency distribution of mobile games has gradually decreased, and currently only the long-term stable and popular mobile game products continue to operate.

(2). LAN leisure gaming:

The company's LAN leisure gaming business is a complete system that integrates operational needs. Agents and stores can manage and adjust accounts, personnel, stores, and game combinations through the background. The system also has more than 100 popular games built-in, and supports a variety of platforms such as mobile phones, computer versions, and mobile versions, fully meeting market needs and operating models.

In response to the laws and regulations, as well as the customs and practices, of different countries, the Company generally learns about the overseas markets through the local agents or cooperation mode and then establishes a long-term partnership with the clients. After years of hardworking, the online gaming system and the game motherboard software have been authorized to clients in the USA, Mexico, Peru, and others.

4. New products planned for development

(1). Mobile games:

In addition to the optimization and upgrading of the existing mobile games agent products, the Company is expected to agent 5 – 10 products this year. Among them, there are products from the Chinese and Korean developers. Also, "Bravo Casino" published by the Company's subsidiary will be launching new types of slot game machines that meet the market's needs in addition to the upgrading of the platform mechanism. Through the revision and specification upgrades, we try to keep the players fresh and increase their stickiness to the game. Other types of games will be launched regularly to strengthen the product, providing the players with optimized gaming experiences. Furthermore, brand new games will be developed for the European and American players, which will enhance the company's operating scale, competitiveness, and profitability comprehensively.

(2). LAN leisure gaming:

In addition to the continuous updating of game contents and the strengthening of the security mechanism, a new system mechanism will be built to develop online to offline operation mode, providing diversified products to assist customers in expanding their operating scale. Also, to increase the Company's growth, the progress of the international model will be speeded up by expanding and deepening the cooperation

with the international big suppliers via authorization or other models.

## (2) Industry overview

### 1. Current situation and development of industry

The Company's main business is the publication of mobile games and the licensing of leisure gaming systems, providing players with quality game experience, which belongs to the digital game industry. With the continuous progress of science and technology and the constant innovation of digital entertainment, digital games have become an important part of modern people's entertainment life. The following is a brief introduction to the platforms of the digital game industry, and an analysis of the current situation and future trends of the global game market.

#### A. Game market classification

According to the output interface, the game industry is divided into four categories: computer screen, entertainment screen, personal screen and floating screen, which are described as follows:

##### (A) Computer Screen

Computer games refer to games operated on computers. Because computers have multiple input interfaces (e.g. keyboards and mice), computer games can be operated in a more complex way. Therefore, games requiring more complex operations must be based on a computer screen as the main platform. Computer games can be divided into two categories: single-player games/massively multiplayer casual webpage (MMOG) and casual web games. Single-player games are a mode in which players can only play alone on personal computers, interacting only with computers. Its feature is that it does not support the function of multi-user connection on the Internet. In addition, the most popular massively multiplayer online games in recent years are that game operators set up the game's network servers, while players connect the servers through the client software to play games. Massively multiplayer online games can allow thousands of users to play games at the same time and interact with other players in the game.

Casual web games are another type of computer games. Characterized by "play-as-you-go," they can be played just by linking to the game operator's web pages, without downloading client software, so that players can play games on different computers at once. Because of its low requirement for computer equipments, high convenience for closing and switching, casual web games usually have the characteristics of simple gameplay and short duration, without charge, and their operations are maintained through different means of purchase such as malls or VIP services.

##### (B) Entertainment Screen

Entertainment screen includes consoles and virtual reality, and consoles mainly use the television as the output interface (such as Play Station series launched by Sony and Xbox series launch by Microsoft). The main markets are Japan, European countries and USA and the greatest feature is the closed specification. For developers, it is easier and more convenient when producing games. Unlike considerations for computer games in compatibility and in whether it can be operated on computers with different

languages/ specification, it increases the difficulty in games production. However, the closed platform of the console also causes market limitation and shrinkage and games are usually not able to be used cross-brand or in different models. In addition, the selling price for consoles is more expensive and developers should select the platform to launch the game or invest more costs for launching it on multiple platforms.

Virtual reality uses computers to create virtual world and provides users different sensory experiences in vision, hearing, and touch through sensing devices. It allows users feel personally on the scene for timely and unrestricted interaction, such as head-mounted virtual reality devices.

#### (C) Personal Screen

Personal screen is the games launched based on the platform of personal mobile terminal device, including smart phone and smart watch. Games launched based on the platform of smart phone are also called mobile games. With the advantages of mobile communication technology and smart phone development, mobile internet has become a necessary part of people's life all over the world along with the commercial operation of 5G LTE network. The popularity of smart phone has been increased every year and it should have a promising development in the future.

#### (D) Floating Screen

Floating screen generally refers to games played through handheld games and tablet games. Handheld game is an independent gaming device, and gamers can bring the handheld device anywhere and play games anywhere and anytime; for example, "Switch" launched by Nintendo and "PS Vita" launched by Sony. Moreover, tablet PC is with similar feature of portability as handheld device has and the games played through tablet are classified as mobile device output games. However, most of tablet PCs are either Android system or IOS system. They have commonality with operating platform of smart phone and the difference between the two is decreasing. Therefore, part of tablet PC games and mobile games can be additionally classified as mobile game.

### B. Introduction of global game market and industry

According to data from the international game industry research institution Newzoo, the global gaming industry, after experiencing two years of growth driven by the pandemic lockdowns in 2019 and 2020, entered a year of adjustment in 2021. The overall expected revenue for 2022 is 184 billion USD, representing a growth of 0.6% compared to the previous period. Following this, the global gaming market is expected to grow at a compound annual growth rate of 1.3% from 2021 to 2026, reaching 205.4 billion USD by 2026 (as shown in Figure 1). Additionally, it is estimated that the global number of gamers will exceed 3.3 billion in 2023, and it is expected that more players will continue to enter the global gaming market in the future, with the market projected to increase to 3.67 billion players by 2026 (as shown in Figure 2).

Figure 1 : The global game market in 2021-2026

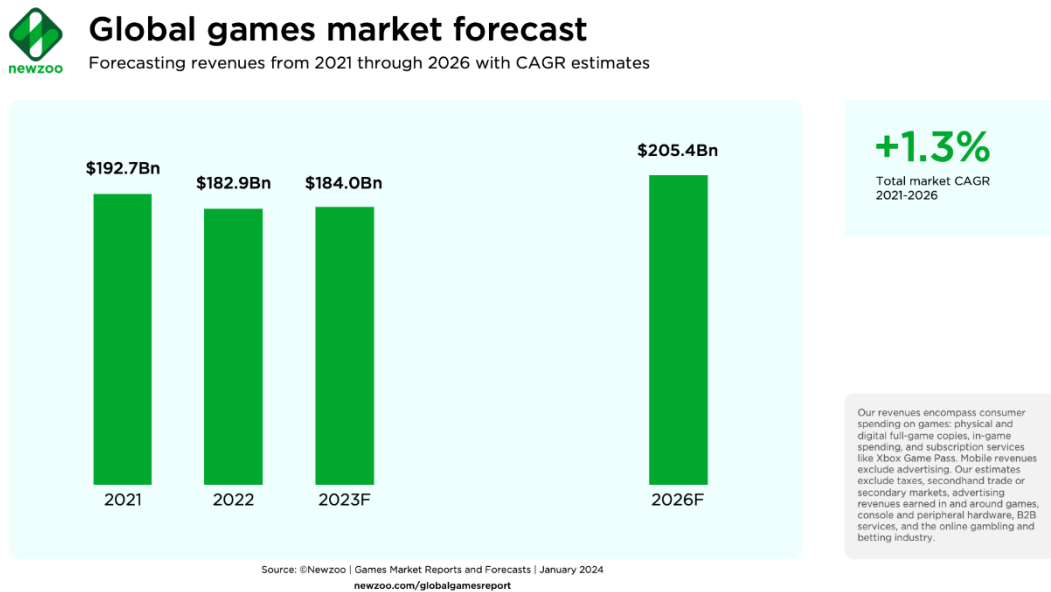
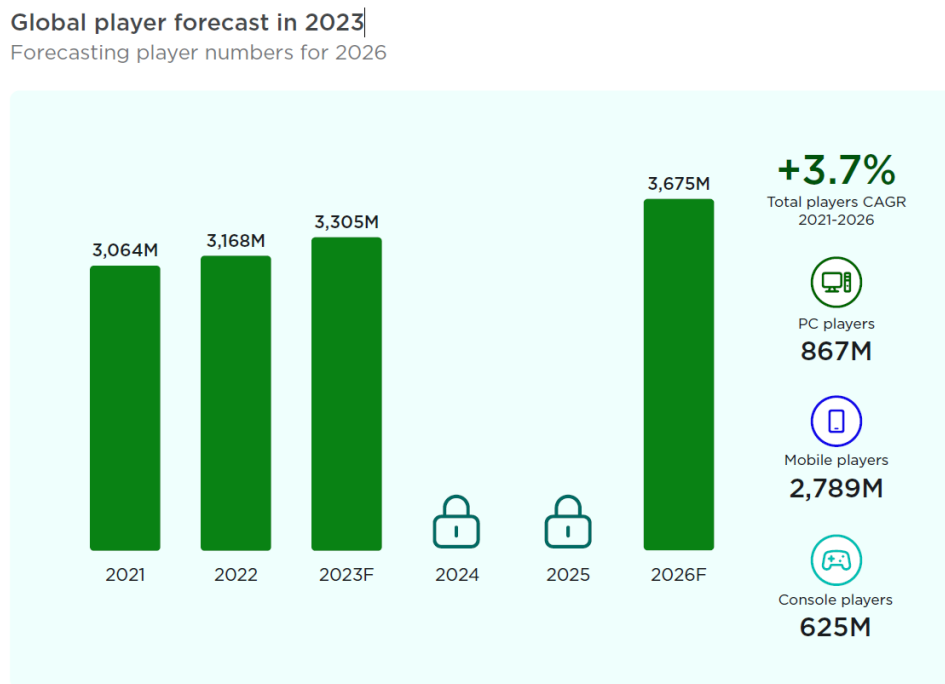


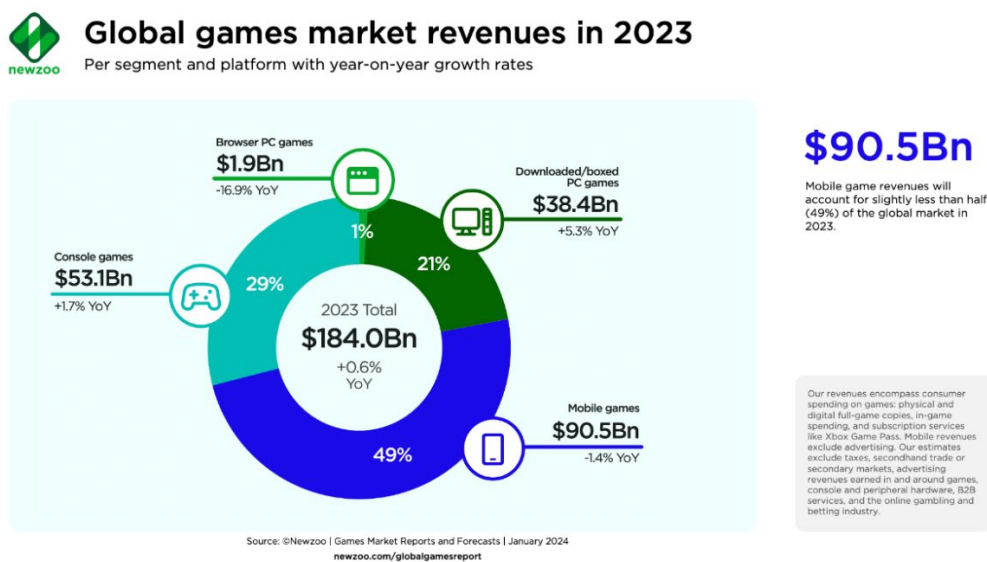
Figure 2 : The amount of the global players in 2021-2026



(A) Mobile game output value tops the global gaming market

According to research data from Newzoo in the year 2023, as shown in Figure 3, the post-pandemic effects will reshape the overall gaming market. It is projected that the overall value of the gaming market will experience a slight growth to \$184 billion USD in 2023, representing a 0.6% increase compared to 2022. Among this, the revenue from the mobile gaming market is expected to reach \$90.5 billion USD, accounting for half of the total global gaming market revenue.

Figure 3: Global Gaming Market Size 2023

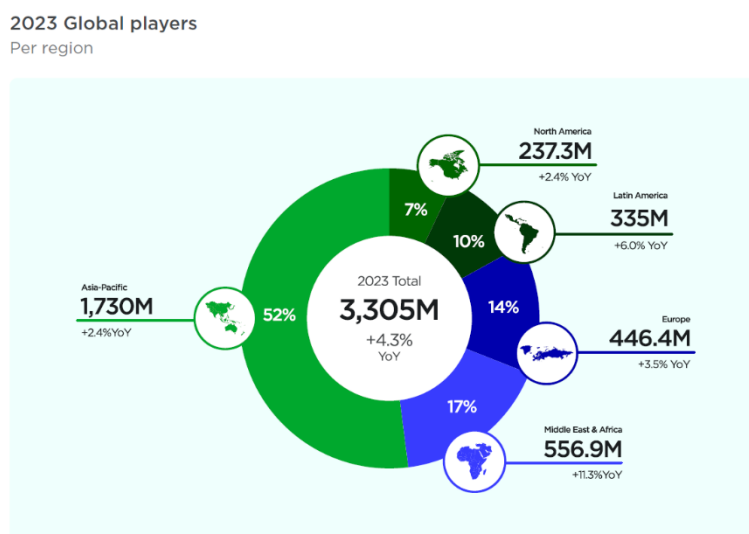


Source: Newzoo

(B) The Asia-Pacific region is the world's most important game market

According to research data from NewZoo, as shown in Figure 4, by the end of 2023, there will be nearly 3.3 billion gamers worldwide, representing a growth of approximately 4.3% compared to the previous year. Among them, the Asia-Pacific region will have over 1.7 billion gamers, accounting for more than half (52%) of all gamers globally. This growth is primarily attributed to the large population base in countries such as China, India, and Southeast Asia, as well as the continuous improvement of internet infrastructure and the widespread adoption of smart devices in the region.

Figure 4: Global player count distribution in 2023



Source: Newzoo

## 2. The relation among upper stream, middle stream and lower stream in the industry

### (1) Mobile game:

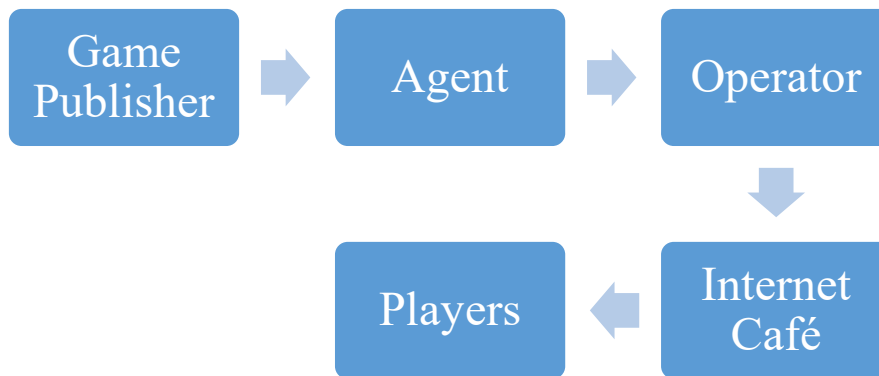
The company's main business includes self-publishing and agency publishing of mobile games, which are deployed in the upper and middle reaches of the game industry respectively. In addition to its own professional R&D team, the company also uses its subsidiaries to evaluate and select games, and strive for exclusive agency rights for high-quality games from other upstream game developers. Then put all kinds of products on the game application store (such as: AppStore or GooglePlay) for players to download, players can store value through various cash flow providers or various game channel platforms, and the company will convert the player's stored value amount according to the exchange rate to etc. The valuable game currency for players to put into the game and purchase the required props or virtual treasures.



### (2) LAN leisure gaming:

The leisure gaming industry is involved in a wider range of scope. The following is a presentation of the LAN gaming industry launched by the Company. Generally speaking, the following are the main roles in the LAN gaming industry:

- A. The game developers are in charge of the creative ideas and programming, providing the game contents, system platform, and the relevant maintenance and operation technologies and services; they charge for the authorization licenses or technology services.
- B. The agents are in charge of the product promotion and the provision of the relevant hardware, installation, and maintenance. Due to the larger scale of the oversea market, agents generally plan to select operators for different markets/regions and provide education and training to accelerate product promotion and improve service quality.
- C. Operators are like regional distributors who assist the agents to promote the products, provide local services, and charge the authorization licenses to the Internet cafes.
- D. Internet cafes are the owners of physical stores.
- E. Players are the end-users who pay for the games.



### 3. Various development trends for products (services)

#### (1) Mobile game becomes leisure and recreational activities for the public

With the rise of smartphones and tablets, gaming has officially entered mainstream culture, engaging people of all generations. As each new generation emerges, gaming expands its influence. The advent of mobile games has brought gaming to an increasingly larger audience. Nowadays, it's rare to find someone between the ages of 10 and 30 who doesn't play games, especially in the Asian and Western markets. For younger demographics, games are replacing traditional social media as the primary medium for interacting with friends. Compared to other forms of entertainment, games can fulfill a wide range of needs simultaneously. Games are not just a means of relaxation, escapism, or time-passing; for many, they provide spaces for socializing, competition, and creativity. In recent years, gaming is no longer exclusively for the young. While young people are more inclined to spend their leisure time on games compared to other forms of entertainment, there's also a growing number of older consumers rediscovering their interest in gaming.

According to the PWC 2023-2027 Taiwan Entertainment and Media Industry Outlook Chinese Handbook, the outbreak of the COVID-19 pandemic has led people to spend more time at home, driving a strong demand for video games. Following global trends, the video game and esports market in Taiwan have also grown due to the pandemic. However, as the pandemic bonus gradually diminishes, the overall revenue for the video game and esports market in Taiwan only saw a slight year-on-year increase of 1.6% to reach \$3.5 billion USD in 2022. Nevertheless, over the next five years, the revenue for the video game and esports market in Taiwan is expected to continue growing at a compound annual growth rate of 4.8%, reaching \$4.5 billion USD by 2027. This growth will be primarily driven by factors such as high smartphone penetration rates, affordable high-speed data transfer solutions, and continuous improvement in 5G coverage. In Taiwan, community and casual games are the strongest performers in the video game and esports market, contributing two-thirds of the overall revenue in 2022. It is anticipated that over the next five years, revenue from community and casual games in Taiwan will grow at a compound annual growth rate of 5.7%, reaching \$3.3 billion USD by 2027.

- (2) Under the global market trend, developers and publishers must be equipped with global vision and strategy

Globalization eliminates cultural difference among regions. The same topic might be successful in Europe & America and in Asia at the same time. Moreover, the popularity of smart phone changes the market ecology. It is especially that Apple and Google create an open global gaming platform almost everywhere. Game developer are able to provide various games to users all over the world while gamers and game developers can download and participate in games developed in any place in the world as well as enter a whole-new gaming category, mechanism, and topic. As game developers position their goal to the global market, the best game developed in any place will be popular all over the world. Therefore, developers and publishers should all be equipped with global vision and strategy.

- (3) The change of operation mode of game industry transforms game industry into a service.

Game manufacturers should develop a multiple-profiting model to transform game industry into a service but not a simple product in order to enhance gamers' willingness-to-purchase. Along with the enhancement of gamers' satisfaction, their loyalty will be advanced and then continue consumption and become long-term business partners. This might be the direction of future development for gaming manufacturers.

#### 4. Competition of products (services)

In recent years, companies that act as mobile game agents have been gradually losing their competitiveness. Due to the growth of the Internet and the popularization of oversea e-payment, most of the foreign developers can directly or indirectly enter into the distribution markets. In such a saturated market environment, not only it is more difficult to obtain high-quality products, the published games are more susceptible to the constant competition of products, causing the life expectancy of the games shortened or decrease of payment rate. The product's hit rate is critical to the profitability of the agents and distributors, which will easily influence the company's operating physique directly. Such a phenomenon is not favorable to the company's long-term development. Thus, the Company expects to integrate the upper and lower streams of the industry and to prepare oneself with R&D capabilities to provide internationalized and sophisticated products so that the operating scale can be expanded and risks can be diversified.

- (3) General situation for technology and research & development

1. Status of technology level and research development for businesses operated

The company has transformed from the original mobile game agency distribution as the main axis to its own research and development. In order to cooperate with the adjustment of business strategies and to accelerate the product development process, it has established research and development teams at home and abroad, and commissioned development according to the needs of each business. Effectively control R&D costs. The company continues to invest R&D resources to optimize various game platform mechanisms and enrich game content, expand the R&D department to develop online and offline products, and hope to improve players' stickiness with high-quality game content, thereby effectively reducing operational risks and improving physical fitness.



2. Research and development expenses incurred in the most recent year and up to the date of publication of the annual report

Unit: NT\$ thousands; %

Items \ Year	2022	2023	2024 Q1
E&D expenses	187,733	149,414	39,958
Operating revenue	780,648	774,449	224,936
R&D expenses to operating revenue	24%	19%	18%

3. Technologies or products that are successfully developed

- (1) Since the establishment of the Company, it has been enhancing its technologies and self-support abilities. All systems are self-developed through the establishment of a comprehensive backstage management system, from the most front-end game connection, member settings, deposit payment records, exchange of virtual treasures, and other data processing to the back-end supplier's account management. In terms of the operations, the system can calculate the numbers of real-time online players, payment ratio, retention rate, marketing expenses, and other maintenance-related management data, and use big data to make accurate analyses of game conditions and consumption habits.
- (2) The R&D team has launched hundred games, and the team has been updating the system functions and the operating mechanisms to strengthen the community and optimize players' experiences. In addition, the team continues to update system functions, data analysis and operating mechanisms to strengthen the community and optimize player experience. Through the various mechanisms of the platform, and big data analysis, real-time control of relevant information (such as: number of people online, location of member online time, member online time, average stored value amount), so as to improve player stickiness, payment rate and advertising accuracy .
- (4) Long-term and short-term business development plans
  1. Short-term business development plans:
    - (1) To keep investing in R&D resources, and setup the R&D team. Arrange development tasks according to customer needs and effectively control R&D costs.
    - (2) To continuously developing and enhancing the gaming operating information system and strengthen advertisement integration and optimize the assistive system.
    - (3) To create brand new mobile games for the American and European markets to expand the operating scale and diversity of the operating risks.
    - (4) To develop new customers or enter into new markets by joining expositions in order to increase the market share.

## 2. Long-term business development plans:

- (1) To strengthen the online community connection and the agency-relationship, as well as to enhance the brand value and corporate image.
- (2) To expand the self-developed gaming platforms to the South-Eastern Asian, American, and European regions.
- (3) To integrate the upper, middle, and lower streams of the industry in order to reduce operating costs and increase market share.

## 2. Market and production & marketing situation

### (1) Market analysis

#### 1. Main company product (service) sales (providing) areas

Unit: NT\$ thousands;%

Area \ Year	2022		2023	
	Sales revenue	Ratio	Sales revenue	Ratio
Asia	662,138	85	667,564	86
America	118,510	15	106,885	14
Total	780,648	100	774,449	100

#### 2. Market share

The company mainly develops and operates online games and LAN leisure games. The revenue in 2022 and 2023 was NT\$780,648 thousand and NT\$774,449 thousand respectively. With the highly mature and diversified market, the company's game development is also towards diversified development. In addition to be the agent of mobile games, we also actively involved in the development of casual games, mobile games and LAN leisure games, etc. The company occupies an important position in the game research and development market.

#### 3. Supply-demand situation in the future market and its growth

##### A. Mobile gaming market

- (A) Global gaming market scale will increase US\$205 billion in 2026 and mobile games will become the main dynamic source for the growth in gaming market.

With the gradual recovery of the global economy after the epidemic, entertainment spending will continue to increase, the game industry has also benefited from positive factors such as the replacement of home game consoles and the increase in the penetration rate of smart mobile device users year by year. The global game market is showing a booming trend.

- (B) The importance of mobile device in game industry has hugely advanced other platforms

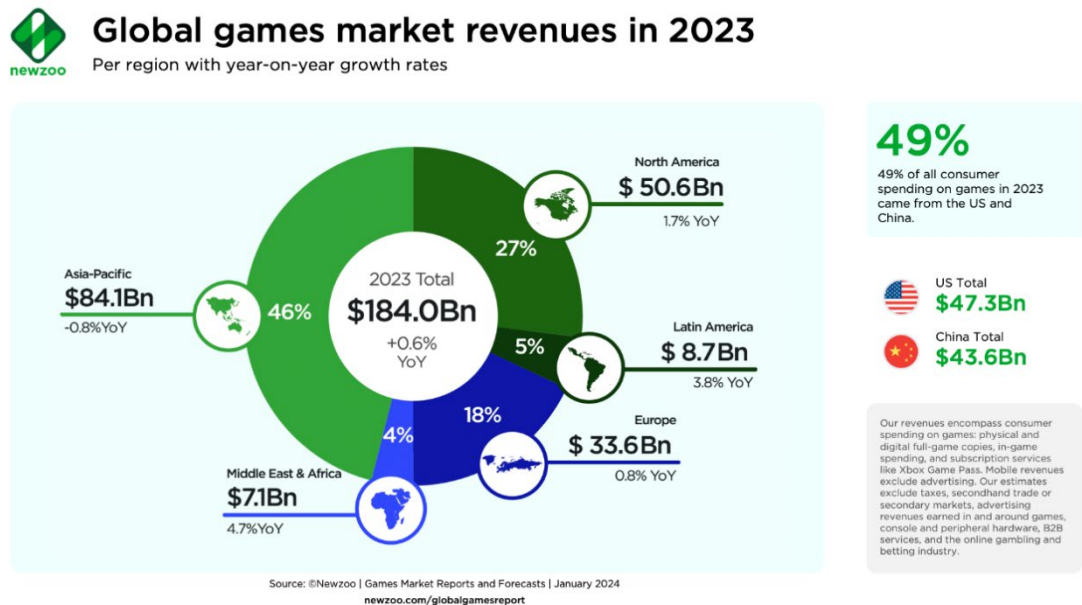
Mobile games have become the main driving force for the growth of the game market. In 2023, mobile game revenue will reach US\$90.5 billion, 49% of the global

game market. (As shown in Figure 3)

(C) Asia-Pacific mobile gaming market

According to research data from NewZoo, as shown in Figure 5, the global gaming market size is projected to increase to \$184 billion USD in 2023. In terms of global gaming revenue in 2023, the United States leads with \$47.3 billion USD, followed by China with gaming revenue of \$43.6 billion USD. Together, these two countries account for 49% of the global gaming market. Regionally, the Asia-Pacific region remains the largest gaming market, primarily due to its large population and the fact that economic growth rates in Asian countries generally exceed the global average. With well-developed internet infrastructure, increased penetration of smart devices, and more digital payment options, the Asia-Pacific region has become the dominant gaming market globally, followed by the North American and European markets.

Figure 5: Global game market distribution in 2023



Source: Newzoo

#### 4. Competitive niche

##### A. Strict and complete game evaluation team and game selection mechanism

The company continues to invest in R&D resources, with self-developed and self-produced casual games as the main axis of operation and instead of the previous business model of distributing through agents. This year it shifted its focus to the development of online casual mobile games, avoiding the risk of heavy royalties and asset impairment arising from agents. In addition, we will continue to increase our research and development capacity through upstream and downstream industry integration to develop multinational products, and at the same time, we will track the changes in current regulations and focus

on the general situation of international competition to carefully evaluate and formulate our business strategies.

B. Having professional data analysis team to set up precise advertising and marketing strategies

The diversity of gaming types is able to increase selection for gamers but reduce the loyalty to the game and the life cycle of the game starts to reduce gradually. The important key point is how to obtain gamers' attention and extend gaming cycle. Our company uses the real-time analysis system developed by our company (such as advertising integration and monitoring system, advertising performance analysis dashboard and back-end management system) to provide professional data analysis team the real-time data (such as gaming style, type, audience, age, advertising copy, time, paying user rate, rate of return, regional turnover performance, and gamers for online game; the various dynamic combination). Besides, through the audiences from cross-system (FB, Google, DSP) and cross-platform (Web, Android, IOS) integration by big data analysis, our company can control the operational status for each game at any time as well as conduct data analysis to evaluate gamers' gaming preference, adopt precise marketing management strategy, and understand the effectiveness after putting in advertising in order to adjust subsequent advertising strategy. If it is with good effectiveness, it will be supported further by TV advertising or ground advertising to enhance the exposure of game and attract more gamers.

C. Safe and steady technology support

In order to provide gamers good gaming experience, our company provides gamers 24-hour excellent connection speed and network quality through the cloud services of Alibaba Cloud, Shanghai UCloud, and GCP as well as good network quality and complete hardware infrastructure other than renting IDC server rack from So-net and Seednet. Besides, in order to avoid hacking, our company establishes fire wall on each server as well as self-built DNS (Domain Name System) and CDN (Content Distribution Network). If it is hacked, the connection impact on gamers will be reduced to the minimum by instantly changing DNS. If there is any problem in server operation, the connection can be switched to other back-up servers through CDN connection.

D. Complete customer service system

The Company emphasizes on customer service. Other than the complete customer service system established to make sure customer service personnel provide timely assistance to solve gamers' problem and enhance gamers' satisfaction, all the problems will be reported to the company for the company to control the overall practical operational status related to game management and use them as the basis for improvement in order to provide gamers more complete gaming content and service.

E. International and local operation strategies

Due to the market scale in our country is smaller and more competitive and for the purpose of extending product value and market profits, our company established several operational teams to specialize different types of games. We set up evaluation teams to widely and rapidly find out products and copy the successful experience to many regions

and expand our operational scale through stacking of multiple products and multi-regional publishing and further create economies of scale. In the future, we will work hard to expand the overseas market. Our company publishes games to the regional markets all over the world promptly through AppStore and GooglePlay. Because of the difference in local culture and customs, languages, types of gamers, and legal regulations, our company also considers local operational strategies (such as language translation and work with local payment flow system) to lower the communication cost during the products connection process and speed up the launch of games to meet the preference of gamers in different markets as well as conduct different local operation according to different countries.

## 5. Advantage and disadvantage factors for future development and the coping strategies

### A. Advantage factor

#### (A) Mobile gaming has the biggest gaming market scale and highest growth rate

Affected by the global new crown epidemic in recent years, even under the long-term impact of the epidemic, consumers' game spending still has a certain elasticity. According to research data released by Newzoo, an international game industry research organization, the overall game market revenue in 2022 is expected to reach US\$184.4 billion, a decrease of 4.3% over 2021. The total revenue of the above-mentioned game market is supported by as many as 3 billion in the world. Game players, of which 50% are from the Asia-Pacific region, and it is expected that more players will enter the global game market in the future.

#### (B) The expansion of gamer group contributes to the enhancement of the whole market scale

Along with the advancement of recreational value and the convenience of mobile game, casual games attract gamers from higher age groups. The age group of gamers is not limited to student group, office workers and retired people also participate in games and it is helpful for expanding the whole market scale. Move over, the multiple emerging customer groups also provide a wider development space to game manufacturers.

#### (C) Mature network environment and increasing popularity of smart device

With the continuous development of network technology and the increase of income, the network popularity and user population in our country are increasing every year and people are able to enjoy high-speed mobile network. The popularity of smart device in our country has entered saturation period and the development of mobile game is highly anticipated under the condition of complete infrastructure and increasing hardware popularity.

### B. Disadvantage factor and its response measures

#### (A) Competitive horizontal competition

Due to the development of internet technology in recent years, the threshold for cross-country distribution of mobile games is gradually decreasing, both in terms of money flow and payment and advertising and marketing are no longer restricted by regions, and they can enter overseas markets even without landing. This means that the mobile game industry is facing the challenge of globalization.

### Response measures

- a. Compared with the past, which relied on a single business of mobile game agency, the Company has not only invested in Dimensional in recent years, but also crossed over to the leisure gaming business in North America. In recent years, the Company has not only invested in Dimension, but also actively researched and developed longer-term and stable casual gaming mobile games on its own, in order to achieve the goal of stable profitability and reduce operating costs and risks.
- b. To actively expand into overseas markets, the Company will combine its experience in operating game platforms in Taiwan, Hong Kong and Southeast Asia with other domestic counterparts with art experience to create international products that meet the style of overseas players in order to enhance the international competitiveness of our products.

### (B) Insufficient professional talents and difficulty in recruitment

The development of hardware industry in our country is better than that of information software industry. The complete structure in semi-conductor, IC design, and panel industries make it the priority choice for general job hunters. The recruitment for information software industry becomes relatively difficult and we do not have relevant departments for gaming talent cultivation at universities and colleges in our country. The talents for digital games mainly rely on mentorship to pass on and it is not easy to cultivate excellent talents.

### Response measures

- a. Provide employees good working environment, sound welfare system, and complete educational training course as well as arrange duty according to employee's professionalism and development in order to advance employee's professional quality and technical level.
- b. Continue publishing products that are popular among gamers in an exclusive basis and further enhance company's reputation in order to attract excellent talents in the industry to join our team. Recruit proper employees through recommendation or employment agency like 104 or 1111 to build up multiple talent recruitment channel and strengthen the management team in the company.

### (C) Product similarity exists in mobile games

Although the quantity and type of mobile game in the market are numerous, products with innovation are limited. Once an mobile game successfully drew gamer's attention, game developers and exclusive agents will follow it without thinking for developing or introducing mobile games with similar style or topic in order to go with the craze. It causes common situation of product similarity in mobile games. Other than that, the content and topic of game are too similar and it also causes reduction of gamers' loyalty and adherence to the game and finally leads to the declining of product life cycle.

### Response measures

- a. The company has formed a strong research and development team to continuously inject new and refreshing gameplay into our self-developed game platform and strive

to make market differentiation.

- b. The Company has customer service personnel and back-end management system in place. Customer service personnel will be able to answer and solve gamer’s problem at the first moment. The sound and complete service quality generates differentiation segmentation with other game operators and manufacturers.

(2) Important applications and production processes of the major products

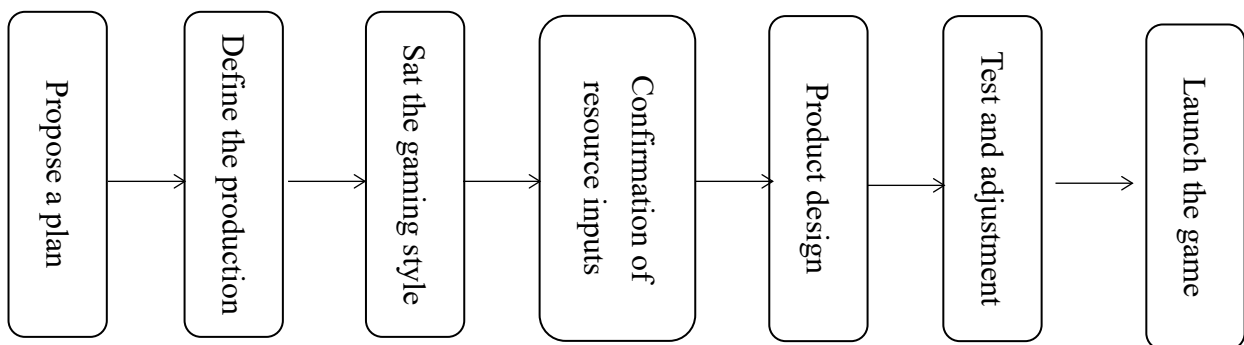
1. Important applications of major products

The Company and its subsidiaries are principally engaged in the exclusive publication of mobile games, the publication of our own products and the licensing of local area network gaming systems, the current status of their development, major products and representative works are described below.

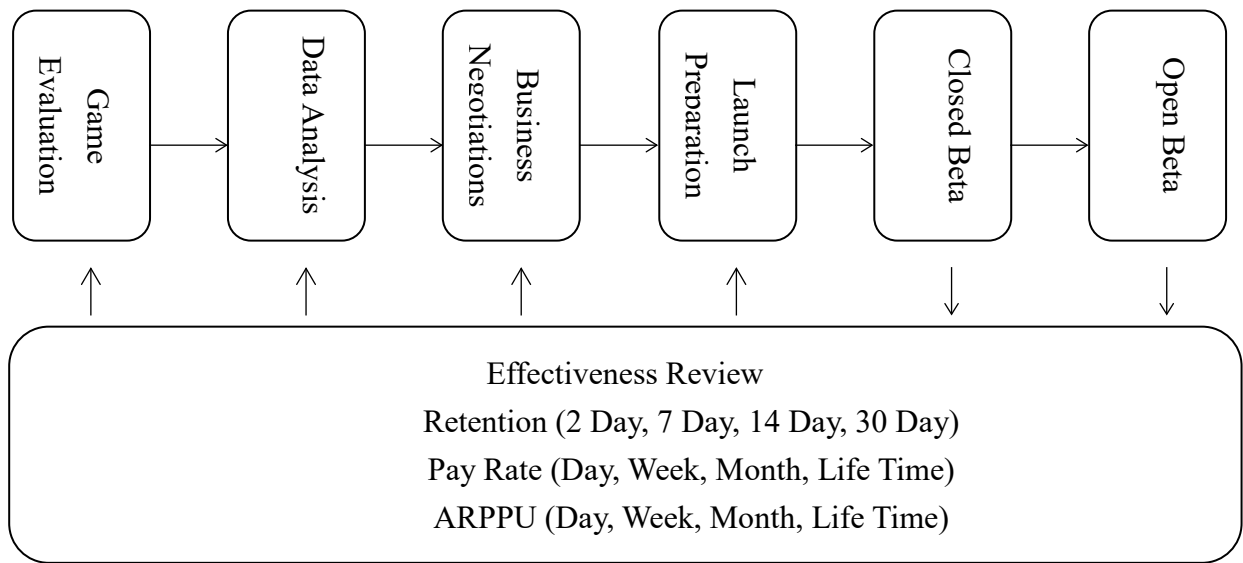
Operation model	Important applications or functions	Major products	Masterpieces
Original product publication	Self developed gaming products	Leisure games	Bravo Casino, Ace Club, Jackpot Island
Exclusive agency	Selecting games through a professional game review team and securing exclusive publication rights from upstream game developers	Mobile games	Infinite Borders
Licensing	Provide players with multiple options	Local area network gaming systems	-

2. Production process

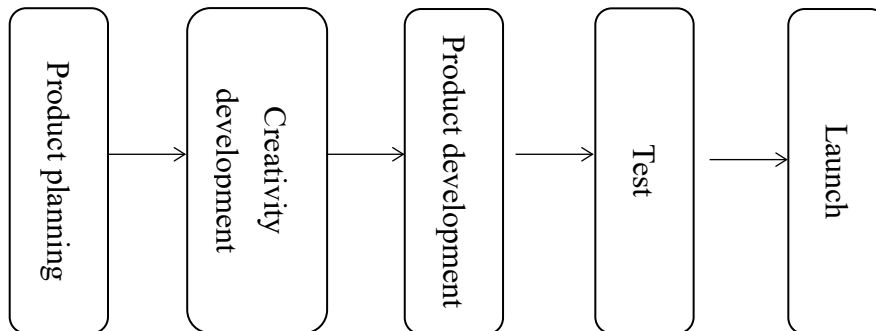
A. Mobile games agency business:



B. Production and distribution of mobile game business:



C. Casual gaming business:



(3) Supply situation for main raw material

The Company is mainly engaged in the exclusive publication of mobile games and publication of homemade games. The operation model thereof does not require to procure raw materials. The main suppliers cooperating with the Company include cash-flow provider and game developers, the company maintains a close cooperative relationship therewith, therefore, the source of games of which under our agency are stable and scattered. Moreover, the Company provides diversified consumer store-valued channels for game players, so there would not be under risk of excessive concentration and shortage or interruption.

(4) List of major trading customers

1. List of customers whose purchase proportion to total amount of purchase has achieved 10% or more thereof in any one of the past two years



Unit: NT\$ thousands

Item	2022				2023				2024 Q1			
	Name	Amount	%	Relation with Issuer	Name	Amount	%	Relation with Issuer	Name	Amount	%	Relation with Issuer
1	Company G	49,767	27	—	Company A	48,414	29	—	Company A	12,799	29	—
2	Company A	48,932	24	—	Company G	39,166	24	—	Company G	9,210	21	—
3	Company I	20,974	11	—	Company D	22,348	13	—	Company M	6,440	14	—
4	Company N	17,001	8	—	Company N	16,148	10	—	Company N	4,951	11	—
5	Others	37,710	30	—	Others	39,747	24	—	Others	11,147	25	—
	Net Purchases	174,384	100	—	Net Purchases	165,823	100	—	Net Purchases	44,547	100	—

The Company is mainly engaged in exclusive publication for mobile games and publication of homemade games. The operating income of the Company is mainly attributable to those points from consumer's stored value in the game, hence, without producing physical goods and purchase of raw materials for the Company. The main components of its operating costs include royalties (including cost of contributing royalties and cost of publication to original brand), cash flow costs, and costs for channels.

- List of customers whose sales proportion to total amount of sales has achieved 10% or more thereof in any one of the past two years

Unit: NT\$ thousands

Item	2022				2023				2024 Q1			
	Name	Amount	%	Relation with Issuer	Name	Amount	%	Relation with Issuer	Name	Amount	%	Relation with Issuer
1	Company G	180,100	23	—	Company G	162,694	21	—	Company A	43,662	19	—
2	Company A	145,296	19	—	Company A	159,467	20	—	Company G	39,314	18	—
3	Company P	106,795	14	—	Company GR	105,534	14	—	Company GR	29,094	13	—
4	Company GR	95,974	12	—	Company P	92,352	12	—	Company O	27,625	12	—
5	Company S	49,703	6	—	Company S	70,016	9	—	Company P	19,907	9	—
6	Others	202,780	26	—	Others	184,386	24	—	Others	65,334	29	—
	Net Sales	780,648	100	—	Net Sales	774,449	100	—	Net Sales	224,936	100	—

Net operating income for 2022, 2023 and the first quarter of 2024 were NT\$780,648 thousand, NT\$774,449 thousand and NT\$224,936 thousand respectively; The trend of sales volume is mainly affected by the number of exclusive publication, popularity, size of player community, variation of life cycle, the publication platform and media of store-valued cash-flow.

- Production value in the last two years: The Company has no production and therefore shall not apply to.

## (6) Sales in the last two years

Unit: thousand units/NT\$ thousands

Sales Major Product	Year	2022				2023			
		Import		Export		Import		Export	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Games		—	571,219	—	209,429	—	619,143	—	155,306

## 3. Information of employees in last two years:

Number of workers, average length of service, average age and educational attainment

Unit: person; %

Year		2022	2023	As of March 31, 2024
Number of employees	Direct Employees	199	149	151
	Indirect Employees	35	67	70
	Total	234	216	221
Average Age		33.0	35.0	35
Average Length of Service,		1.8	4.1	4.0
Education	Master or above	14.5%	14.0%	14.1%
	Bachelor	81.2%	82.0%	81.4%
	Senior High School or below	4.3%	4.0%	4.5%

## 4. Information concerning environmental expenditure

Stating, during the most recent year and as of the date of publication of this annual report, total amount of losses (including compensation) and disposition caused by environmental pollution, and the countermeasures (including improvement measures) and possible expenses (including estimated amount with respect to loss, punishment and compensation due to failure to take countermeasures, if it was unable to be reasonably estimated, then should state the fact that it was unable to be reasonably estimated): The company is mainly engaged in business of webpage and mobile game without any factory to run, so there is no related environmental pollution shall care for.

## 5. Labor relations

- (1) To list the Company's employee welfare plans, systems of education, training and retirement and implementation thereof, as well as any agreement between labor and management and the measures maintaining various employee rights:

## 1. Employee welfare benefits

In addition to compliance with the Labor Standard Law and relevant laws and regulations, the Company also provides subsidizations for marriage, funeral, hospitalization, childbirth, employee training, employees' meal party and association activities, as well as regular benefits activities such as employee travel, fellow campaign and lottery.

## 2. Education and training

The Company irregularly holds sessions in respect with internal management and professional training. It also sends personnel to participate in training organized by external organizations, if applicable, in order to provide employees with complete education and training channels.

### 3. Retirement system

The Company stipulates its regulation governing employee retirement subject to the Labor Standards Law and makes a contribution per total amount of monthly salary as retirement reserve into the Taiwanese bank's pension account every month. The Labor Pensions Act came into enforcement since July 1, 2005 and the said Act adopts defined contribution plan, to this end, employees of the Company will be entitled to choose applying to the pension provisions stipulated in the Labor Standards Act, or applying to the pension system of the said Act and retain working years employed before implementation of the said Act. For those employees who apply to the said Act, the Company bearing the monthly pension contribution rate will be at not less than 6% of the employee's monthly salary.

### 4. Labor-management agreements and various maintenance measures for employees' right

The Company has a harmonious labor-management relationship, and it has established a direct communication channel between labor and management to give employees the right obtaining information and expressing their opinions for maintaining a good relationship between labor and management.

- (2) To list the losses suffered by labor disputes occurred during the most recent year and as of the date of publication of this annual report, and to disclose the estimated amount and counter measures that has occurred and potentially occur, if it was unable to be estimated reasonably, the facts that it was unable to be estimated reasonably should be stated: None.

## 6. Information communication security management

- (1) Information security risk management framework and information security policy, specific management plan and resources invested in information security management

### 1. Information security risk management framework

The company's information security authority and responsibility unit is the Information Technology Department, which assigns dedicated personnel to serve as information security supervisors and information security personnel, who are responsible for promoting, coordinating, and supervising overall management matters, implementing information security policies, announcing information security information, and promoting personnel Information security knowledge, collecting and improving organizational information security management systems and efficient technologies, products or procedures, etc. System - information security management guidelines, conduct information security verification, and evaluate the effectiveness of the internal control of the company's information business.

### 2. Information security policy

In order to strengthen and implement information security management, the company has established an internal control system - information security management and control guidelines, and expects to achieve the following goals:

- Ensuring the availability, integrity and confidentiality of information
- Protect customer data and the company's information assets from internal and external threats of deliberate or accidental disasters
- Ensure the continuous operation of the information system
- Implement audit operations to ensure the continuous effectiveness of information security regulations

### 3. Specific management plan

The company's information security management operation mode adopts PDCA (Plan-Do-Check-Action) cycle management to ensure the achievement of goals and continuous improvement. The specific goals and measures are as follows:

#### I. The security management of the computer

- The company's application server and backbone network equipment are placed in a dedicated computer room. The access control of the computer room uses inductive swiping cards to enter and exit, and keep records of entry and exit and 24-hour video for inspection.
- The computer room is equipped with independent air conditioners, automatic detection smoke prevention and temperature alarm equipment, and special jet fire extinguishing equipment for the computer room; it is also equipped with uninterruptible power supply system and voltage stabilizer equipment to prevent system damage caused by accidental power failure. In order to protect the physical security of the company's information system software and hardware assets.
- The server and terminal computer equipment are installed with anti-virus software under unified management, and the virus pattern automatic update mechanism ensures that all information computer equipment has the same anti-virus level.
- The server and terminal computer equipment are installed with the unified management of AI artificial intelligence endpoint behavior monitoring software, which can detect and prevent potentially threatening system execution files and malicious software running behaviors.
- Log management and monitoring, unified collection and management of important server logs. And write alert rules for important system events to enhance early detection of suspicious behavior.

#### II. The security management of the internet

- Divide the entity into different network segments according to different organizational units to prevent the rapid spread of a single unit after being invaded by malicious software and viruses, and control the risk of possible harm to a single network segment.
- At the gateway of the Internet connection, configure an enterprise-level firewall to block external attacks and connection control, filter illegal connections such as malicious websites and phishing websites, and strengthen network security control and protection.
- The Taichung Office and the Taipei Office establish a VPN connection operation, and use the communication encryption method to avoid illegal capture during the data transmission process.
- Colleagues who log in to the company's intranet remotely to access the system must apply for an SSLVPN account. They can log in and use through the secure method of SSLVPN, and they all have usage records for auditing.
- Equipped with email anti-virus and spam filtering mechanisms to prevent viruses or spam from entering user terminal computer equipment.

#### III. Access control

- When a colleague is on the job, the Human Resources Department will apply for the company's general system account on its behalf. When resigning (leave), you must go to the Information Technology Office in person to delete each system account and sign for confirmation.
- Colleagues need to access and use the business-related background management

system. They need to apply and get the approval of the supervisor, and then set up by the colleagues in the information unit.

- According to the government configuration benchmark principle, set the operating system password complexity and length requirements, screen protection lock, login error lock and other principles.
- The file server is configured according to the permissions of the file folders of the personnel and groups set by each unit. Group policy management tool to centrally manage various audit settings of file servers.

#### IV. Cloud security

- Adopt cloud IAM (Identity and Access Management) service for identity and access management, and enforce account two-factor authentication system.
- Cloud service pre-enables encryption mechanism for all systems and data, and adopts cloud encryption key escrow service.
- Cloud system audit log hosting service, collect cloud system operation history and keep it for future reference.
- The cloud firewall blocks external attacks and connection control, enables network application layer protection systems, integrates the use of international traffic cleaning services, and prevents Distributed Denial-of-Service Attacks (DDoS attacks) and The attack on the application layer of the website causes the operation to be interrupted.

#### V. Constantly operating

- The system and data backup adopts a daily backup mechanism, and the system and file data backup is stored on the local network hard disk. And then through the Taipei office and the Taichung office, the two offices regularly transfer remote backups to each other to ensure the security of the backup data.
- For disaster recovery drills, a random test drill is carried out once a year. After the restoration date reference point is selected, the backup media will be stored in the system host to confirm the availability and integrity of the recovered data.

#### VI. User personal information

- In order to protect the personal data of users, the company follows the provisions of the Personal Data Protection Law of the Republic of China (Individual Data Law), and each product has a privacy clause and a consent form for the use of personal data, which informs the user in detail and obtains the user's consent to the collection of personal data, processing and utilization. Users can also request the company to stop collecting, processing, utilizing and requesting deletion.
- Personal data is encrypted and stored in the database by default, and data masking and encryption are used for access protection.
- The access and transmission of personal data are accessed through SSL secure encrypted channels to prevent theft during network transmission. Data access logs are kept for future reference.
- Strengthen the education and training related to the personal data processing law of colleagues.

#### VII. Intellectual property

- The company's intellectual property (such as original code, pictures, images, sound effects, etc.) are stored in the version control system in the computer room for version control, and the historical version is retained.

- In accordance with the measures of operation continuity, the version control system is regularly backed up completely and backed up in the Taipei and Taichung offices.
- Use cloud DevOps software development process and version control services, and use cloud service providers to provide backup resources and mechanisms.
- New colleagues must sign a non-disclosure agreement when they take up their posts, and they are responsible for protecting the company's intellectual property during their tenure.

#### 4. Resources invested in information security management

##### I. Consciousness of the information security and training

- Information security propaganda, implement information security-related education and training courses for internal colleagues from time to time every year. New colleagues must accept the information security training course for newcomers.
- Regularly produce an information security e-newsletter every month to promote various information security related reports and current affairs, and remind colleagues to pay more attention and be more vigilant to suspicious people and things.
- Implement social engineering drills from time to time, and strengthen information security courses and training for colleagues with insufficient information security awareness.
- Subscribe to "Taiwan Computer Network Crisis Handling and Coordination Center TWCERT/CC" to obtain information security incident sources, collect information security information, and provide internal publicity.

##### II. Professional technologies and resources

- The group has a professional information security team, which conducts various information security inspections on a regular basis, and introduces protection mechanisms and monitors abnormal equipment in the whole area.

##### III. Appropriate budgets for information security

- In addition to the maintenance and operation costs of the existing information security mechanism, each information operation development and operation system construction is required to include necessary protection, monitoring, testing, or international information security management certification and other information security budgets to cover the required expenses.

- (2) With respect to the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report, if the loss, possible impact and response measures could not be reasonable estimated due to material information communication safety incidents, explain the facts that could not be reasonable estimated: None.

#### 7. Important contracts

List the parties, main contents, restriction clauses, and start/end date of supply/sales contracts, technical cooperation contracts, construction contracts, long-term loan contracts, and other important contracts that are sufficient to affect shareholders' equity that are still valid as of the date of report or expired in the most recent year: The Company has not entered any important contract that are sufficient to affect shareholders' equity.

## VI. Financial Information

1. Condensed balance sheet and statement of comprehensive income for the last five years

1) Condensed balance sheet and statement of comprehensive income—IFRS

### (1) Condensed balance sheet (consolidated financial statement)

Unit: NT\$ thousands

Item	Year	Financial Information for the Last 5 Years					Financial Information as of March 31, 2024 (Note 2)
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)	
Current Assets		739,575	736,557	741,520	805,412	909,816	964,037
Property, Plant and Equipment		6,871	5,652	4,714	2,463	963	778
Intangible Assets		155,559	148,793	3,411	3,172	2,908	2,908
Other Assets		157,791	125,925	133,199	118,521	95,921	90,102
Total Assets		1,059,796	1,016,927	882,844	929,568	1,009,608	1,057,825
Current Liabilities	Before distribution	325,529	230,939	228,380	169,463	146,005	140,807
	After distribution	325,529	230,939	228,380	169,463	(Note 3)	(Note 3)
Non-current Liabilities		28,460	19,744	22,384	9,581	7,997	10,148
Total Liabilities	Before distribution	353,989	250,683	250,764	179,044	154,002	150,955
	After distribution	353,989	250,683	250,764	179,044	(Note 3)	(Note 3)
Capital Stock		420,006	420,006	420,006	420,006	420,006	420,006
Capital Surplus		287,613	287,613	303,947	303,947	303,947	303,947
Retained Earnings	Before distribution	(71,477)	(27,875)	(191,459)	(54,939)	47,083	86,222
	After distribution	(71,477)	(27,875)	(191,459)	(54,939)	(Note 3)	(Note 3)
Other Equity Interest		(11,423)	(10,269)	23,048	(3,713)	(673)	5,600
Treasury Stock		—	—	—	—	—	—
Non-controlling Interest		81,088	96,769	76,538	85,223	85,243	91,095
Total Equity	Before distribution	705,807	766,244	632,080	750,524	855,606	906,870
	After distribution	705,807	766,244	632,080	750,524	(Note 3)	(Note 3)

Note 1: The financial information for the years 2019 to 2023 is based on the consolidated financial statements certified by a certified public accountant.

Note 2: The March 31, 2024 financial information is based on the consolidated financial statements certified by a certified public accountant.

Note 3: The earnings distribution plan for the fiscal year 2023 has not yet been approved by the shareholders' meeting.

**(2) Condensed income statement (consolidated financial statement)**

Unit: NT\$ thousands

Item \ Year	Financial Information for the Last 5 Years					Financial Information as of March 31, 2024 (Note 2)
	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)	
Operating Revenue	1,484,434	836,964	735,953	780,648	774,449	224,936
Gross Profit	677,425	514,559	523,771	606,264	608,626	180,389
Operating Income	87,845	61,409	(95,642)	107,942	123,847	42,700
Non-operating Income and Expenses	(77,098)	9,974	(99,053)	30,976	8,065	14,002
Pre-tax Income	10,747	71,383	(194,695)	138,918	131,912	56,702
Income from Continuing Operation	(21,843)	67,086	(171,693)	107,206	102,105	44,535
Income from Discontinued Department	—	—	—	—	—	—
Net Income for the Period	(21,843)	67,086	(171,693)	107,206	102,105	44,535
Other Comprehensive Income (Income after Tax) for the Period	4,524	(6,649)	32,793	11,238	2,977	6,729
Total Comprehensive Income for the Period	(17,319)	60,437	(138,900)	118,444	105,082	51,264
Net Income Attributed to Shareholders of the Parent Company	(107,038)	50,489	(163,584)	98,838	102,022	39,139
Net Income Attributed to Any Equity Interest Prior to the Company	54,782	—	—	—	—	—
Net Income Attributed to Non-controlling Interest	30,413	16,597	(8,109)	8,368	83	5,396
Comprehensive Income Attributed to Shareholders of the Parent Company	(102,293)	44,756	(130,267)	109,759	105,062	45,412
Comprehensive Income Attributed to Any Equity Interest Prior to the Company	54,782	—	—	—	—	—
Comprehensive Income Attributed to Non-controlling Interest	30,192	15,681	(8,633)	8,685	20	5,852
Earnings per Share	(2.55)	1.2	(3.89)	2.35	2.43	0.93

Note 1: The financial information for the years 2019 to 2023 is based on the consolidated financial statements certified by a certified public accountant.

Note 2: The March 31, 2024 financial information is based on the consolidated financial statements certified by a certified public accountant.



2) Condensed balance sheet and statement of comprehensive income—IFRS

**(1) Condensed balance sheet (individual financial statement)**

Unit: NT\$ thousands

Item	Year	Financial Information for the Last 5 Years				
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1、3)	2023 (Note 1)
Current Assets		160,470	323,696	428,566	431,635	510,060
Property, Plant and Equipment		3,600	2,893	2,434	947	72
Intangible Assets		80,370	80,341	191	55	—
Other Assets		447,356	379,874	293,483	334,237	338,354
Total Assets		691,796	786,804	724,674	766,874	848,486
Current Liabilities	Before distribution	61,794	113,509	156,184	96,781	70,932
	After distribution	61,794	113,509	156,184	96,781	(Note 2)
Non-current Liabilities		5,283	3,820	12,948	4,792	7,191
Total Liabilities	Before distribution	67,077	117,329	169,132	101,573	78,123
	After distribution	67,077	117,329	169,132	101,573	(Note 2)
Capital Stock		420,006	420,006	420,006	420,006	420,006
Capital Surplus		287,613	287,613	303,947	303,947	303,947
Retained Earnings	Before distribution	(71,477)	(27,875)	(191,459)	(54,939)	47,083
	After distribution	(71,477)	(27,875)	(191,459)	(54,939)	(Note 2)
Other Equity Interest		(11,423)	(10,269)	23,048	(3,713)	(673)
Treasury Stock		—	—	—	—	—
Non-controlling Interest		—	—	—	—	—
Any Equity Interest Prior to the Company		—	—	—	—	—
Total Equity	Before distribution	624,719	669,475	555,542	665,301	770,363
	After distribution	624,719	669,475	555,542	665,301	(Note 2)

Note 1: The financial information for the years 2019 to 2023 is based on the consolidated financial statements certified by a certified public accountant.

Note 2: The earnings distribution plan for the fiscal year 112 has not yet been approved by the shareholders' meeting.

Note 3: The financial information for fiscal 2021 is restated due to organizational restructuring.

**(2) Condensed income statement (individual financial statement)**

Unit: NT\$ thousands

Item	Year	Financial Information for the Last 5 Years				
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1、2)	2023 (Note 1)
Operating Revenue		164,395	56,481	352,919	366,630	347,166
Gross Profit		103,368	28,881	308,250	343,648	346,247
Operating Income		27,338	(5,639)	(76,100)	69,575	111,778
Non-operating Income and Expenses		(60,855)	53,683	(105,124)	51,734	16,006
Pre-tax Income		(33,517)	48,044	(181,224)	121,309	127,784
Income from Continuing Operation		(52,256)	50,489	(163,584)	98,838	102,022
Income from Discontinued Department		—	—	—	—	—
Net Income for the Period		(52,256)	50,489	(163,584)	98,838	102,022
Other Comprehensive Income (Income after Tax) for the Period		4,745	(5,733)	33,317	10,921	3,040
Total Comprehensive Income for the Period		(47,511)	44,756	(130,267)	109,759	105,062
Net Income Attributed to the Owners of the Company		(107,038)	50,489	(163,584)	98,838	102,022
Net Income Attributed to Any Equity Interest Prior to the Company		54,782	—	—	—	—
Comprehensive Income Attributed to the Owners of the Company		(102,293)	44,756	(130,267)	109,759	105,062
Comprehensive Income Attributed to Any Equity Interest Prior to the Company		54,782	—	—	—	—
Earnings per Share		(2.55)	1.2	(3.89)	2.35	2.43

Note 1: The financial information for the years 2019 to 2023 is based on the consolidated financial statements certified by a certified public accountant.

Note 2: The financial information for fiscal 2021 is restated due to organizational restructuring.

**(3) Name of certified public accountant and opinion for the last five years**

The name of certified public accountant and opinion of the Company for the last five years is as follow:

Year	Accounting firm	Name of the certified public accountants	Opinion
2019	PwC Taiwan	Lai, Zong-Yi, Liu, Mei-Lan	Unqualified opinion
2020	PwC Taiwan	Lai, Zong-Yi, Liu, Mei-Lan	Unqualified opinion
2021	PwC Taiwan	Lai, Zong-Yi, Liu, Mei-Lan	Unqualified opinion
2022	PwC Taiwan	Lai, Zong-Yi, Liu, Mei-Lan	Unqualified opinion
2023	PwC Taiwan	Lai, Zong-Yi, Xu, Jian-ye	Unqualified opinion

## 2. Financial analysis for the last five years

### (1) Financial analysis—IFRS (consolidated)

Analysis Item		Financial analysis for the last five years (Note 1)					As of March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023	
Financial Structure	Debts Ratio (%)	33.40	24.65	28.40	19.26	15.25	14.27
	Ratio of Long-term Funds to Fixed Assets (%)	10,686.46	13,906.37	13,883.41	30,860.94	89,678.40	117,868.64
Solvency	Current Ratio (%)	227.19	318.94	324.69	475.27	623.14	684.65
	Quick Ratio (%)	210.73	309.58	318.52	469.29	613.62	667.90
	Times Interest Earned	41.10	64.06	(342.98)	404.83	346.32	631.02
Operating Capacity	Accounts Receivable Turnover (Times)	11.14	7.49	7.54	8.72	7.81	7.31
	Average Collection Period	32.76	48.76	48.42	41.86	46.73	49.27
	Inventory Turnover (times)	115.19	145.95	152.76	104.48	85.23	144.17
	Accounts Payable Turnover (times)	8.25	9.66	14.81	12.07	13.06	13.28
	Average Days in Sales	3.17	2.5	2.39	3.49	4.28	2.50
	Fixed Assets Turnover (times)	216.04	148.08	156.12	316.95	804.20	1,156.48
	Total Assets Turnover (times)	1.40	0.82	0.83	0.84	0.77	0.85
Profitability	Return of Assets (%)	(1.51)	6.55	(18.03)	11.86	10.56	4.32
	Return of Equity (%)	(2.08)	9.11	(24.56)	15.51	12.71	5.05
	Profit before Tax to Capital Stock (%)	2.56	17	(46.36)	33.08	31.41	13.50
	Profit Margin (%)	(1.47)	8.02	(23.33)	13.73	13.18	19.80
	Earnings per Share (Yuan)	(2.55)	1.2	(3.89)	2.35	2.43	0.93
Cash Flow	Cash Flow Ratio (%)	26.34	67.14	(33.29)	61.40	58.23	19.87
	Cash Flow Adequacy Ratio (%)	92.15	120.94	115.28	242.24	189.00	1,082.77
	Cash Reinvestment Ratio (%)	(5.84)	21.3	(14.03)	15.64	10.79	3.30
Degree of Leverage	Degree of Operating Leverage	2.60	1.82	0.58	1.25	1.21	1.14
	Degree of Financial Leverage	1.00	1.02	0.99	1.00	1.00	1.00

Analysis of significant changes in financial ratios in the last two years (increase or decrease of up to 20%):

1. The debt-to-assets ratio decreased: primarily due to a reduction in liabilities and an increase in assets during the current fiscal year.
2. The ratio of long-term funds to property, plant, and equipment increased: mainly due to profit growth during the current fiscal year leading to an increase in shareholders' equity, as well as a decrease in net fixed assets.
3. Current ratio and quick ratio increased: primarily due to a decrease in current liabilities during the current fiscal year.
4. Average days of inventory increased: mainly due to a decrease in operating costs during the current fiscal year.
5. Fixed asset turnover ratio (times) increased: primarily due to an increase in net sales during the current fiscal year.
6. Cash adequacy ratio and cash reinvestment ratio increased: attributed to an increase in net cash flow from operating activities during the current fiscal year.

Note 1: The financial information for the years 2019 to 2023 is based on the consolidated financial statements certified by a certified public accountant.

Note 2: The March 31, 2024 financial information is based on the consolidated financial statements certified by a certified public accountant.

## (2) Financial analysis—IFRS (individual)

Item	Year	Financial analysis for the last five years				
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1、2)	2022 (Note 1)	2023 (Note 1)
Financial Structure	Debts Ratio (%)	9.7	14.91	23.34	13.25	9.21
	Ratio of Long-term Funds to Fixed Assets (%)	17,500.06	23,273.25	23,356.20	70,759.56	1,079,936.11
Solvency	Current Ratio (%)	259.69	285.17	274.40	445.99	719.08
	Quick Ratio (%)	257.83	279.85	266.50	435.80	713.65
	Times Interest Earned	(417.96)	253.86	(1,011.42)	971.47	561.46
Operating Capacity	Accounts Receivable Turnover (Times) (Note 2)	4.20	1.57	6.72	6.00	5.88
	Average Collection Period	86.83	232.34	54.34	60.84	62.04
	Inventory Turnover (times)	—	—	32.16	13.77	14.35
	Accounts Payable Turnover (times)	12.22	6.33	16.39	9.40	16.34
	Average Days in Sales	—	—	11.35	26.51	25.43
	Fixed Assets Turnover (times)	45.67	19.52	145.00	387.15	5,196.75
	Total Assets Turnover (times)	0.24	0.07	0.49	0.48	0.44
Profitability	Return of assets (%)	(4.74)	6.85	(21.63)	13.27	12.65
	Return of equity (%)	(5.22)	7.8	(26.71)	16.19	14.21
	Profit before tax to capital stock (%)	(7.98)	11.44	(43.15)	28.88	30.42
	Profit margin (%)	(31.79)	89.39	(46.35)	26.96	27.27
	Earnings per share (Yuan)	(2.55)	1.2	(3.89)	2.35	2.43
Cash Flow	Cash Flow Ratio (%)	(31.50)	100.96	(61.87)	25.52	90.91
	Cash Flow Adequacy Ratio (%)	20.38	27.84	11.66	14.06	10.57
	Cash Reinvestment Ratio (%)	(23.21)	17.3	(23.84)	3.94	8.62
Degree of Leverage	Degree of Operating Leverage	1.15	0.48	0.84	1.18	1.09
	Degree of Financial Leverage	1.00	0.97	1.00	1.00	1.00
Analysis of significant changes in financial ratios in the last two years (increase or decrease of up to 20%):						
1. The ratio of long-term funds to property, plant, and equipment increased: primarily due to profit growth during the current fiscal year leading to an increase in shareholders' equity, as well as a decrease in net fixed assets.						
2. The debt-to-assets ratio, current ratio, and quick ratio increased: primarily due to a decrease in current liabilities during the current fiscal year.						
3. Interest coverage ratio increased: primarily due to an increase in interest expenses during the current fiscal year.						
4. Accounts payable turnover ratio (times) increased: primarily due to an increase in operating costs during the current fiscal year.						
5. Fixed asset turnover ratio (times) increased: primarily due to an increase in net sales during the current fiscal year.						
6. Cash flow ratio, cash reinvestment ratio, and cash adequacy ratio increased: attributed to an increase in net cash flow from operating activities during the current fiscal year.						

Note 1: The financial information for the years 2019 to 2023 is based on the individual financial statements certified by a certified public accountant.

Note 2: The financial information for fiscal 2021 is restated due to organizational restructuring.

The formulas are as follows:

## 1. Financial Structure

(1) Debts Ratio = total Liabilities / total Assets.

(2) Ratio of Long-term Funds to Fixed Assets = (net shareholder equity + long-term liabilities) / net fixed assets.

## 2. Solvency

- (1) Current Ratio = current assets/ current liabilities.
- (2) Quick Ratio = (current assets – inventory – prepaid costs) / current liabilities.
- (3) Times Interest Earned = income tax and net profit before interest expense / interest expense for the period

## 3. Operating Capacity

- (1) The Turnover of Receivables (including Accounts Receivable and Notes Receivable arising from business) = The balance of net sales / average receivables for each period (including accounts receivable and notes receivable arising from business).
- (2) Average Collection Period = 365 / the turnover rate of receivables.
- (3) Inventory Turnover = cost of goods sold / average inventory amount.
- (4) The Turnover of Payables (including Accounts Payable and Notes Payable as a result of business) = cost of goods sold / the average amount due for each period (including accounts payable and notes payable arising out of business).
- (5) Average Days in Sales = 365 / inventory turnover rate.
- (6) Fixed Asset Turnover = net sales / net fixed assets.
- (7) Total Asset Turnover = net sales / total assets.

## 4. Profitability

- (1) Return of Assets = (post-tax profit or loss + interest expense x (1- tax rate)) / the total average assets.
- (2) Shareholder's Return of Equity = post-tax profit or loss / net average shareholders' equity °
- (3) Profit Margin = post-tax profit or loss / net sales.
- (4) Earnings Per Share = (Profit after tax - preference dividend) / weighted average number of shares issued.

## 5. Cash Flows

- (1) Cash Flow Ratio = net cash flows from operating activities / current liability.
- (2) Net Cash Flow Permissible Ratio = net cash flow from operating activities in the last five years / last five years (capital expenditure + inventory increase + cash dividend).
- (3) Cash Reinvestment Ratio = (net cash flow from operating activities - cash dividend) / (gross fixed assets + long-term investment + other assets + working capital).

## 6. Degree of Leverage

- (1) Degree of Operating Leverage = (net operating income - change of operating costs and expenses) / business interests.
- (2) Degree of Financial Leverage = operating income / (operating income - interest expenses).

3. The supervisors' review report of the most recent annual financial statement  
Please refer to page 133.
4. The most recent annual financial statement  
Please refer from page 134 to page 195.
5. The Company's individual financial report for the most recent year audited by a certified public accountant  
Please refer from page 196 to page 250.
6. During the most recent year and as of the date of publication of annual report, should the Company and its affiliates occur any difficulties on financial turnover, the impact on the financial position of the Company shall be stated :  
None.

**GameSparcs Co., Ltd.**

**Review Report of Audit Committee**

The Company's 2023 annual business report, financial statements and loss makeup proposal were prepared and delivered to by the Board of Directors, in which the financial statements were audited and issue an auditing report by certified public accountants - Lai, Zong-Yi, Xu, Jian-ye of PwC Taiwan, the auditors of the Company, and issued a check report. The aforementioned business report, financial statements and loss make-up proposal have been reviewed by the Audit Committee and found the same to be true and correct. Therefore, the Supervisors' Review Report is hereby issued in accordance with Article 14-4 of Securities and Exchange Act and Article 219 of Company Act.

Best regards.

2024 Annual Shareholder Meeting of GameSparcs Co., Ltd.

Audit Committee Convener: Ho, Ron-Shu

March 7, 2024

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of GameSparcs. Co. Ltd.

### **Option**

We have audited the accompanying consolidated balance sheets of GameSparcs. Co. Ltd. and its subsidiaries (the “Group”) as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### **Basis for opinion**

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



appropriate to provide a basis for our opinion.

## **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

## **Revenue Recognition**

### Description

Refer to Note 4 (24), 5(2) and 6(14) to the Consolidated Financial Statements.

The operating revenue of the Company mainly comes from the agency and online games operation. The company's performance obligation is not fulfilled upon the sale of game points after the players have stored the value, but is satisfied when the players use the game points in the future. Therefore, management recognizes revenue from the sale of game points as a contractual liability at the time of sale and allocates it as revenue over the estimated period of the players' remaining games. Consequently, the revenue recognition is identified as a key audit matter.

### How our audit addressed the matter

The audit procedures performed as follows:

- Understanding and examining the online gaming revenue recognition process in order to evaluate and test internal control over gaming revenue recognition.
- We sampled the reconciliation and collection between the company and the game platform.
- We sampled the accuracy of the remaining game period reports of players.

### **Other matter – Parent company only financial statements**

We have audited and expressed an unqualified opinion on the parent company only financial statements of GameSparcs Co., Ltd. as at and for the years ended December 31, 2023 and 2022.

### **Responsibilities of management and those charged with governance for the consolidated financial statements**

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's

ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter

or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lai, Tsung-Hsi

Xu, Jian-ye

For and on behalf of PricewaterhouseCoopers, Taiwan

March 7, 2024

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

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

**GAMESPARCS CO LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 749,379	74	\$ 709,734	76
1136	Financial assets at fair value through other comprehensive income - current	6(3)	30,705	3	-	-
1170	Net accounts receivable	6(4)	107,440	11	67,737	7
1180	Accounts receivable - related parties	7	3,163	-	13,095	2
1200	Other accounts receivable		440	-	300	-
1220	Income tax asset		4,460	1	4,200	1
130X	Inventory		1,479	-	2,412	-
1410	Advance payment		12,420	1	7,731	1
1470	Other current assets		330	-	203	-
11XX	<b>Total of current assets</b>		<u>909,816</u>	<u>90</u>	<u>805,412</u>	<u>87</u>
<b>Non-current assets</b>						
1600	Property, plant and equipment	6(5)	963	-	2,463	-
1755	Right-of-use assets	6(6) and 7	13,782	2	13,565	2
1780	Intangible assets	6(7)	2,908	-	3,172	-
1840	Deferred tax assets	6(19)	79,142	8	101,904	11
1900	Other non-current assets		2,997	-	3,052	-
15XX	<b>Total of non-current assets</b>		<u>99,792</u>	<u>10</u>	<u>124,156</u>	<u>13</u>
1XXX	<b>Total of assets</b>		<u>\$ 1,009,608</u>	<u>100</u>	<u>\$ 929,568</u>	<u>100</u>

(Continued)

**GAMESPARCS CO LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2130	Contract liabilities - current	6(14)	\$ 23,984	2	\$ 20,699	2
2170	Accounts payable	7	11,240	1	14,149	2
2200	Other payables	6(8)	93,717	9	100,992	11
2220	Other payables — related parties	7	5,269	1	4,012	-
2230	Tax liabilities		805	-	19,051	2
2280	Lease liabilities — current	7	7,778	1	7,911	1
2300	Other current liabilities		3,212	-	2,649	-
21XX	<b>Total of current liabilities</b>		<u>146,005</u>	<u>14</u>	<u>169,463</u>	<u>18</u>
<b>Non-current liabilities</b>						
2570	Deferred tax liabilities	6(19)	2,342	-	4,146	-
2580	Lease liabilities — non-current	7	5,655	1	5,435	1
25XX	<b>Total of non-current liabilities</b>		<u>7,997</u>	<u>1</u>	<u>9,581</u>	<u>1</u>
2XXX	<b>Total of liabilities</b>		<u>154,002</u>	<u>15</u>	<u>179,044</u>	<u>19</u>
<b>Equity attributable to owners of parent</b>						
	Share capital	6(10)				
3110	Share capital - common stock		420,006	41	420,006	45
	Capital surplus	6(11)				
3200	Capital surplus		303,947	30	303,947	33
	Retained earnings	6(12)				
3310	Legal reserves		19,393	2	19,393	2
3320	Special capital reserves		10,270	1	10,270	1
3350	Losses to be made up		17,420	2	( 84,602)	( 9)
	Other equity	6(13)				
3400	Other equity		( 673)	-	( 3,713)	-
31XX	<b>Equity to the parent company</b>		<u>770,363</u>	<u>76</u>	<u>665,301</u>	<u>72</u>
36XX	<b>Non-control equity</b>	4(3)	<u>85,243</u>	<u>9</u>	<u>85,223</u>	<u>9</u>
3XXX	<b>Total of equity</b>		<u>855,606</u>	<u>85</u>	<u>750,524</u>	<u>81</u>
3X2X	<b>Total of liabilities and equity</b>		<u>\$ 1,009,608</u>	<u>100</u>	<u>\$ 929,568</u>	<u>100</u>

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

Chairperson : Ku, Kang-Wei

Manager : Ku, Kang-Wei

Accounting Manager : Su, Chien-Tung

**GAMESPARCS CO LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Years ended December 31			
		2023		2022	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(14) and 7	\$ 774,449	100	\$ 780,648	100
5000 Operating cost		( 165,823)	( 21)	( 178,384)	( 22)
5900 Gross profit		<u>608,626</u>	<u>79</u>	<u>606,264</u>	<u>78</u>
Operating expense	6(17) 、 (18) and 7				
6100 Marketing expenses		( 211,853)	( 27)	( 174,511)	( 22)
6200 General and administrative expenses		( 128,146)	( 17)	( 138,357)	( 18)
6300 Research and development expenses		( 149,414)	( 19)	( 187,733)	( 24)
6450 Expected credit gains (losses)	12(2)	4,634	-	2,279	-
6000 Operating expense		( 484,779)	( 63)	( 498,322)	( 64)
6900 Operating loss or profit		<u>123,847</u>	<u>16</u>	<u>107,942</u>	<u>14</u>
Non-operating revenue/expenses					
7100 Interest income		7,224	1	1,333	-
7010 Other income		4,307	-	5,919	1
7020 Other gains or losses	6(15)	( 3,084)	-	24,068	3
7050 Financial costs	6(16) and 7	( 382)	-	( 344)	-
7000 Non-operating revenue/expenses		<u>8,065</u>	<u>1</u>	<u>30,976</u>	<u>4</u>
7900 Profit before tax		<u>131,912</u>	<u>17</u>	<u>138,918</u>	<u>18</u>
7950 Income tax expenses	6(19)	( 29,807)	( 4)	( 31,712)	( 4)
8200 Net income		<u>\$ 102,105</u>	<u>13</u>	<u>\$ 107,206</u>	<u>14</u>
<b>Other comprehensive income (net value)</b>					
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(19)	\$ -	-	(\$ 95)	-
8310 Components of other comprehensive (loss) income that will not be reclassified to profit or loss		\$ -	-	(\$ 95)	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361 Financial statements translation differences of foreign operations		<u>2,977</u>	<u>1</u>	<u>11,333</u>	<u>1</u>
8360 Components of other comprehensive loss that will be reclassified to profit or loss		<u>2,977</u>	<u>1</u>	<u>11,333</u>	<u>1</u>
8300 Total other comprehensive (loss) income for the period		<u>\$ 2,977</u>	<u>1</u>	<u>\$ 11,238</u>	<u>1</u>
8500 Total comprehensive (loss) income for the period		<u>\$ 105,082</u>	<u>14</u>	<u>\$ 118,444</u>	<u>15</u>
The net profit belongs to:					
8610 Owner of parent company		\$ 102,022	13	\$ 98,838	13
8620 Non-control equity		83	-	8,368	1
Total net profit		<u>\$ 102,105</u>	<u>13</u>	<u>\$ 107,206</u>	<u>14</u>
Consolidated loss/gain allocated to:					
8710 Owner of parent company		\$ 105,062	14	\$ 109,759	14
8720 Non-control equity		20	-	8,685	1
Total comprehensive income		<u>\$ 105,082</u>	<u>14</u>	<u>\$ 118,444</u>	<u>15</u>
Earnings per share	6(20)				
9750 Basic		\$	2.43	\$	2.35
9850 Diluted		\$	2.43	\$	2.35

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

Chairperson : Ku, Kang-Wei

Manager : Ku, Kang-Wei

Accounting Manager : Su, Chien-Tung



GAMESPARCS CO LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent										
	Capital surplus			Retained earnings			Other equity interest				
	Share capital - common stock	Additional paid-in capital	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Legal reserve	Special reserve	Accumulated deficit	Exchange differences on translation of foreign financial statements	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	Equity Attributable to Shareholders of the Parent	Non-control equity	Total
<b>Year 2022</b>											
	\$ 420,006	\$ 291,242	\$ 12,705	\$ 19,393	\$ 10,270	(\$ 221,122)	(\$ 14,729)	\$ 37,777	\$ 555,542	\$ 76,538	\$ 632,080
	-	-	-	-	-	98,838	-	-	98,838	8,368	107,206
	-	-	-	-	-	-	11,016	( 95 )	10,921	317	11,238
	-	-	-	-	-	98,838	11,016	( 95 )	109,759	8,685	118,444
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	37,682	-	( 37,682 )	-	-	-
	\$ 420,006	\$ 291,242	\$ 12,705	\$ 19,393	\$ 10,270	(\$ 84,602)	(\$ 3,713)	\$ -	\$ 665,301	\$ 85,223	\$ 750,524
<b>Year 2023</b>											
	\$ 420,006	\$ 291,242	\$ 12,705	\$ 19,393	\$ 10,270	(\$ 84,602)	(\$ 3,713)	\$ -	\$ 665,301	\$ 85,223	\$ 750,524
	-	-	-	-	-	102,022	-	-	102,022	83	102,105
	-	-	-	-	-	-	3,040	-	3,040	( 63 )	2,977
	-	-	-	-	-	102,022	3,040	-	105,062	20	105,082
	\$ 420,006	\$ 291,242	\$ 12,705	\$ 19,393	\$ 10,270	\$ 17,420	(\$ 673)	\$ -	\$ 770,363	\$ 85,243	\$ 855,606

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

Chairperson : Ku, Kang-Wei

Manager : Ku, Kang-Wei

Accounting Manager : Su, Chien-Tung

GAMESPARCS CO LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 131,912	\$ 138,918
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit gain	12(2)	( 4,634 )	( 2,279 )
Depreciation	6(5)(17)	1,810	2,630
Depreciation - right-of-use assets	6(6)(17)	14,217	12,874
Amortization	6(7)(17)	263	369
Lease modification loss	6(6)(15)	-	509
Interest expense	6(16)	382	344
Interest income		( 7,224 )	( 1,333 )
Losses on disposals of investments	6(15)	3,001	-
Unrealized foreign exchange loss (gain)		19	( 714 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		-	18,786
Accounts receivable		( 35,069 )	( 3,768 )
Accounts receivable—related parties		9,932	( 9,084 )
Other accounts receivable		( 140 )	872
Inventories		933	( 1,486 )
Advance payment		( 4,689 )	5,426
Other current assets		( 127 )	35
<b>Net change in liabilities related to operating activities</b>			
Contract liabilities— current		3,285	( 3,596 )
Accounts payable		( 4,872 )	( 849 )
Accounts payable—related parties		1,963	249
Other payables		( 7,275 )	5,139
Other payables—related parties		1,257	( 1,263 )
Other current liabilities		563	( 45,999 )
<b>Cash inflow generated by operating activities</b>		<b>105,507</b>	<b>115,780</b>
Interests received		7,224	1,333
Interests paid		( 382 )	( 344 )
Income tax received		-	5,743
Income tax paid		( 27,333 )	( 18,466 )
<b>Net cash inflow from operating activities</b>		<b>85,016</b>	<b>104,046</b>

(Continued)

GAMESPARCS CO LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2023	2022
Net cash flow in investing activities			
Acquisition of financial assets at amortised cost	6(3)	( \$ 30,705 )	\$ -
Proceeds from disposal of financial assets at fair value	6(2)		
through other comprehensive income		-	77,504
Acquisition of property, plant and equipment	6(5)	( 328 )	( 336 )
Acquisition of intangible assets	6(6)	-	( 131 )
Decrease/(Increase) in refundable deposits		55	( 387 )
Net cash flows from (used in) investing activities		( 30,978 )	76,650
<u>Cash flows from (used in) financing activities</u>			
Decrease in short-term loans	6(21)	-	( 20,000 )
Payments of lease liabilities	6(21)	( 14,347 )	( 12,572 )
Net cash flows from (used in) financing activities		( 14,347 )	( 32,572 )
Effect of exchange rate changes on cash and cash equivalents			
		( 46 )	7,448
Net increase in cash and cash equivalents		39,645	155,572
Cash and cash equivalents at beginning of period		709,734	554,162
Cash and cash equivalents at end of period		\$ 749,379	\$ 709,734

Chairperson : Ku, Kang-Wei

Manager : Ku, Kang-Wei

Accounting Manager : Su, Chien-Tung

GAMESPARCS CO LTD. AND SUBSIDIARIES  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. ORGANISATION AND OPERATIONS

GameSpares Co., Ltd. (“the Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). On September 8, 2016, the Company’s shares were listed on the Taipei Exchange. GameSpares Co., Ltd. and its subsidiaries’ (collectively referred herein as the “Group”) main activities are game software R&D design and authorization, gaming agency and operation.

Based on the consolidation of resources to improve operating performance and competitiveness, the Company merged Game Dreamer Inc. and Oh Yeah Digital Co Ltd., as of January 1, 2017、September 22, 2021 and December 31, 2022 respectively, and the Company was the surviving corporation after these restructuring above, otherwise, Game Dreamer Inc.、Oh Yeah Digital Co Ltd. and Aqura Technology Co., Ltd. were the merged companies.

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

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 07, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments that came into effect as endorsed by the FSC and became effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

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

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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International</u>
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or noncurrent'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements	January 1, 2024

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability	January 1, 2025

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

A. The consolidated financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements :

(a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair

value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Investor Company	Investee Company	Main businesses	Ownership(%)		Note
			December 31, 2023	December 31, 2022	
GameSparcs Co., Ltd.	Game Dreamer (HK) Ltd.	Game agency and operations	100%	100%	-
GameSparcs Co., Ltd.	Jyun Mao Co., Ltd.	Game agency and operations	100%	100%	Note 2
GameSparcs Co., Ltd.	Hsu Tsun Enterprise Co., Ltd.	Advertising services	100%	100%	-
GameSparcs Co., Ltd.	Game Dreamer (Thai) Ltd.	Game operation and advertising services	100%	100%	-
GameSparcs Co., Ltd.	Poseidon Net (HK) Ltd.	Game agency and operations	100%	100%	-
GameSparcs Co., Ltd.	Poseidon Net Ltd.	Game agency and operations	100%	-	Note 1
GameSparcs Co., Ltd.	Megata Co., Ltd.	R&D and sales	60%	60%	-
Game Dreamer (HK) Ltd.	Game Dreamer (Guangzhou) Inc. Ltd.	Game data processing and game linking	100%	100%	-
Game Dreamer (HK) Ltd.	Game Dreamer (Hangzhou) Inc. Ltd.	Game development	100%	100%	-
Poseidon Net (HK) Ltd.	Poseidon Net Ltd.	Game agency and operations	-	100%	-
Megata Co., Ltd.	Megata (HK) Ltd.	R&D and sales	100%	100%	-
Megata Co., Ltd.	Megata (Chengdu) Ltd.	Game development	100%	100%	-

Note 1 : Based on the consolidation of resources, obtained 100% equity of Poseidon Net Ltd. on February 1, 2023.

Note 2 : Based on long development and consolidation of resources, The Board had agree to disband Jyun Mao Co., Ltd., subsequent matters will be handled in accordance with government regulations. As of December 31, 2023, the procedural had not been completed.

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

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

E. Significant restrictions: None.

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

As of December 31, 2023 and 2022 the non-controlling interest amounted to \$85,243 and \$85,223, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of Subsidiary	Primary place of business	Non-controlling interest			
		December 31, 2023		December 31, 2022	
		Amount	Shareholding ratio	Amount	Shareholding ratio
Megata Co., Ltd	Taiwan	<u>\$85,243</u>	40.00%	<u>\$85,223</u>	40.00%

### **Balance sheet**

	Megata Co., Ltd.	
	December 31, 2023	December 31, 2022
Current assets	\$232,820	\$232,130
Non-current assets	33,231	37,487
Current liabilities	(52,204)	(53,145)
Non-current liabilities	(738)	(3,414)
Total net assets	<u>\$213,109</u>	<u>\$213,058</u>

### **Statement of comprehensive income**

	Megata Co., Ltd.	
	December 31, 2023	December 31, 2022
Revenue	\$302,734	\$332,078
profit before tax	292	26,275
Income tax expenses	(85)	(5,355)
Income from operations	207	20,920
Non-operating loss	-	-
Net income	207	20,920
Other comprehensive income (net value)	(157)	794
Comprehensive gain	<u>\$50</u>	<u>\$21,714</u>



## **Cash Flows**

	Megata Co., Ltd.	
	December 31, 2023	December 31, 2022
Net cash generated by operating activities	\$1,505	\$26,638
Net cash used in investing activities	(3,555)	(3,518)
Net (decrease) increase in cash and cash equivalents	(2,050)	23,120
Cash and cash equivalents, beginning of year	203,044	179,924
Cash and cash equivalents, end of year	<u>\$200,994</u>	<u>\$203,044</u>

### (4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

#### A. Foreign currency transactions and balances

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

#### B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the

presentation currency as follows:

- i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) Where the foreign entity reports in the currency of a hyperinflationary economy, the financial statements of the foreign entity should be restated for the changes in the general purchasing power of the functional currency before translated into the presentation currency at the balance sheet date. The financial statements of the foreign entity are restated based on the relevant price indexes at the balance sheet date, and then translated into the Group's presentation currency using the closing exchange rates on that date.
- (c) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;

- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts receivable

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

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Inventories

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

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows :
- Server and computer equipment: 3 to 4 years
  - Office equipment: 2 to 4 years
  - Transportation Equipment: 4 years
  - Other equipment: 2 to 4 years

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

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

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

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee;

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

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(15) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 to 4 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

C. Royalties are stated at cost and amortized on a straight-line basis over the estimated useful life of one year for online game software and copyright licenses, etc.

(16) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

- B. The recoverable amounts of goodwill and royalties that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(17) Accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Derecognition of financial liabilities

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

(19) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(20) Employee benefits

A. Short-term employee benefits

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

B. Pensions

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis.

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(21) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associate, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(22) Share capital

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



(23) Dividends

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

(24) Revenue recognition

A. Online game revenue

The Company, as a game platform operator, providing the players access to online games and purchase various services or virtual goods in the games. This virtual goods could be purchased through the game platform, earned by playing the game. Once the players pay for the games, the Company records as a contract liability, and revenue is deferred. This liability will be reversed, and revenue will be recognized once the Company fulfills the performance obligation; recognize revenue from the sale of durable virtual goods ratably over the estimated average playing period of paying players for the applicable game. Based on the historical experiences and other known factors, the amount and period of the deferred revenue will be estimated. Meanwhile, the Company shall inspect the reasonableness of the estimate regularly.

B. Advertisement revenue

The Company places advertisements in game platforms and recognizes revenue based on the number of times that players click on advertising videos every month.

C. Service revenue

The Company's service revenue from the online platform development service shall be recognized as income upon the fulfillment of the individual performance obligations. The service income is based on the price described in the contract.

D. Royalty revenue

(a) When the Group's game software is authorized to the client after the Group and the client signed the contract, such licensing may differ; thus, the recognition of the licensing income during the licensing period is decided by the nature of the licensing or when the control of rights is transferred to the client. When the Group carries out significant activities that affect the game software, causing direct impacts on the authorized clients but such activities may not transfer product or service to the client, the nature of such licensing is the provision of the right to access the intellectual property;\_\_thus, the relevant royalties are recognized as income on a straight-line basis during the licensing period.

If the licensing does not comply with the aforementioned conditions, the nature shall be the provision of the right to use the intellectual property to the client; thus, it shall be recognized as income at the time of the licensing transfer.

- (b) In the Group's licensing contract of the intellectual property, the collection of the royalties agreed with the client is calculated on the basis of customer sales. It is recognized as income when the performance of the obligations is fulfilled, and the subsequent customer sales actually occur.

#### E. Sales of goods

- (a) The Group manufactures and sells gaming device. The sales revenue is recognized when the control of the product is transferred to the client; that is, when the product is handed to the client who has the discretionary power on the channel and price of the sales of the product, and the Group has no unfulfilled performance of obligations that may affect the client's acceptance of the product. When the product is shipped to the designated location, the risk of obsolescence and extinction is being transferred to the client, and the client must accept the product based on the sales contract, or when there is objective evidence to prove that all acceptance criteria have been met when the delivery of the product occurs.
- (b) The sales of the gaming device is recognized with the price of the contract. The payment conditions for sales transactions are usually due 30 days after the invoice is issued. As the time interval between the promised product or service to the client and the payment of the client does not exceed one year, the Group does not adjust the transaction price to reflect the time value of the currency.

#### (25) Operating segments

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

#### (26) Organizational restructuring under common control

- A. According to the questions of business combination under common control which is launched by Accounting Research and Development Foundation on October 26, 2018. There is no clearly defined about the business combination in IFRS 3. Therefore, the group restructuring was used the fair value method which was basic on the rules that published by the government, and regarded as consolidated and restated the financial statements from now on.

- B. The Company had merged with Aqura Technology Co., Ltd. on December 31, 2022, which was restructuring in groups. In accordance with the regulations, the company has been treated the merge with the Aqura Technology Co., Ltd was since the beginning.

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

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

- (1) Critical judgements in applying the Group’s accounting policies : None.  
 (2) Critical accounting estimates and assumptions

### Recognition of online game income

In terms of the Company’s recognition of the online game income, it is deferred when the game price is charged and is listed as “contract liability”. After points are being deducted, it shall be amortized over the periods and recognized as income based on the player’s remaining game period. Based on the historical experiences and other known reasons, the amount and period of the possible deferment will be estimated. The Company will inspect the reasonableness of the estimate regularly. Please refer to Note 6 (14). The contract liabilities recognized by the Company were \$23,984 thousand on December 31, 2023.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$329	\$449
Checking accounts and demand deposits	656,935	709,285
Time deposits	92,115	-
Total	<u>\$749,379</u>	<u>\$709,734</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse risk, so it expects that the probability of counterparty default is remote.
- B. The Group has no cash and cash equivalents pledged to others.
- (2) Financial assets at fair value through other comprehensive income
- A. On January 1, 2022, the Company sold all of the shareholding to Heyyo Game Hk Limited in the amount of US\$2,800 thousand (converted to NT\$77,504 thousand) and resulted in \$37,682 thousand gains on disposal. (Other comprehensive income reclassified to retained earnings.)

B. Amounts recognized in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in OCI	\$-	\$-
Cumulative gains (losses) reclassified to retained earnings due to derecognition	\$-	\$37,682
Stock dividends recognized as profit or loss held at the end of the fiscal year	\$-	\$-

C. The Company did not pledge financial assets at fair value through other comprehensive income to others as collateral.

(3) Financial assets at amortised cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items		
Time deposits	\$30,705	\$-

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

(4) Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	\$108,531	\$73,462
Less: Allowance for bad debts	(1,091)	(5,725)
	<u>\$107,440</u>	<u>\$67,737</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not past due	\$97,533	\$66,183
1 to 30days	10,773	6,419
31 to 90 days	225	362
91 to 180 days	-	498
	<u>\$108,531</u>	<u>\$73,462</u>

The above aging analysis is based on the number of days past due.

B. As of December 31, 2023 and 2022, and January 1, 2022, the balances of receivables (including notes receivable) from contracts with customers amounted to \$108,531, \$73,462, and \$69,694, respectively.

C. As of December 31, 2023, and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable was \$107,440 and \$67,737, respectively.

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

(5) Property, plant and equipment

<u>2023</u>	January 1	Additions	Disposals	Net exchange differences	December 31
Cost					
Office equipment	\$ 7,818	\$328	\$ (4,031)	\$ (59)	\$ 4,056
Transportation Equipment	3,041	-	-	(33)	3,008
Other equipment	1,664	-	(1,079)	-	585
	<u>\$12,523</u>	<u>\$328</u>	<u>\$ (5,110)</u>	<u>\$ (92)</u>	<u>\$7,649</u>
Accumulated depreciation					
Office equipment	\$(5,669)	\$(1,646)	\$4,031	\$44	\$(3,240)
Transportation Equipment	(2,963)	-	-	30	(2,933)
Other equipment	(1,428)	(164)	1,079	-	(513)
	<u>\$(10,060)</u>	<u>\$(1,810)</u>	<u>\$5,110</u>	<u>\$74</u>	<u>\$(6,686)</u>
Total	<u>\$ 2,463</u>				<u>\$ 963</u>

<u>2022</u>	January 1	Additions	Disposals	Net exchange differences	December 31
Cost					
Office equipment	\$ 7,479	\$336	\$(33)	\$36	\$7,818
Transportation Equipment	2,872	-	-	169	3,041
Other equipment	1,664	-	-	-	1,664
	<u>\$12,015</u>	<u>\$336</u>	<u>\$(33)</u>	<u>\$205</u>	<u>\$12,523</u>
Accumulated depreciation					
Office equipment	\$(3,722)	\$(1,973)	\$33	\$(7)	\$(5,669)
Transportation Equipment	(2,616)	(192)	-	(155)	(2,963)
Other equipment	(963)	(465)	-	-	(1,428)
	<u>\$(7,301)</u>	<u>\$(2,630)</u>	<u>\$33</u>	<u>\$(162)</u>	<u>\$(10,060)</u>
Total	<u>\$ 4,714</u>				<u>\$ 2,463</u>

Property, plant and equipment without pledged to others as collaterals.

(6) Leasing arrangements – lessee

A. The Group leases various assets including buildings, machinery and software. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Carrying amount:</u>		
Buildings	<u>\$13,782</u>	<u>\$13,565</u>
	<u>Year ended December 31,</u>	
<u>Depreciation charge:</u>		
Buildings	<u>2023</u> <u>\$14,217</u>	<u>2022</u> <u>\$12,874</u>

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$14,484 and \$4,563, respectively.

D. Information on profit or loss in relation to lease contracts is as follows:

	Year ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$371	\$304
Expense on short-term lease contracts	10,051	\$11,475
Gain or loss on lease modification	-	509

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$24,769 thousands and \$24,351 thousands, respectively.

(7) Intangible asset

	Royalty	Computer software	Goodwill	Total
January 1, 2023				
Cost	\$75,262	\$896	\$2,908	\$79,066
Accumulated amortization	(28,223)	(632)	-	(28,855)
Accumulated impairment	(47,039)	-	-	(47,039)
	\$-	\$264	\$2,908	\$3,172
<b><u>2023</u></b>				
January 1	\$-	\$264	\$2,908	\$3,172
Amortization charge	-	(263)	-	(263)
Net exchange differences	-	(1)	-	(1)
December 31	\$-	\$-	\$2,908	\$2,908
December 31, 2023				
Cost	\$-	\$-	\$2,908	\$2,908
Accumulated amortization	-	-	-	-
Accumulated impairment	-	-	-	-
	\$-	\$-	\$2,908	\$2,908

	Royalty	Computer software	Goodwill	Total
January 1, 2022				
Cost	\$75,262	\$1,044	\$2,908	\$79,214
Accumulated amortization	(28,223)	(541)	-	(28,764)
Accumulated impairment	(47,039)	-	-	(47,039)
	\$-	\$503	\$2,908	\$3,411
<b>2022</b>				
January 1	\$-	\$503	\$2,908	\$3,411
Additions—acquired separately	-	131	-	131
Amortization charge	-	(369)	-	(369)
Net exchange differences	-	(1)	-	(1)
December 31	\$-	\$264	\$2,908	\$3,172
December 31, 2022				
Cost	\$75,262	\$896	\$2,908	\$79,066
Accumulated amortization	(28,223)	(632)	-	(28,855)
Accumulated impairment	(47,039)	-	-	(47,039)
	\$-	\$264	\$2,908	\$3,172

A. Details of amortization of intangible assets are as follows:

	Years ended December 31,	
	2023	2022
General and administrative expense	\$263	\$369

B. Business mergers and acquisitions are recognized as goodwill when the acquisition price is added to the direct costs of the related acquisition or when the merger is completed as a result of the acquisition of control and the fair value is determined by applying a valuation technique at the acquisition date to the interest in the acquired company, less the difference in the fair value of the identifiable net assets acquired.

The Company acquired 69.98% equity interest in Poseidon Net (HK) Ltd. on June 1, 2018 at a cost of \$29,840 thousand and the difference between the investment cost and the net equity interest of \$2,908 thousands belonged to goodwill.

C. As of December 31, 2023, the Group merged with Poseidon Net (HK) Ltd. Thus, the transaction generated goodwill in the amount of \$2,908 thousand. The goodwill from business combination shall be tested annually at least for impairment in accordance with IAS 36. Goodwill is allocated to the Group's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the management covering a seven-year period.

(8) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries and bonuses payable	\$52,365	\$66,783
Advertising expenses payable	21,116	13,793
Cloud Storage charge	5,855	5,173
Others	14,381	15,243
	<u>\$93,717</u>	<u>\$100,992</u>

(9) Pension

- A. GameSparcs Co., Ltd.、Megata Co., Ltd.and Poseidon Net Ltd. have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- B. Game Dreamer (Guangzhou) Inc. Ltd、Game Dreamer (Hangzhou) Inc. Ltd and Megata (Chengdu) Ltd. have a defined contribution plan. Monthly contribution to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on a certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- C. Game Dreamer (HK) Ltd. branch contributes 5% of employees’ salaries and wages pursuant to the mandatory provident fund schemes. The accrued benefits is deposited in a specialized account in Manulife Limited and can only be withdrawn when scheme members reach the age of 65.
- D. The pension costs under the defined benefit pension plan of the Company for the years ended December 31, 2023 and 2022 were \$9,455 and \$10,986, respectively.

(10) Capital stock

As of December 31, 2023, the Company had an authorized capital of \$800,000 thousands divided into 80,000 thousand shares (including 12,000 thousands shares reserved for employee stock options) and paid-in capital of \$420,006 thousands with a par value of \$10 (in dollars) per share, and the total capital stock was \$420,006 thousands.

(11) Capital surplus

- A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.



B. Distribution of the cash dividends from Capital Surplus, please refer to Note 6(12).

(12) Retained earnings

A. Under the Company’s Articles of Incorporation, the current year’s earnings, if any, shall first be used to pay all taxes and offset prior years’ operating losses and then 10% of the remaining amount shall be set aside as legal reserve and appropriate or reverse for special reserve as required. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders’ meeting.

When distributing cash from dividends or dividends in the preceding paragraph or all or part of the capital reserve or the statutory surplus reserve, the board of directors is authorized to make a resolution with more than two-thirds of the directors present and more than half of the directors present, and report to the shareholders meeting.

As the Company operates in a volatile business environment and is in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company’s financial structure, operating results and future expansion plans. According to the dividend policy adopted by the Board of Directors, at least 10% of the Company’s distributable earnings as of the end of the period shall be appropriated as dividends, and cash dividends shall account for at least 10% of the total dividends distributed.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company’s paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The information about the appropriation of 2021 which was proposed at the Company’s annual meeting of shareholders on June 13, 2023.

E. The details about the appropriation of 2023 earnings which was proposed and passed at the Board of Directors’ meeting on March 7, 2024 are as follows:

	<u>Year ended December 31,2023</u>	
	<u>Amount</u>	<u>Dividend per share (in dollar)</u>
Legal reserve	\$1,742	
Special reserve	(9,597)	
Cash dividends	<u>25,275</u>	\$0.60
	<u>\$17,420</u>	

In addition, on March 7, 2023, the Board of Directors’ meeting passed a resolution to distribute cash from additional paid-in capital – common share

premium (NT\$0.4 per common share), totaled \$16,800 thousand.

F. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(18).

(13) Other equity items

	2023		
	Currency translation	Unrealised gains (losses) on valuation from financial assets at fair value through OCI	Total
At January 1	\$(3,713)	\$-	\$(3,713)
Revaluation – tax	-	-	-
Revaluation transferred to retained earnings	-	-	-
Currency translation differences:			
–Subsidiary	3,040	-	3,040
At December 31	<u>\$(673)</u>	<u>\$-</u>	<u>\$(673)</u>

	2022		
	Currency translation	Unrealised gains (losses) on valuation from financial assets at fair value through OCI	Total
At January 1	\$(14,729)	\$37,777	\$23,048
Revaluation – tax	-	(95)	(95)
Revaluation transferred to retained earnings	-	(37,682)	(37,682)
Currency translation differences:			
–Subsidiary	11,016	-	11,016
At December 31	<u>\$(3,713)</u>	<u>\$-</u>	<u>\$(3,713)</u>

(14) Operating revenue

	Year ended December 31,	
	2023	2022
Revenue from contracts with customers	<u>\$774,449</u>	<u>\$780,648</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods · licensing and services over time and at a point in time in the following product categories and segments:

	Year ended December 31,		
	2023		
	Mobile game	Offline gaming	Total
Online games	\$459,320	\$-	\$459,320
Advertisement revenue	14,788	-	14,788
Revenue from licensing	-	224,422	224,422
Services revenue	-	72,311	72,311
Sales of goods	-	3,608	3,608
	<u>\$474,108</u>	<u>\$300,341</u>	<u>\$774,449</u>

	Year ended December 31,		
	2022		
	Mobile game	Offline gaming	Total
Online games	\$461,906	\$-	\$461,906
Advertisement revenue	10,802	-	10,802
Revenue from licensing	-	167,265	167,265
Services revenue	45,035	93,186	138,221
Sales of goods	-	2,454	2,454
	<u>\$517,743</u>	<u>\$262,905</u>	<u>\$780,648</u>

B. Contract liabilities

The Company recognizes contractual liabilities related to customer contract revenue mainly as deferred revenue from online gaming revenue with stored game points that have not been consumed. Deferred revenue is recognized over the expected duration of players as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities			
–revenue from online games	<u>\$23,984</u>	<u>\$20,699</u>	<u>\$24,295</u>

Revenue recognized that was included in the contract liability balance at the beginning of the year:

	Year ended December 31,	
	2023	2022
Revenue from online games	<u>\$20,699</u>	<u>\$24,295</u>

(15) Other gains and losses

	Year ended December 31,	
	2023	2022
Foreign exchange (loss) gain	\$(77)	\$25,373
Loss on disposal of investments	(3,001)	-
Loss on lease modification	-	(509)
Other losses	(6)	(796)
	<u>\$(3,084)</u>	<u>\$24,068</u>

(16) Financial cost

	Year ended December 31,	
	2023	2022
Lease liability	\$371	\$304
Bank borrowings	-	40
Financial expense, others	11	-
	<u>\$382</u>	<u>\$344</u>

(17) Expenses by nature

	Year ended December 31,	
	2023	2022
Employee benefit expense	\$235,184	\$290,026
Depreciation charges on property, plant and equipment	1,810	2,630
Depreciation charges on right-of-use assets	14,217	12,874
Amortisation charges on intangible assets	263	369
	<u>\$251,474</u>	<u>\$305,899</u>

(18) Employee benefit expense

	Year ended December 31,	
	2023	2022
Wages and salaries	\$188,926	\$235,881
Labor and health insurance fees	20,198	22,290
Pension cost	9,455	10,986
Directors' remunerations	1,315	1,335
Other employee benefit expenses	15,290	19,534
	<u>\$235,184</u>	<u>\$290,026</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees 'compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 3% for directors' remuneration. If a company has accumulated deficit, earnings should be reserved to cover losses first.

B. For the years ended December 31, 2023 and 2022, the employees' compensation and directors' and supervisors' remuneration was as follows :

	Year ended December 31, 2023
Employees' compensation	\$436
Directors' and supervisors' remuneration	-
	<u>\$436</u>

The aforementioned amounts were recognised in salary expenses. For the year ended December 31, 2023, the employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 1% and 0% of distributable profit of current year as of the end of reporting period. As the Company accumulated deficit in 2022, the Company does not intend to estimate compensation to employees and directors and supervisors.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(19) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$8,973	\$19,792
Underestimate of income tax for the previous year	(58)	(879)
Total current tax	<u>8,915</u>	<u>18,913</u>
Deferred tax:		
Origination and reversal of temporary differences	20,892	12,799
Total deferred tax	<u>20,892</u>	<u>12,799</u>
Income tax expense	<u>\$29,807</u>	<u>\$31,712</u>

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

	Year ended December 31,	
	2023	2022
Changes in fair value of financial assets at fair value through other comprehensive income	<u>\$-</u>	<u>\$(95)</u>

B. Reconciliation between income tax expense and accounting profit.

	Year ended December 31,	
	2023	2022
Tax calculated based on profit/loss before tax and statutory tax rate (Note)	\$30,797	\$38,908
Tax exempt income by tax regulation	(1,953)	(2,510)
Temporary differences not recognized as deferred tax	2,027	(3,807)
Change in assessment of realization of deferred tax assets	(1,006)	-
Underestimate of income tax for the previous year	(58)	(879)
Income tax expense	<u>\$29,807</u>	<u>\$31,712</u>

Note: The applicable tax rate is based on the tax rate applicable in the relevant country.

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

	2023				
	January 1	Recognized in profit or loss	Recognized in OCI	Exchange differences	December 31
Temporary differences:					
-Deferred tax assets:					
Contract liabilities	\$265	\$(265)	\$-	\$-	\$-
Intangible assets	14,038	(1,590)	-	-	12,448
Other	2,319	(727)	-	-	1,592
Loss on tax	85,282	(20,114)	-	(66)	65,102
Subtotal	<u>\$101,904</u>	<u>\$(22,696)</u>	<u>\$-</u>	<u>\$(66)</u>	<u>\$79,142</u>
-Deferred tax liabilities:					
Unrealised exchange gains	(4,146)	1,804	-	-	(2,342)
Subtotal	<u>\$(4,146)</u>	<u>\$1,804</u>	<u>\$-</u>	<u>\$-</u>	<u>\$(2,342)</u>
Total	<u>\$97,758</u>	<u>\$(20,892)</u>	<u>\$-</u>	<u>\$(66)</u>	<u>\$76,800</u>

	2022				
	January 1	Recognized in profit or loss	Recognized in OCI	Exchange differences	December 31
Temporary differences:					
-Deferred tax assets:					
Contract liabilities	\$731	\$(466)	\$-	\$-	\$265
Unrealised exchange losses	291	(291)	-	-	-
Intangible assets	15,629	(1,591)	-	-	14,038
Other	2,542	(223)	-	-	2,319
Loss on tax	87,664	(6,082)	-	3,700	85,282
Subtotal	<u>\$106,857</u>	<u>\$(8,653)</u>	<u>\$-</u>	<u>\$3,700</u>	<u>\$101,904</u>
-Deferred tax liabilities:					
Unrealised exchange gains	\$-	\$(4,146)	\$-	\$-	\$(4,146)
Unrealised gains on valuation from financial assets	(9,327)	-	9,327	-	-
Subtotal	<u>\$(9,327)</u>	<u>\$(4,146)</u>	<u>\$9,327</u>	<u>\$-</u>	<u>\$(4,146)</u>
Total	<u>\$97,530</u>	<u>\$(12,799)</u>	<u>\$9,327</u>	<u>\$3,700</u>	<u>\$97,758</u>

D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed/ Assessed	Unused amount	Deferred tax Assets	Expiry year
2019	Assessed	\$179,267	\$-	indefinite
2020	Assessed	20,665	-	indefinite
2020	Assessed	5,060	-	2030
2021	Amount filed	131,469	-	2031
2021	Assessed	10,811	-	2031
2022	Amount filed	9,568	-	2032
2023	Planned Declaration	5,241	-	2033

December 31, 2022				
Year incurred	Amount filed/ Assessed	Unused amount	Deferred tax Assets	Expiry year
2019	Assessed	\$178,858	\$-	indefinite
2020	Assessed	26,546	6,722	indefinite
2020	Assessed	19,205	-	2030
2021	Amount filed	55,991	55,991	indefinite
2021	Amount filed	229,346	-	2031
2022	Amount filed	8,245	-	2032

E. The amounts of deductible temporary difference that are not recognized as deferred tax are as follows:

	December 31, 2023	December 31, 2022
Deductible temporary differences	<u>\$160,383</u>	<u>\$296,758</u>

F. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

G. Megata Co., Ltd.'s income tax returns through 2021 have been assessed and approved by the Tax Authority.





	Short-term borrowings	Lease liabilities	Liabilities from financing activities
January 1, 2022	\$20,000	\$23,319	\$43,319
Changes in cash flow from financing activities	(20,000)	(12,572)	(32,572)
Exchange differences	-	(561)	(561)
Changes in other non-cash items	-	3,160	3,160
December 31, 2022	<u>\$-</u>	<u>\$13,346</u>	<u>\$13,346</u>

## 7. Related parties' transactions

### (1) Ultimate owner

The Group's ultimate owner is KU, KANG-WEI.

### (2) Name and relationship of related parties

Name of Related Party	Relationship with the Company
Xiang Shang Games Co., Ltd.	Substantive related parties
Audere Gaming Co., Ltd.	Substantive related parties
Velvix PTY LTD.	Substantive related parties
X-legend entertainment co., ltd.	Other

### (3) Significant transactions with related parties

#### A. Operation revenue

	Year ended December 31,	
	2023	2022
Services revenue:		
-Substantive related parties	\$-	\$45,035
Revenue from licensing:		
-Substantive related parties	\$38,105	\$33,421
Sales of goods:		
-Substantive related parties	\$-	\$120

- (a) Labor service sales refers to the labor service income collected by the company for the establishment of the game background for related parties. There is no significant difference between its transaction price and payment conditions and those of general customer.
- (b) The licensing fee is to provide game licensing and software licensing services to related parties. There is no significant difference between its transaction price and payment conditions and those of general customer.
- (c) There is no significant difference between the transaction price and payment conditions of commodity sales and general customer.

B. Accounts receivable from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
Xiang Shang Games Co., Ltd.	\$3,163	\$3,184
Audere Gaming Co., Ltd.	-	7,122
Substantive related parties	-	2,789
	<u>\$3,163</u>	<u>\$13,095</u>

Accounts receivable are generated from sales of goods and services to related parties.

C. Accounts payable from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Substantive related parties	<u>\$2,596</u>	<u>\$634</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other accounts payable:		
Xiang Shang Games Co., Ltd.	\$5,144	\$464
Audere Gaming Co., Ltd.	125	3,128
Other related parties	-	420
	<u>\$5,269</u>	<u>\$4,012</u>

Accounts payable are for the purchase of services from related parties, and other payables are payments of collection to related parties.

D. Operating expenses

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Marketing expenses:		
-Substantive related parties	<u>\$-</u>	<u>\$2,738</u>
General and administrative expenses:		
- Substantive related parties	<u>\$12,187</u>	<u>\$8,673</u>
Research and development expenses:		
- Substantive related parties	\$5,306	\$16,891
- Other related parties	300	1,600
	<u>\$5,606</u>	<u>\$18,491</u>

The service fees such as marketing and game development paid to related parties. There is no significant difference between its transaction price and payment conditions and those of general supplier.

E. Lease transaction - lessee

- (a) The Company and Megata Co., Ltd., leased the building from Xiang Shang Games Co., Ltd. in accordance with the general market condition due to the overall business planning and management considerations, and the lease contract are for a period of 5 years (contracts period from September 16, 2019 to August 31, 2026) and the rent is paid monthly.

(b) Acquisition of right-of-use assets

	Year ended December 31,	
	2023	2022
Xiang Shang Games Co., Ltd.	\$10,322	\$-

(c) Lease liability

i. Outstanding balance:

	December 31, 2023	December 31, 2022
Xiang Shang Games Co., Ltd.	\$11,436	\$7,247

ii. Interest expense:

	December 31, 2023	December 31, 2022
Xiang Shang Games Co., Ltd.	\$230	\$93

(4) Key management compensation

	Year ended December 31,	
	2023	2022
Short-term employee benefits	\$6,356	\$5,270
Termination benefits	178	151
Total	\$6,534	\$5,421

8. Pledged Assets : None.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments : None.

10. Significant Disaster Loss : None.

11. Significant Events after the Balance Sheet Date : None.

12. Others

(1) Capital management

- A. The Company' carries out capital management to ensure the maximization of the shareholders' compensations by optimizing the debt and equity balance under the premise of the continuous operations.
- B. The capital structure of the Company' is composed of the Company's net debt (i.e. loans minus cash and cash equivalent) and equity (i.e. equity, capital reserves, retained earnings, and other equities).
- C. The Company' needs no to respect other external regulations of capital.
- D. Those who charged with governance of the Company reviews the Company's capital structure yearly. The content to be reviewed include the cost and relevant risks of the different types of capital. Based on the suggestions of the Company's main management, the overall capital structure is balanced by the payment of dividends, issuance of new shares, repurchase of shares, and issuance of new debts or repayment of old debts.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets:</u>		
Financial assets measured at amortized cost		
Cash and cash equivalents	\$749,379	\$709,734
Financial assets at amortised cost	30,705	-
Accounts receivable (including related parties)	110,603	80,832
Other accounts receivable (including related parties)	440	300
Refundable deposits	2,997	3,052
	<u>\$894,124</u>	<u>\$793,918</u>
<u>Financial liabilities:</u>		
Financial liabilities measured at amortized cost		
Accounts payable (including related parties)	\$11,240	\$14,149
Other payables (including related parties)	98,986	105,004
	<u>\$110,226</u>	<u>\$119,153</u>
Lease liability	<u>\$13,433</u>	<u>\$13,346</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department (Group treasury), which identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units, such as foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. Company operates on a multinational basis and is therefore exposed to currency risk arising from transactions that are different from the functional currencies of the Company, primarily the USD and HKD. The related currency risk arises from future business transactions and recognized assets and liabilities.
- ii. The Company shall hedge its overall currency risk through the Finance Department. Currency risk is measured through highly probable expected transactions in USD, HKD and RMB and the Company Finance Department shall reduce foreign currency exposure position for Group to achieve the natural hedge.
- iii. The Company's risk management policy is to hedge against the expected cash flows in each major currency.

- iv. The Company is engaged in operations involving certain non-functional currencies (the functional currency of the Company is New Taiwan Dollar) and is therefore subject to exchange rate fluctuations. Analysis on foreign currency market risk subject to significant exchange rate fluctuations is as follows:

December 31, 2023			
	Foreign Currency (In thousands)	Rate	Book Value (NT\$; In thousands)
<b>(Foreign Currency: Functional currency)</b>			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : TWD	\$9,366	30.71	\$287,630
USD : HKD	3,045	7.82	93,512
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : TWD	\$210	30.71	\$6,449
USD : HKD	236	7.82	7,248

December 31, 2022			
	Foreign Currency (In thousands)	Rate	Book Value (NT\$; In thousands)
<b>(Foreign Currency: Functional currency)</b>			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : TWD	\$9,960	30.71	\$305,872
USD : HKD	2,383	7.80	73,182
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : TWD	\$503	30.71	\$15,447
USD : HKD	358	7.80	10,994

- v. An analysis of the Company's exposure to foreign currency market risk due to significant exchange rate fluctuations is as follows:

Year ended December 31, 2023			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<b>(Foreign Currency: Functional currency)</b>			
<u>Financial assets</u>			
<u>monetary items</u>			
USD : TWD	1%	\$2,876	\$-
USD : HKD	1%	935	-
<u>Financial liabilities</u>			
<u>monetary items</u>			
USD : TWD	1%	\$64	\$-
USD : HKD	1%	72	-

Year ended December 31, 2022			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<b>(Foreign Currency: Functional currency)</b>			
<u>Financial assets</u>			
<u>monetary items</u>			
USD : TWD	1%	\$3,059	\$-
USD : HKD	1%	732	-
<u>Financial liabilities</u>			
<u>monetary items</u>			
USD : TWD	1%	\$154	\$-
USD : HKD	1%	110	-

- vi. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the year ended December 31, 2023 and 2022 amounted to a loss of \$77 thousands and \$25,373 thousands, respectively.

(b) Credit risk

- i. The Company's credit risk refers to the risk of financial loss to the Company due to the customers or counterparties of financial instruments fail to meet their contractual obligations, mainly arising from the inability of counterparties to settle receivables that are payable in accordance with the terms of collection and contractual cash flows from investments in debt instruments classified as amortized cost.
- ii. The Company sets up its credit risk management policy based on Group's perspective. The credit ratings of the Company's major correspondent banks are good and there

are no concerns about significant credit risk. In accordance with its internal credit policy, each operating entity within the Company is required to conduct a management and credit risk analysis for each new customer before proposing the payment terms and conditions for delivery. According to internal risk management, the Company shall assess the quality of customers' credit by considering their financial position, past experience and other factors. The Board of Directors determines the limits of individual risks based on internal or external evaluations and regularly monitors the use of credit facilities.

The Company uses IFRSs 9 to provide the premise that a default is deemed to have occurred when contractual payments are more than 90 days past due in accordance with the agreed payment terms.

- iii. The Company uses IFRSs 9 to provide the following premise to determine whether there has been a significant increase in credit risk on a financial instrument since its initial recognition:
- iv. When contractual payments are more than 30 days past due, the credit risk of the financial asset has increased significantly since the initial recognition.
- v. The indicators used by the Company to determine that investments in debt instruments are impaired by credit are as follows:
  - The probability that the issuer will experience significant financial difficulties or will enter bankruptcy or other financial reorganization is significantly increased;
  - The issuer delays or fails to pay interest or principal;
  - Adverse changes in national or regional economic conditions that result in the issuer's default.
- vi. The Company applies a simplified approach to estimating expected credit losses on accounts receivable from customers based on the provisioning matrix, which takes into account the customers' past defaults, current financial condition and economic situation of the industry. As the Company's credit history experience shows that there is no significant difference in the loss patterns of different customer groups, the provisioning matrix does not further differentiate between customer groups and only sets the expected credit loss rate based on the number of days accounts receivable are past due.
- vii. The Group uses the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

	December 31, 2023				Total
	Not past due	Up to 30 days past due	31 to 90 days past due	Over 90 days past due	
Rate	0.74%	1.33%	100.00%	100.00%	
Total book value	\$97,533	\$10,773	\$225	\$-	\$108,531
Loss allowance	\$(723)	\$(143)	\$(225)	\$-	\$(1,091)

	December 31, 2022				Total
	Not past due	Up to 30 days past due	31 to 90 days past due	Over 90 days past due	
Rate	5.73%	16.72%	100.00%	100.00%	
Total book value	\$66,183	\$6,419	\$362	\$498	\$73,462
Loss allowance	\$(3,792)	\$(1,073)	\$(362)	\$(498)	\$(5,725)

viii. The statement of changes in the Company's allowance for losses on accounts receivable using the simplified approach is as follows:

	2023	2022
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
January 1	\$5,725	\$8,003
Reversal of impairment loss	(4,634)	(2,279)
Effect of exchange	-	1
December 31	<u>\$1,091</u>	<u>\$5,725</u>

ix. The Company incorporates economic forecasts issued by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan to estimate expected credit losses based on historical and current information adjusted to estimate the probability of default on its investments in debt instruments as of December 31, 2023 and 2022.

(c) Liquidity risk

- i. The Company's finance department supervises forecasts of the Company's circulating capital requirements to ensure that it has sufficient funds to meet its operating needs. The forecast shall take into account the Company's debt financing plan, compliance with debt terms and meet its financial ratio target.
- ii. Surplus cash held by the Company in excess of what is required for working capital management will be transferred back to the Company's Finance Department. The Company's Finance Department invests surplus funds in interest-bearing demand deposits, time deposits, and marketable securities with appropriate maturities or sufficient liquidity in the instruments to provide sufficient level of dispatch in response to these forecasts.

iii. Details of the Company's undrawn borrowings are as follows:

	December 31, 2023	December 31, 2022
Unsecured bank loan credit (Revisited annually)		
- Amount spent	\$ -	\$ -
- Amount unspent	<u>175,000</u>	<u>125,000</u>
	<u>\$ 175,000</u>	<u>\$ 125,000</u>
Secured bank loan credit (extended by mutual agreement)		
- Amount spent	\$ -	\$ -
- Amount unspent	<u>40,000</u>	<u>40,000</u>
	<u>\$ 40,000</u>	<u>\$ 40,000</u>



- i. The following table shows the Company's non-derivative financial liabilities, which are grouped according to their respective maturity dates. The non-derivative financial liabilities are analyzed based on the remaining period from the Statement of Financial Position date to the contractual maturity date, and the contractual cash flow amounts disclosed in the table are the undiscounted amounts.

Non-derivative financial liabilities:

December 31, 2023	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Accounts payable (including related parties)	\$11,240	\$-	\$-	\$-	\$11,240
Other payables (including related parties)	98,986	-	-	-	98,986
Lease liability	7,915	3,564	2,204	-	13,683
	<u>\$118,141</u>	<u>\$3,564</u>	<u>\$2,204</u>	<u>\$-</u>	<u>\$123,909</u>

Non-derivative financial liabilities:

December 31, 2022	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Accounts payable (including related parties)	\$14,149	\$-	\$-	\$-	\$14,149
Other payables (including related parties)	105,004	-	-	-	105,004
Lease liability	8,586	4,869	360	240	14,055
	<u>\$127,739</u>	<u>\$4,869</u>	<u>\$360</u>	<u>\$240</u>	<u>\$133,208</u>

(3) Fair value information

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

Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

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

B. Financial instruments not measured at fair value

C. The carrying amounts of the Company's financial instruments, accounts receivable including related parties, other receivables, financial assets measured at amortized cost, accounts payable and other payables that are not measured at fair value represent reasonable approximations of fair value.

D. For the year ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

E. For the year ended December 31, 2023 and 2022, movements on Level 3 are as follows:

December 31, 2023 : None.

	<u>2022</u>
	<u>Equity securities</u>
January 1	\$77,504
Sold in the period	(77,504)
December 31	<u>\$-</u>

F. For the year ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

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

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including

subsidiaries, associates and joint ventures): None.

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

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 4.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 5.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area:

For significant transactions that occurred directly or indirectly through third-party businesses with investees that have invested in China for the year ended December 31, 2023, please refer to Note 13 (1) 10.

(4) Major shareholders information :

Major shareholders information: Please refer to table 6.

14. Segment Information

(1) General information

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

The chief operating decision maker evaluates the performance of the operating segments into mobile game business and offline gaming business.

(2) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Year ended December 31, 2023		
	Mobile game business	Offline gaming business	Total
Revenue from external customers	\$474,108	\$300,341	\$774,449
Inter-segment revenue	68,892	-	68,892
Total segment revenue	\$543,000	\$300,341	\$843,341
Segment income (loss)	\$(53,055)	\$176,902	\$123,847
Segment income (loss):			
Depreciation	\$14,489	\$1,538	\$16,027
Amortization	\$208	\$55	\$263

	Year ended December 31, 2022		
	Mobile game business	Offline gaming business	Total
Revenue from external customers	\$517,743	\$262,905	\$780,648
Inter-segment revenue	115,146	-	115,146
Total segment revenue	\$632,889	\$262,905	\$895,794
Segment income (loss)	\$(37,871)	\$145,813	\$107,942
Segment income (loss):			
Depreciation	\$15,150	\$354	\$15,504
Amortization	\$232	\$137	\$369

(3) Reconciliation for segment income (loss)

A. Reconciliation of reportable segment revenue from continuing operations for the year ended December 31, 2023 and 2022 is provided as follows:

	Year ended December 31,	
	2023	2022
Reportable segments revenue	\$843,341	\$895,794
Elimination of inter-segment revenue	(68,892)	(115,146)
Total	\$774,449	\$780,648

B. Reconciliation of reportable segment income or loss to the income before tax from continuing operations for the year ended December 31, 2023 and 2022 is provided as follows:

	Year ended December 31,	
	2023	2022
Reportable segments income (loss)	\$123,847	\$107,942
Elimination of inter-segment income (loss)	-	-
Total segment	123,847	\$107,942
Interest revenue	7,224	1,333
Other revenue	4,307	5,919
Other gain or loss	(3,084)	24,068
Financial cost	(382)	(344)
Total segment income from continuing operations	\$131,912	\$138,918

(4) Information on products and services

Please reference to Note 6 (14).

(5) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	2023		2022	
	Income	Non-current assets	Income	Non-current assets
Taiwan	\$619,143	\$18,093	\$571,219	\$17,848
HK	47,914	-	72,812	10
America	106,885	-	118,510	-
Others	507	2,557	18,107	4,394
Total	\$774,449	\$20,650	\$780,648	\$22,252

The Group's geographical revenue by region is based on the country of sale. Non-current assets represent property, plant and equipment, intangible assets, right-of-use assets and other non-current assets, but do not include financial instruments and deferred income tax assets.

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	2023		2022	
	Revenue	Segment	Revenue	Segment
Company A	\$105,534	Offline gaming business	\$95,974	Offline gaming business
Company B	92,402	Offline gaming business	106,795	Offline gaming business

**GameSparcs Co., Ltd. and Subsidiaries**  
Loans to others  
From January 1, 2023 to December 31, 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

**Table 1**

No. (Note 1)	Financing Company	Counterp arty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Range of interest rate	Nature of the loan (note 2)	Transaction Amounts	Reason for short-term financing	Allowance for Bad Debt	Collaterals		Financing Limits for Each Borrowing Company (Note 3、4)	Financing Company's Total Financing Amount Limits (Note 3、4)	Note
													Name	Value			
0	GameSparcs Co., Ltd.	Poseidon Net Ltd.	Other receivables-related parties	Yes	80,000	-	-	-	(2)	-	Business turnover	-	Nil	-	308,145	308,145	Note 5

Note 1 : The description of the number column is as follows:

- (1) The issuer is entered as 0.
- (2) The investee companies are numbered in orders starting from 1.

Note 2 : The nature of the loan of funds is described as follows:

- (1) Those who have business dealings.
- (2) Those who have the need for short-term financing.

Note 3 : The lending limit to individual customers is limited to 40% of the lending company's current net asset of those who have the need for short-term financing.

Note 4 : The calculation of the Company's capital contribution limit is based on the Company's audited net financial statements.

Note 5 : The amount has been eliminated in the preparation of the Group's consolidated financial statements.

**GameSparcs Co., Ltd. and Subsidiaries**  
 Provision of endorsements and guarantees to others  
 From January 1, 2023 to December 31, 2023  
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

**Table 2**

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed party		Limits on Endorsement / Guarantee Amount Provided to Each Guaranteed Party (note 3、5)	Maximum balance for the period	Ending balance	Amount actually drawn	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements (%)	Maximum endorsement/ guarantee amount allowable (note 4、 5)	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee of the endorsement to Mainland China	Note
		Name	Relationship (note 2)											
0	GameSparcs Co., Ltd.	Megata Ltd.	(2)	616,290	60,000	60,000	-	-	7.79%	770,362	Yes	No	No	-

Note 1: The description of the number column is as follows

- (1) The issuer is entered as 0.
- (2) The investee companies are numbered in orders starting from 1.

Note 2: The relationship between the endorser and the endorsed guarantor is as follows.

- (1) Having business relationship.
- (2) The Company holds over 50% of the voting rights directly or indirectly.
- (3) This company holds over 50% of the voting rights of the Company directly or indirectly.
- (4) The Company holds over 90% of the voting rights directly or indirectly.
- (5) Where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

Note 3: The Company and its subsidiary's endorsement and guarantee for a single enterprise shall be limited to 80% of the net value of the Company's latest financial statements.

Note 4: The total endorsement and guarantee of the Company and its subsidiaries shall be limited to 100% of the net value of the Company's latest financial statements.

Note 5: The limit of the Company's endorsement and guarantee is calculated based on the net value of the Company's financial statements as audited by the accountants.

**GameSparcs Co., Ltd. and Subsidiaries**  
Significant inter-company transactions during the reporting period  
From January 1, 2023 to December 31, 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

**Table 3**

No. (note 1)	Name of the trader	Name of the transaction counterparty	Relationship with the trader (note 2)	Conditions of transactions			
				Account	Amount	Terms of transaction	Percentage to consolidated net revenue or total assets (note 3)
0	GameSparcs Co., Ltd.	Game Dreamer (Hangzhou) Ltd.	1	Operating expenses	\$24,028	Settlement and payment at the end of the month.	3.10%
0	GameSparcs Co., Ltd.	Poseidon Net Ltd.	1	Operating expenses	\$23,262	Settlement and payment at the end of the month.	3.00%

Note 1: The description of the number column is as follows

(1) The Parent company is entered as 0.

(2) The subsidiaries are numbered in order starting from 1.

Note 2: There are three types of relationships between transaction company and counter-parties, and the types are indicated in the table. (If the transaction is between a parent company and a subsidiary or between subsidiaries, there is no need to repeat the disclosure.

For example, if the parent company has disclosed the transaction with the subsidiary, the subsidiary does not need to disclose the transaction repeatedly:

For subsidiary-to-subsidary transactions, if one of the subsidiaries has already disclosed the transaction, the other subsidiary does not need to disclose it repeatedly):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: The ratio of transaction amount to consolidated total revenue or total assets is calculated based on the ending balance of transaction to consolidated total assets for balance sheet accounts, or as the cumulative transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The transaction prices between parent and subsidiary companies are based on contractual provisions and adjusted according to the affiliates' capital utilization. The remaining transactions are determined by mutual agreement because there are no similar transactions.

Note 5: This schedule only discloses one-way transaction information, and the above transactions have been write off in the preparation of the consolidated financial statements.

Note 6: This schedule only discloses the transaction that higher than 3% of the consolidated total assets.



**GameSparcs Co., Ltd. and Subsidiaries**  
Name, Location, and Other Related Information of Investees (Excluding Investees in Mainland China)  
From January 1, 2023 to December 31, 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

**Table 4**

Investor Company	Investee Company	Location	Main businesses	Original investment amount		Balance at the end of the period			Net income (loss) of the investee	Share of profit/loss of investee	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Shares	%	Book value			
GameSparcs Co., Ltd.	Game Dreamer (HK) Ltd.	Hong Kong	Game agency and operation, general advertising services, game peripheral products, etc.	\$249,049	\$249,049	64,000,000	100%	\$63,945	\$13,043	\$13,043	Note 2、3
GameSparcs Co., Ltd.	Hsu Tsun Enterprise Co., Ltd.	Hong Kong	Advertising services	-	-	-	100%	(44)	(15)	(15)	Note 2、3
GameSparcs Co., Ltd.	Jyun-Mao Co., Ltd.	Hong Kong	Game agency and operation, general advertising services, game peripheral products, etc.	-	80,617	-	100%	-	23	-	Note 2、3、6
GameSparcs Co., Ltd.	Game Dreamer (Thai) Ltd.	Thailand	Game operation and advertising services, etc.	-	-	-	100%	-	-	-	Note 2、3
GameSparcs Co., Ltd.	Poseidon Net (HK) Ltd.	Hong Kong	Game agency and operation, general advertising services, game peripheral products, etc.	42,324	42,324	1,428,900	100%	82,285	(8,692)	(8,692)	Note 2、3
GameSparcs Co., Ltd.	Megata Co., Ltd.	Taiwan	R&D and sales of game software, etc.	150,000	150,000	15,000,000	60%	127,865	207	124	Note 2、3
GameSparcs Co., Ltd.	Poseidon Net Ltd.	Taiwan	Game agency and operation, general advertising services, game peripheral products, etc.	35,000	-	3,500,000	100%	25,083	9,643	9,643	Note 2、3、5

Investor Company	Investee Company	Location	Main businesses	Original investment amount		Balance at the end of the period			Net income (loss) of the investee	Share of profit/loss of investee	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Shares	%	Book value			
Poseidon Net (HK) Ltd.	Poseidon Net Ltd.	Taiwan	Game agency and operation, general advertising services, game peripheral products, etc.	-	35,000	-	-	-	-	-	Note 2、3、4、5
Megata Co., Ltd.	Megata (HK) Co., Ltd.	Hong Kong	R&D and sales of game software, etc.	9,066	9,066	300,000	100%	5,632	(323)	-	Note 2、3、4

Note 1: Please refer to Table 5 for information on the investee companies in China.

Note 2: The marketable securities held by each investee company are not imputed.

Note 3: The financial statements of the consolidated companies have been eliminated on a consolidated basis.

Note 4: The sub-subsidiary and its investment gain or loss is not shown.

Note 5: Based on the consolidation of resources, obtained 100% equity of Poseidon Net Ltd. on February 1, 2023.

Note 6: Based on long development and consolidation of resources, The Board had agree to disband Jyun Mao Co., Ltd., subsequent matters will be handled in accordance with government regulations. As of December 31, 2023, the procedural had not been completed.

**GameSparcs Co., Ltd. and Subsidiaries**  
**Information on investments in Mainland China**  
**From January 1, 2023 to December 31, 2023**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

**Table 5**

Investee Company in Mainland China	Main business activities	Paid-up capital (Note 2)	Method of investment (Note 1)	Accumulated investment funds remitted from Taiwan at the beginning of the period	Investment amount remitted or recovered during the period		Cumulative investment amount remitted from Taiwan at the end of the period (Note 3)	(Loss) income of investees for the period	Shareholding of the Company's direct or indirect investments	Investment (loss) recognized during the period	Carrying amount of investments at the end of the period	Investment income remitted for the period ended	Note
					Remitted	Recovered							
Game Dreamer (Guangzhou) Ltd.	Game Development and Data Processing	\$7,809	2	\$7,809	-	-	\$7,809	(\$154)	100%	-	\$10,400	-	Note 4、5
Game Dreamer (Hangzhou) Ltd.	Game Development	-	2	-	-	-	-	1,081	100%	-	7,330	-	Note 4、5
Megata (Chengdu) Co., Ltd.	Game Development	14,480	3	14,480	-	-	14,480	191	100%	-	9,245	-	Note 4、5

Note 1: The following three types of investment methods are distinguished and can be labeled as follows:

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

Note 2: The paid-in capital of HK\$2,000 thousands for Game Dreamer (Guangzhou) Ltd. and US\$500 thousands for Megata (Chengdu) Co., Ltd.

Note 3: The cumulative investment amounts of HK\$2,000 thousands for Game Dreamer (Guangzhou) Ltd. and US\$500 thousands for Megata (Chengdu) Co., Ltd.

Note 4: The sub-subsidiary and its investment income or loss is not shown.

Note 5: Transactions between the Company and its subsidiaries been write off in the preparation of the consolidated financial statements.

Company Name	Ending balance of accumulated outflow of investment from Taiwan (Note 1)	Approved Investment Amount by Investment Commission, Ministry of Economic Affairs (Note 2)	Investment amount in Mainland China in accordance with the regulations of the Investment Commission of the Ministry of Economic Affairs (Note 3)
GameSparcs Co., Ltd.	\$ 22,289	\$ 22,289	\$ 462,217

Note 1: The accumulated remittance amounts from Taiwan to Mainland China at the end of the period were HK\$2,000 thousands and US\$500 thousands.

Note 2: The investment amount approved by investment commission, MOEA were HK\$10,000 thousands and US\$500 thousands.

Note 3: The calculation is based on the limit (60% of net value) set by the Ministry of Economic Affairs (MOEA) in the "Principles for Examination of Investment or Technical Cooperation in Mainland China".

## GameSparcs Co., Ltd. and Subsidiaries

### Information on Major Shareholders

December 31, 2023

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

**Table 6**

Major Shareholders	Shares	
	Number of Shares Held	Shareholding Ratio
KU, KANG-WEI	7,875,000	18.74%
LUCKY CENTURY ENTERPRISES LIMITED.	5,449,311	12.97%
CHEN HAO INVESTMENT CO., LTD.	5,040,000	11.99%
HSIH JIE INTERNATIONAL INVESTMENT CO., LTD.	3,780,000	8.99%
CHANG,CHIANG-SEN	3,634,000	8.65%
KU, CHE-MING	2,625,000	6.24%

Note 1: The information on major shareholders in this table is based on the last business day of each quarter, and is calculated based on the information that shareholders hold at least 5% of the Company's common and preferred shares that have been delivered without physical registration (including treasury stock). The number of shares recorded in the Company's financial statements and the actual number of shares delivered without physical registration may differ depending on the basis of preparation of the calculations.

Note 2: The above information is revealed by the trustee's opening of a trust account with the trustee's individual subaccount if the shareholder has delivered the shares to the trust. For shareholders who hold shares in excess of 10% in accordance with the Securities and Exchange Act, their shareholdings include their own shares plus the shares they have delivered to the trust. For information on insider ownership reporting, please refer to the Market Observation Post System.

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of GameSparcs. Co. Ltd.

### **Opinion**

We have audited the accompanying parent company only balance sheets of GameSparcs. Co. Ltd. as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2023 and 2022, and its parent company only financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for opinion**

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

## **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

### **Revenue Recognition**

#### Description

Refer to Note 4 (24), 5(2) and 6(14) to the parent company only Financial Statements.

The operating revenue of the Company mainly comes from the agency and online games operation. The company's performance obligation is not fulfilled upon the sale of game points after the players have stored the value, but is satisfied when the players use the game points in the future. Therefore, management recognizes revenue from the sale of game points as a contractual liability at the time of sale and allocates it as revenue over the estimated period of the players' remaining games. Consequently, the revenue recognition is identified as a key audit matter.

#### How our audit addressed the matter

The audit procedures performed as follows:

- Understanding and examining the online gaming revenue recognition process in order to evaluate and test internal control over gaming revenue recognition.
- We sampled the reconciliation and collection between the company and the game platform.
- We sampled the accuracy of the remaining game period reports of players.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are parent



company only material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

7. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
8. 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.
9. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
10. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

11. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

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

Lai, Tsung-Hsi

Xu, Jian-ye

For and on behalf of PricewaterhouseCoopers, Taiwan

March 7, 2024

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

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

GAMESPARCS CO LTD. AND SUBSIDIARIES  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 393,616	46	\$ 369,744	48
1136	Financial assets at fair value	6(3)				
	through other comprehensive		30,705	4	-	-
	income - current					
1170	Net accounts receivable	6(4)	65,356	8	37,518	5
1180	Accounts receivable - related	7(2)	4,603	1	12,909	2
	parties					
1210	Other accounts receivable - related	7(2)				
	parties		11,547	1	1,382	-
130X	Inventory		1,479	-	2,412	-
1410	Advance payment	7(2)	2,376	-	7,449	1
1470	Other current assets		378	-	221	-
11XX	<b>Total of current assets</b>		<u>510,060</u>	<u>60</u>	<u>431,635</u>	<u>56</u>
<b>Non-current assets</b>						
1550	Investments accounted for using the	6(5)				
	equity method		299,134	36	282,887	37
1600	Property, plant and equipment	6(6)	72	-	947	-
1755	Right-of-use assets	6(7) and 7(2)	9,703	1	3,521	1
1780	Intangible assets		-	-	55	-
1840	Deferred tax assets	6(18)	27,529	3	45,841	6
1900	Other non-current assets		1,988	-	1,988	-
15XX	<b>Total of non-current assets</b>		<u>338,426</u>	<u>40</u>	<u>335,239</u>	<u>44</u>
1XXX	<b>Total of assets</b>		<u>\$ 848,486</u>	<u>100</u>	<u>\$ 766,874</u>	<u>100</u>

(Continued)

GAMESPARCS CO LTD. AND SUBSIDIARIES  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2130	Contract liabilities - current	6(14)	\$ 5,063	1	\$ 2,577	-
2170	Accounts payable		370	-	2,104	-
2180	Accounts payable-related parties	7(2)	823	-	120	-
2200	Other payables	6(8)	51,116	6	55,853	7
2220	Other payables—related parties	7(2)	8,106	1	14,716	2
2230	Tax liabilities		805	-	18,907	3
2280	Lease liabilities—current	6(21), 7(2)	4,173	-	1,889	-
2300	Other current liabilities		476	-	615	-
21XX	<b>Total of current liabilities</b>		<u>70,923</u>	<u>8</u>	<u>96,781</u>	<u>12</u>
<b>Non-current liabilities</b>						
2570	Deferred tax liabilities	6(18)	1,536	-	3,059	1
2580	Lease liabilities—non-current	6(21), 7(2)	5,655	1	1,733	-
25XX	<b>Total of non-current liabilities</b>		<u>7,191</u>	<u>1</u>	<u>4,792</u>	<u>1</u>
2XXX	<b>Total of liabilities</b>		<u>78,123</u>	<u>9</u>	<u>101,573</u>	<u>13</u>
<b>Equity attributable to owners of parent</b>						
Share capital		6(10)				
3110	Share capital - common stock		420,006	50	420,006	55
Capital surplus		6(11)				
3200	Capital surplus		303,947	36	303,947	40
Retained earnings		6(12)				
3310	Legal reserves		19,393	2	19,393	3
3320	Special capital reserves		10,270	1	10,270	1
3350	Losses to be made up		17,420	2	( 84,602)	( 11)
Other equity		6(13)				
3400	Other equity		( 673)	-	( 3,713)	( 1)
3XXX	<b>Total of equity</b>		<u>770,363</u>	<u>91</u>	<u>665,301</u>	<u>87</u>
3X2X	<b>Total of liabilities and equity</b>		<u>\$ 848,486</u>	<u>100</u>	<u>\$ 766,874</u>	<u>100</u>

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

Chairperson : Ku, Kang-Wei

Manager : Ku, Kang-Wei

Accounting Manager : Su, Chien-Tung

GAMESPARCS CO LTD. AND SUBSIDIARIES  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Years ended December 31			
		2023		2022	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(14) and 7(2)	\$ 374,166	100	\$ 366,630	100
5000 Operating cost		( 27,919)	( 7)	( 22,982)	( 6)
5900 Gross profit		<u>346,247</u>	<u>93</u>	<u>343,648</u>	<u>94</u>
Operating expense	6(16) (17) and 7(2)				
6100 Marketing expenses		( 82,738)	( 22)	( 68,883)	( 19)
6200 General and administrative expenses		( 52,104)	( 14)	( 43,919)	( 12)
6300 Research and development expenses		( 104,261)	( 28)	( 163,503)	( 45)
6450 Expected credit gains	12(2)	4,634	1	2,232	1
6000 Operating expense		( 234,469)	( 63)	( 274,073)	( 75)
6900 Operating loss or profit		<u>111,778</u>	<u>30</u>	<u>69,575</u>	<u>19</u>
Non-operating revenue/expenses					
7100 Interest income		4,404	1	848	-
7010 Other income		1,025	-	1,262	-
7020 Other gains or losses	6(15)	( 3,322)	( 1)	17,663	5
7050 Financial costs	7(2)	( 228)	-	( 125)	-
7070 Share of profits of subsidiaries and associates	6(5)	<u>14,127</u>	<u>4</u>	<u>32,086</u>	<u>9</u>
7000 Non-operating revenue/expenses		<u>16,006</u>	<u>4</u>	<u>51,734</u>	<u>14</u>
7900 Profit before tax		<u>127,784</u>	<u>34</u>	<u>121,309</u>	<u>33</u>
7950 Income tax expenses	6(18)	( 25,762)	( 7)	( 22,471)	( 6)
8200 Net income		<u>\$ 102,022</u>	<u>27</u>	<u>\$ 98,838</u>	<u>27</u>
Other comprehensive income (net value)					
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(18)	\$ -	-	(\$ 95)	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		<u>3,040</u>	<u>1</u>	<u>11,016</u>	<u>3</u>
8300 Total other comprehensive (loss) income for the period		<u>\$ 3,040</u>	<u>1</u>	<u>\$ 10,921</u>	<u>3</u>
8500 Total comprehensive (loss) income for the period		<u>\$ 105,062</u>	<u>28</u>	<u>\$ 109,759</u>	<u>30</u>
Earnings per share	6(19)				
9750 Basic		\$	2.43	\$	2.35
9850 Diluted		\$	2.43	\$	2.35

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

Chairperson : Ku, Kang-Wei

Manager : Ku, Kang-Wei

Accounting Manager : Su, Chien-Tung

GAMESPARCS CO LTD. AND SUBSIDIARIES  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital surplus		Retained earnings			Other equity interest		Total	
		Share capital - common stock	Additional paid-in capital	changes in equity of investment in associates and joint ventures accounted for using equity method	Legal reserve	Special reserve	Accumulated deficit	Exchange differences on translation of foreign financial statements		Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income
<u>Year 2022</u>										
January 1, 2022		\$ 420,006	\$ 291,242	\$ 12,705	\$ 19,393	\$ 10,270	( \$ 221,122 )	( \$ 14,729 )	\$ 37,777	\$555,542
Net income in 2022		-	-	-	-	-	98,838	-	-	98,838
Other comprehensive income	6(13)	-	-	-	-	-	-	11,016	( 95 )	10,921
Total comprehensive income		-	-	-	-	-	98,838	11,016	( 95 )	109,759
Disposal of investments in equity instruments at fair value through other comprehensive income	6(2)	-	-	-	-	-	37,682	-	( 37,682 )	-
December 31, 2022		\$ 420,006	\$ 291,242	\$ 12,705	\$ 19,393	\$ 10,270	( \$ 84,602 )	( \$ 3,713 )	\$ -	\$665,301
<u>Year 2023</u>										
January 1, 2023		\$ 420,006	\$ 291,242	\$ 12,705	\$ 19,393	\$ 10,270	( \$ 84,602 )	( \$ 3,713 )	\$ -	\$665,301
Net income in 2023		-	-	-	-	-	102,022	-	-	102,022
Other comprehensive income	6(13)	-	-	-	-	-	-	3,040	-	3,040
Total comprehensive income		-	-	-	-	-	102,022	3,040	-	105,062
December 31, 2023		\$ 420,006	\$ 291,242	\$ 12,705	\$ 19,393	\$ 10,270	\$ 17,420	( \$ 673 )	\$ -	\$770,363

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

Chairperson : Ku, Kang-Wei

Manager : Ku, Kang-Wei

Accounting Manager : Su, Chien-Tung

GAMESPARCS CO LTD. AND SUBSIDIARIES  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 127,784	\$ 121,309
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit gain	12(2)	( 4,634 )	( 2,232 )
Depreciation –property, plant and equipment	6(6)(16)	875	1,487
Depreciation - right-of-use assets	6(7)(16)	4,140	1,838
Amortization	6(16)	55	136
Interest income		( 4,404 )	( 848 )
Financial cost		228	125
Share of profits/loss of subsidiaries and associates	6(15)	( 14,127 )	( 32,086 )
Losses on disposals of investments	6(15)	3,001	-
Effected on cash and foreign exchange		( 7,835 )	( 15,344 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		-	18,785
Accounts receivable		( 23,204 )	( 3,568 )
Accounts receivable – related parties		8,306	( 5,304 )
Inventory		933	( 1,486 )
Other accounts receivable-related parties		1,382	( 766 )
Advance payment		5,073	3,962
Other current assets		( 157 )	35
<b>Net change in liabilities related to operating activities</b>			
Contract liabilities – current		2,486	( 212 )
Accounts payable		( 1,734 )	( 175 )
Accounts payable – related parties		703	( 265 )
Other payables		( 4,737 )	5,507
Other payables – related parties		( 6,610 )	( 6,804 )
Other current liabilities		( 139 )	( 47,434 )
<b>Cash inflow generated by operating activities</b>		87,385	36,660
Interests received		4,404	848
Interests paid		( 228 )	( 125 )
Income tax received		-	5,743
Income tax paid		( 27,075 )	( 18,431 )
<b>Net cash inflow from operating activities</b>		64,486	24,695

(Continued)



GAMESPARCS CO LTD. AND SUBSIDIARIES  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31,	
		2023	2022
Acquisition of financial assets at amortised cost	6(3)	( \$ 30,705 )	\$ -
Decrease in other account receivable- related parties		-	24,867
Investments accounted for using equity method	6(5)	( 13,628 )	-
Decrease in refundable deposits		-	12
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(20)	-	77,504
Net cash flows from (used in) investing activities		( 44,333 )	102,383
<u>Cash flows from (used in) financing activities</u>			
Decrease in short-term loans	6(21)	-	( 20,000 )
Payments of lease liabilities	6(21)	( 4,116 )	( 1,847 )
Net cash flows from (used in) financing activities		( 4,116 )	( 21,847 )
Effect of exchange rate changes on cash and cash equivalents		7,835	15,344
Net increase in cash and cash equivalents		23,872	120,575
Cash and cash equivalents at beginning of period		369,744	249,169
Cash and cash equivalents at end of period		\$ 393,616	\$ 369,744

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

Chairperson : Ku, Kang-Wei

Manager : Ku, Kang-Wei

Accounting Manager : Su, Chien-Tung

GAMESPARCS CO LTD.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

15. ORGANISATION AND OPERATIONS

GameSpares Co., Ltd. (“the Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). On September 8, 2016, the Company’s shares were listed on the Taipei Exchange. The Company main activities are gaming agency, operation and general advertising and gaming peripheral products.

Based on the consolidation of resources to improve operating performance and competitiveness, the Company merged Game Dreamer Inc. and Oh Yeah Digital Co Ltd., as of January 1, 2017、September 22, 2021 and December 31, 2022 respectively, and the Company was the surviving corporation after these restructuring above, otherwise, Game Dreamer Inc.、Oh Yeah Digital Co Ltd. and Aqura Technology Co., Ltd. were the merged companies.

16. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were approved and authorized for issuance by the Board of Directors on March 07, 2024.

17. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments that came into effect as endorsed by the FSC and became effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

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

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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International</u>
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or noncurrent'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

18. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(22) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(23) Basis of preparation

C. The parent company only financial statements have been prepared under the historical cost convention.

D. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(24) Foreign currency translation

Items included in the Parent Company Only Financial Statements of the Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The Parent Company Only Financial Statements are presented in New Taiwan Dollars, which is the Company’s functional and presentation currency.

C. Foreign currency transactions and balances

(e) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(f) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange difference arising upon re-translation at the balance sheet date are recognised in profit or loss.

(g) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(h) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

#### D. Translation of foreign operations

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

#### (25) Classification of current and non-current items

- C. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (e) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (f) Assets held mainly for trading purposes;
  - (g) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (h) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

- D. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (e) Liabilities that are expected to be settled within the normal operating cycle;
  - (f) Liabilities arising mainly from trading activities;
  - (g) Liabilities that are to be settled within twelve months from the balance sheet date;
  - (h) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(26) Cash equivalents

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

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

- D. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- E. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- F. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(28) Financial assets at amortised cost

- E. Financial assets at amortised cost are those that meet all of the following criteria:

- (c) The objective of the Company's business model is achieved by collecting contractual cash flows.
- (d) The assets' contractual cash flows represent solely payments of principal and interest.
- F. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- G. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- H. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(29) Accounts receivable

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

(30) Impairment of financial assets

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

(31) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(32) Inventories

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

(33) Investments accounted for using equity method-subsidaries

- E. A subsidiary means an entity (including a structured entity) controlled by the Company when the Company is exposed to, or has rights to, variable reward from participation in such entity and has the ability to influence such reward through power over such entity.
- F. Unrealized profits or losses arising from transactions between the Company and its subsidiaries have been write off. The accounting policies of the subsidiaries have been adjusted as necessary to be consistent with the policies adopted by the Company.
- G. The Company recognizes its share of profit or loss after the acquisition of a subsidiary as profit or loss for the current period and its share of other comprehensive income as other comprehensive income after it is acquired. If the Company's share of the loss recognized in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize a loss based on its proportionate share of the subsidiary.
- H. If changes in the Company's shares in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognized in equity.
- I. 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. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

(34) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.



C. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows :

- Office equipment: 3 to 4 years
- Other equipment: 3 to 4 years

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

E. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low- value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

F. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the Fixed payments, less any lease incentives receivable.

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

G. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee;

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

(36) Intangible assets

Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 years.

(37) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(38) Accounts payable

C. Accounts payable are liabilities for purchases of raw materials, goods or services.

D. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(39) Derecognition of financial liabilities

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

(40) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(41) Employee benefits

D. Short-term employee benefits

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

E. Pensions

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis.

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(42) Income tax

- E. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- F. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- G. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associate, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- H. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(43) Share capital

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

(44) Dividends

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

(45) Revenue recognition

F. Online game revenue

The Company, as a game platform operator, providing the players access to online games and purchase various services or virtual goods in the games. This virtual goods could be purchased through the game platform, earned by playing the game. Once the players pay for the games, the Company records as a contract liability, and revenue is deferred. This liability will be reversed, and revenue will be recognized once the Company fulfills the performance obligation; recognize revenue from the sale of durable virtual goods ratably over the estimated average playing period of paying players for the applicable game. Based on the historical experiences and other known factors, the amount and period of the deferred revenue will be estimated. Meanwhile, the Company shall inspect the reasonableness of the estimate regularly.

G. Service revenue

The Company's service revenue from the online platform development service shall be recognized as income upon the fulfillment of the individual performance obligations. The service income is based on the price described in the contract.

H. Royalty revenue

(a) When the Company's game software is authorized to the client after the Company and the client signed the contract, such licensing may differ; thus, the recognition of the licensing income during the licensing period is decided by the nature of the licensing or when the control of rights is transferred to the client. When the Company carries out significant activities that affect the game software, causing direct impacts on the authorized clients but such activities may not transfer product or service to the client, the nature of such licensing is the provision of the right to access the intellectual property; thus, the relevant royalties are recognized as income on a straight-line basis during the licensing period.

If the licensing does not comply with the aforementioned conditions, the nature shall be the provision of the right to use the intellectual property to the client; thus, it shall be recognized as income at the time of the licensing transfer.

- (b) In the Company's licensing contract of the intellectual property, the collection of the royalties agreed with the client is calculated on the basis of customer sales. It is recognized as income when the performance of the obligations is fulfilled, and the subsequent customer sales actually occur.

#### I. Sales of goods

- (a) The Company sells gaming device. The sales revenue is recognized when the control of the product is transferred to the client; that is, when the product is handed to the client who has the discretionary power on the channel and price of the sales of the product, and the Company has no unfulfilled performance of obligations that may affect the client's acceptance of the product. When the product is shipped to the designated location, the risk of obsolescence and extinction is being transferred to the client, and the client must accept the product based on the sales contract, or when there is objective evidence to prove that all acceptance criteria have been met when the delivery of the product occurs.
- (b) The sales of the gaming device is recognized with the price of the contract. The payment conditions for sales transactions are usually due 30 days after the invoice is issued. As the time interval between the promised product or service to the client and the payment of the client does not exceed one year, the Company does not adjust the transaction price to reflect the time value of the currency.

#### (46) Organizational restructuring under common control

- A. According to the questions of business combination under common control which is launched by Accounting Research and Development Foundation on October 26, 2018. There is no clearly defined about the business combination in IFRS 3. Therefore, the Company restructuring was used the fair value method which was basic on the rules that published by the government, and regarded as consolidated and restated the financial statements from now on.
- B. The Company had merged with Aqura Technology Co., Ltd. on December 31, 2022, which was restructuring in Companys. In accordance with the regulations, the company has been treated the merge with the Aqura Technology Co., Ltd was since the beginning.

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

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

(3) Critical judgements in applying the Company's accounting policies : None.

(4) Critical accounting estimates and assumptions

Recognition of online game income

In terms of the Company's recognition of the online game income, it is deferred when the game price is charged and is listed as "contract liability". After points are being deducted, it shall be amortized over the periods and recognized as income based on the player's remaining game period. Based on the historical experiences and other known reasons, the amount and period of the possible deferment will be estimated. The Company will inspect the reasonableness of the estimate regularly. Please refer to Note 6 (14). The contract liabilities recognized by the Company were \$5,063 thousand on December 31, 2023.

## 20. DETAILS OF SIGNIFICANT ACCOUNTS

(47) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$218	\$315
Checking accounts and demand deposits	347,341	369,429
Time deposits	46,057	-
Total	<u>\$393,616</u>	<u>\$369,744</u>

C. The Company transacts with a variety of financial institutions all with high credit quality to disperse risk, so it expects that the probability of counterparty default is remote.

D. The Company has no cash and cash equivalents pledged to others.

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

D. On January 1, 2022, the Company sold all of the shareholding to Heyyo Game Hk Limited in the amount of US\$2,800 thousand (converted to NT\$77,504 thousand) and resulted in \$37,682 thousand gains on disposal. (Other comprehensive income reclassified to retained earnings.)

E. Amounts recognized in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in OCI	<u>\$-</u>	<u>\$-</u>
Cumulative gains (losses) reclassified to retained earnings due to derecognition	<u>\$-</u>	<u>\$37,682</u>
Stock dividends recognized as profit or loss held at the end of the fiscal year	<u>\$-</u>	<u>\$-</u>

F. The Company did not pledge financial assets at fair value through other comprehensive income to others as collateral.

(49) Financial assets at amortised cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items		
Time deposits	<u>\$30,705</u>	<u>\$-</u>

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

(50) Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	\$66,447	\$43,243
Less: Allowance for bad debts	(1,091)	(5,725)
	<u>\$65,356</u>	<u>\$37,518</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not past due	\$56,310	\$37,285
1 to 30days	9,912	5,927
31 to 90 days	225	31
	<u>\$66,447</u>	<u>\$43,243</u>

The above aging analysis is based on the number of days past due.

F. As of December 31, 2023 and 2022, and January 1, 2022, the balances of receivables from contracts with customers amounted to \$66,447, \$43,243, and \$39,675, respectively.

G. As of December 31, 2023, and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable was \$65,356 and \$37,518, respectively.

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

(51) Investments accounted for using equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Subsidiaries:</u>		
Game Dreamer (HK) Inc. Ltd.	\$63,945	\$51,459
Jyun Mao Co., Ltd.	-	11,005
Hsu Tsun Co., Ltd.	(44)	(29)
Poseidon Net (HK) Limited	82,285	92,617
Poseidon Net Limited	25,083	-
Megata Ltd.	127,865	127,835
	<u>\$299,134</u>	<u>\$282,887</u>

A. Subsidiaries:

(a) The information regarding the Company's subsidiaries is provided in Note 4 (3) in the consolidated financial statements for the year ended December 31, 2023.

- (b) Based on the consolidation of resources to improve operating performance and competitiveness, the company merged Aqura Technology Co., Ltd. on December 31, 2022, and the company is the surviving corporation after the restructuring above, otherwise, Aqura Technology Co., Ltd. was the merged company. The merge registrations were completed and approved by the Taichung City Government on February 6, 2023.
- (c) Based on the consolidation of resources, The Board had agree to acquire the Poseidon Net (HK) Limited's investee - Poseidon Net Limited 100% equity interest, which cost USD 455 thousand (NTD 13,628 thousand). The acquire registration was completed and approved by the Taichung City Government on February 6 and 1, 2023.
- (d) Based on long development and consolidation of resources, The Board had agree to disband Jyun Mao Co., Ltd., subsequent matters will be handled in accordance with government regulations. As of December 31, 2023, the procedural had not been completed.
- B. As of 2023 and 2022, the share of profit of associates accounted for using equity method were \$14,127 thousand and \$32,086 thousand, respectively.
- C. The above investments using the equity method are recognized on the basis of the financial statements audited by the accountants of each subsidiary for the same period.

(52) Property, plant and equipment

	<u>2023</u>	<u>January 1</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>December 31</u>
Cost						
Office equipment	\$ 4,031	\$ 4,031	\$-	\$ (4,031)	\$-	\$ -
Other equipment	1,643	1,643	-	(1,079)	-	564
	<u>\$5,674</u>	<u>\$5,674</u>	<u>\$-</u>	<u>\$ (5,110)</u>	<u>\$-</u>	<u>\$564</u>
Accumulated depreciation						
Office equipment	\$ (3,321)	\$ (3,321)	\$ (710)	\$ 4,031	\$-	\$-
Other equipment	(1,406)	(1,406)	(165)	1,079	-	(492)
	<u>\$(4,727)</u>	<u>\$(4,727)</u>	<u>\$(875)</u>	<u>\$ 5,110</u>	<u>\$-</u>	<u>\$(492)</u>
Total	<u>\$ 947</u>	<u>\$ 947</u>				<u>\$ 72</u>
	<u>2022</u>	<u>January 1</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>December 31</u>
Cost						
Office equipment	\$ 4,031	\$ 4,031	\$-	\$-	\$-	\$ 4,031
Other equipment	1,643	1,643	-	-	-	1,643
	<u>\$5,674</u>	<u>\$5,674</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$5,674</u>
Accumulated depreciation						
Office equipment	\$ (2,299)	\$ (2,299)	\$ (1,022)	\$-	\$-	\$ (3,321)
Other equipment	(941)	(941)	(465)	-	-	(1,406)
	<u>\$(3,240)</u>	<u>\$(3,240)</u>	<u>\$(1,487)</u>	<u>\$-</u>	<u>\$-</u>	<u>\$(4,727)</u>
Total	<u>\$ 2,434</u>	<u>\$ 2,434</u>				<u>\$ 947</u>

Property, plant and equipment without pledged to others as collaterals.



(53) Leasing arrangements – lessee

F. The Company leases various assets including buildings and software. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

G. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Carrying amount:</u>		
Buildings	\$9,703	\$3,521
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Depreciation charge:</u>		
Buildings	\$4,140	\$1,838

H. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$10,322 and \$0, respectively.

I. Information on profit or loss in relation to lease contracts is as follows:

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$222	\$87
Expense on short-term lease contracts	5,316	\$8,989

J. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$9,654 thousands and \$10,923 thousands, respectively.

(54) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries and bonuses payable	\$28,831	\$35,864
Advertising expenses payable	11,611	5,237
Others	10,674	14,752
	<u>\$51,116</u>	<u>\$55,853</u>

(55) Pension

E. The Company established a defined benefit pension plan in accordance with the Labor Pension Act, which is applicable to employees of domestic nationality. The Company makes monthly contributions to the employees' individual accounts of the Bureau of Labor Insurance at the rate of 6% of their salaries and wages for the portion of the employees' pension plan that is subject to the "Labor Pension Act". Employees' pensions are paid on the basis of their individual pension accounts and the amount of accumulated earnings is received as a monthly pension or as a lump sum.

F. For 2023 and 2022, the Company recognized pension costs under the aforementioned pension plan were \$4,149 thousands and \$3,897 thousands respectively.

(56) Capital stock

As of December 31, 2023, the Company had an authorized capital of \$800,000 thousands divided into 80,000 thousand shares (including 12,000 thousands shares reserved for employee stock options) and paid-in capital of \$420,006 thousands with a par value of \$10 (in dollars) per share, and the total capital stock was \$420,006 thousands.

(57) Capital surplus

C. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

D. Distribution of the cash dividends from Capital Surplus, please refer to Note 6(12).

(58) Retained earnings

G. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve and appropriate or reverse for special reserve as required. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.

When distributing cash from dividends or dividends in the preceding paragraph or all or part of the capital reserve or the statutory surplus reserve, the board of directors is authorized to make a resolution with more than two-thirds of the directors present and more than half of the directors present, and report to the shareholders meeting.

As the Company operates in a volatile business environment and is in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's financial structure, operating results and future expansion plans. According to the dividend policy adopted by the Board of Directors, at least 10% of the Company's distributable earnings as of the end of the period shall be appropriated as dividends, and cash dividends shall account for at least 10% of the total dividends distributed.

H. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

I. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount

could be included in the distributable earnings.

- J. The information about the appropriation of 2021 which was proposed at the Company's annual meeting of shareholders on June 13, 2023.
- K. The details about the appropriation of 2023 earnings which was proposed and passed at the Board of Directors' meeting on March 7, 2024 are as follows:

	Year ended December 31, 2023	
	Amount	Dividend per share (in dollar)
Legal reserve	\$1,742	
Special reserve	(9,597)	
Cash dividends	25,275	\$0.60
	<u>\$17,420</u>	

In addition, on March 7, 2023, the Board of Directors' meeting passed a resolution to distribute cash from additional paid-in capital – common share premium (NT\$0.4 per common share), totaled \$16,800 thousand.

- L. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(17).

(59) Other equity items

	2023		
	Currency translation	Unrealised gains (losses) on valuation from financial assets at fair value through OCI	Total
January 1	\$(3,713)	\$-	\$(3,713)
Revaluation – tax	-	-	-
Revaluation transferred to retained earnings	-	-	-
Currency translation differences:			
–Subsidiary	3,040	-	3,040
December 31	<u>\$(673)</u>	<u>\$-</u>	<u>\$(673)</u>
	2022		
	Currency translation	Unrealised gains (losses) on valuation from financial assets at fair value through OCI	Total
January 1	\$(14,729)	\$37,777	\$23,048
Revaluation – tax	-	(95)	(95)
Revaluation transferred to retained earnings	-	(37,682)	(37,682)
Currency translation differences:			
–Subsidiary	11,016	-	11,016
December 31	<u>\$(3,713)</u>	<u>\$-</u>	<u>\$(3,713)</u>

(60) Operating revenue

	Year ended December 31,	
	2023	2022
Revenue from contracts with customers	\$374,166	\$366,030

C. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods、licensing and services over time and at a point in time in the following product categories and segments:

	Year ended December 31,	
	2023	2022
Revenue from licensing	\$212,770	\$167,265
Services revenue	66,600	146,399
Online games	91,188	50,512
Sales of goods	3,608	2,454
	<u>\$374,166</u>	<u>\$366,030</u>

D. Contract liabilities

The Company recognizes contractual liabilities related to customer contract revenue mainly as deferred revenue from online gaming revenue with stored game points that have not been consumed. Deferred revenue is recognized over the expected duration of players as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities			
–revenue from online games	<u>\$5,063</u>	<u>\$2,577</u>	<u>\$2,789</u>

Revenue recognized that was included in the contract liability balance at the beginning of the year:

	Year ended December 31,	
	2023	2022
Revenue from online games	<u>\$2,577</u>	<u>\$2,789</u>

(61) Other gains and losses

	Year ended December 31,	
	2023	2022
Foreign exchange (loss) gain	\$(316)	\$17,672
Loss on disposal of investments	(3,001)	-
Other losses	(5)	(9)
	<u>\$(3,322)</u>	<u>\$17,663</u>

(62) Expenses by nature

	Year ended December 31,	
	2023	2022
Employee benefit expense	\$98,523	\$112,823
Depreciation charges on property, plant and equipment	875	1,487
Depreciation charges on right-of-use assets	4,140	1,838
Amortisation charges on intangible assets	55	136

(63) Employee benefit expense

	Year ended December 31,	
	2023	2022
Wages and salaries	\$79,683	\$94,238
Labor and health insurance fees	8,297	7,480
Pension cost	4,149	3,897
Directors' remunerations	1,315	1,335
Other employee benefit expenses	5,079	5,873
	<u>\$98,523</u>	<u>\$112,823</u>

C. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 3% for directors' remuneration. If a company has accumulated deficit, earnings should be reserved to cover losses first.

D. For the years ended December 31, 2023 and 2022, the employees' compensation and directors' and supervisors' remuneration was as follows :

	Year ended December 31, 2023
Employees' compensation	\$436
Directors' and supervisors' remuneration	-
	<u>\$436</u>

The aforementioned amounts were recognised in salary expenses. For the year ended December 31, 2023, the employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 1% and 0% of distributable profit of current year as of the end of reporting period. As the Company accumulated deficit in 2022, the Company does not intend to estimate compensation to employees and directors and supervisors.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(64) Income tax

J. Income tax expense

(a) Components of income tax expense:

	Year ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$8,968	\$19,793
Underestimate (over) of income tax for the previous year	5	(879)
Total current tax	<u>8,973</u>	<u>18,914</u>
Deferred tax:		
Origination and reversal of temporary differences	16,789	3,557
Total deferred tax	<u>16,789</u>	<u>3,557</u>
Income tax expense	<u>\$25,762</u>	<u>\$22,471</u>

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

	Year ended December 31,	
	2023	2022
Changes in fair value of financial assets at fair value through other comprehensive income	<u>\$-</u>	<u>\$(95)</u>

K. Reconciliation between income tax expense and accounting profit.

	Year ended December 31,	
	2023	2022
Tax calculated based on profit/loss before tax and statutory tax rate	<u>\$25,557</u>	<u>\$29,767</u>
Tax exempt income by tax regulation	(1,953)	(2,510)
Temporary differences not recognized as deferred tax	2,153	(3,907)
Underestimate (over) of income tax for the previous year	5	(879)
Income tax expense	<u>\$25,762</u>	<u>\$22,471</u>

L. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2023			
	January 1	Recognized in profit or loss	Recognized in OCI	December 31
Temporary differences:				
-Deferred tax assets:				
Allowance for bad debts	\$1,061	\$ (985)	\$ -	\$ 76
No vacation bonus	801	86	-	887
Allowance for loss of inventory	272	-	-	272
Loss on tax	43,707	(17,413)	-	26,294
Subtotal	<u>\$ 45,841</u>	<u>\$ (18,312)</u>	<u>\$ -</u>	<u>\$ 27,529</u>
-Deferred tax liabilities:				
Foreign exchange gains	(3,059)	1,523	-	(1,536)
Subtotal	<u>\$ (3,059)</u>	<u>\$ 1,523</u>	<u>\$ -</u>	<u>\$ (1,536)</u>
Total	<u>\$ 42,782</u>	<u>\$ (16,789)</u>	<u>\$ -</u>	<u>\$ 25,993</u>
	2022			
	January 1	Recognized in profit or loss	Recognized in OCI	December 31
Temporary differences:				
-Deferred tax assets:				
Contract liabilities	\$ 558	\$ (558)	\$ -	\$ -
Foreign exchange losses	207	(207)	-	-
Associates companies	18	(18)	-	-
Allowance for bad debts	1496	(435)	-	1,061
No vacation bonus	453	348	-	801
Allowance for loss of inventory	272	-	-	272
Loss on tax	43,335	372	-	43,707
Subtotal	<u>\$ 46,339</u>	<u>\$ (498)</u>	<u>\$ -</u>	<u>\$ 45,841</u>
-Deferred tax liabilities:				
Unrealised exchange gains	\$-	\$(3,059)	\$ -	\$ (3,059)
Unrealised gains on valuation from financial assets	(9,327)	-	9,327	-
Subtotal	<u>\$(9,327)</u>	<u>\$(3,059)</u>	<u>\$ 9,327</u>	<u>\$ (3,059)</u>
Total	<u>\$ 37,012</u>	<u>\$(3,557)</u>	<u>\$ 9,327</u>	<u>\$ 42,782</u>





(66) Supplementary cash flow information

Financial assets measured at fair value through other comprehensive income or loss

	Year ended December 31,	
	2023	2022
Disposal of Financial assets measured at fair value through other comprehensive income or loss	\$-	\$77,504
Add: Notes receivable at the beginning of the period	-	-
Less: Notes receivable at the end of the period	-	-
Net Cash Inflow	<u>\$-</u>	<u>\$77,504</u>

(67) Changes in liabilities from financing activities

	Lease liabilities	Liabilities from financing activities
January 1, 2023	\$3,622	\$3,622
Changes in cash flow from financing activities	(4,116)	(4,116)
Changes in other non-cash items	10,322	10,322
December 31, 2023	<u>\$9,828</u>	<u>\$9,828</u>

	Short-term borrowings	Lease liabilities	Liabilities from financing activities
January 1, 2022	\$20,000	\$5,469	\$25,469
Changes in cash flow from financing activities	(20,000)	(1,847)	(21,847)
Changes in other non-cash items	-	-	-
December 31, 2022	<u>\$-</u>	<u>\$3,622</u>	<u>\$3,622</u>

21. Related parties' transactions

(5) Name and relationship of related parties

Name of Related Party	Relationship with the Company
Game Dreamer (Hangzhou) Inc.	Subsidiary
Megata Ltd.	Subsidiary
Poseidon Net Ltd.	Subsidiary (Note 1)
Jyun Mao Co., Ltd.	Subsidiary (Note 2)
Xiang Shang Games Co., Ltd.	Substantive related parties
Audere Gaming Co., Ltd.	Substantive related parties

Note 1 : The Company obtained 100% equity of Poseidon Net Ltd. on February 1, 2023.

Note 2 : The Board had agree to disband Jyun Mao Co., Ltd., on August 9, 2023.

(6) Significant transactions with related parties

F. Operation revenue

	Year ended December 31,	
	2023	2022
Services revenue:		
Megata Ltd.	\$15,616	\$25,001
Audere Gaming Ltd.	-	26,338
Substantive related parties	-	1,874
	<u>\$15,616</u>	<u>\$53,213</u>
Revenue from licensing:		
Xiang Shang Ltd.	<u>\$38,105</u>	<u>\$33,421</u>
Sales of goods:		
Substantive related parties	<u>\$-</u>	<u>\$120</u>

- (d) Labor service sales refers to the labor service income collected by the company for the establishment of the game background for related parties. There is no significant difference between its transaction price and payment conditions and those of general customer.
- (e) The licensing fee is to provide game licensing and software licensing services to related parties. There is no significant difference between its transaction price and payment conditions and those of general customer.
- (f) There is no significant difference between the transaction price and payment conditions of commodity sales and general customer.

G. Accounts receivable from related parties

	December 31, 2023	December 31, 2022
Accounts receivable:		
Xiang Shang Games Co., Ltd.	\$3,163	\$3,184
Megata Ltd.	1,440	2,603
Audere Gaming Co., Ltd.	-	7,122
	<u>\$4,603</u>	<u>\$12,909</u>

	December 31, 2023	December 31, 2022
Other accounts receivable:		
Jyun Mao Co., Ltd.	\$11,547	\$-
Megata Ltd.	-	1,382
	<u>\$11,547</u>	<u>\$1,382</u>

Accounts receivable are generated from sales of goods and services to related parties ; Other receivables are collections collected from related parties by the Company.

H. Accounts payable from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Substantive related parties	\$823	\$120
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other accounts payable:		
Poseidon Net Ltd.	\$4,637	\$1,932
Xiang Shang Games Co., Ltd.	2,369	164
Game Dreamer (Hangzhou) Inc.	975	9,492
Audere Gaming Co., Ltd.	125	3,128
	<u>\$8,106</u>	<u>\$14,716</u>

Accounts payable are for the authorization of games from related parties, and other payables are payments of collection to related parties.

I. Advance payment

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Game Dreamer (Hangzhou) Inc.	<u>\$-</u>	<u>\$3,912</u>

J. Operating expenses

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Marketing expenses:		
Poseidon Net Ltd.	\$23,262	\$12,786
-Substantive related parties	-	2,738
	<u>\$23,262</u>	<u>\$15,524</u>
General and administrative expenses:		
- Xiang Shang Games Co., Ltd.	<u>\$3,955</u>	<u>\$-</u>
Research and development expenses:		
- Game Dreamer (Hangzhou) Inc.	\$25,092	\$69,029
- Substantive related parties	5,306	16,077
	<u>\$30,398</u>	<u>\$85,106</u>

The service fees such as marketing and game development paid to related parties. There is no significant difference between its transaction price and payment conditions and those of general supplier.

K. Lease transaction - lessee

- (d) The Company leased the building from Xiang Shang Games Co., Ltd. in accordance with the general market condition due to the overall business planning and management considerations, and the lease contract are for a period of 5 years (contracts period from September 1, 2021 to August 31, 2026) and the rent is paid monthly.

(e) Acquisition of right-of-use assets

	Year ended December 31,	
	2023	2022
Xiang Shang Games Co., Ltd.	\$10,322	\$-

(f) Lease liability

i. Outstanding balance:

	December 31, 2023	December 31, 2022
Xiang Shang Games Co., Ltd.	\$9,045	\$1,031

ii. Interest expense:

	December 31, 2023	December 31, 2022
Xiang Shang Games Co., Ltd.	\$185	\$12

(7) Key management compensation

	Year ended December 31,	
	2023	2022
Short-term employee benefits	\$6,356	\$5,270
Termination benefits	178	151
Total	\$6,534	\$5,421

22. Pledged Assets : None.

23. Significant Contingent Liabilities and Unrecognised Contract Commitments : None.

24. Significant Disaster Loss : None.

25. Significant Events after the Balance Sheet Date : None.

26. Others

(4) Capital management

E. The Company' carries out capital management to ensure the maximization of the shareholders' compensations by optimizing the debt and equity balance under the premise of the continuous operations.

F. The capital structure of the Company' is composed of the Company's net debt (i.e. loans minus cash and cash equivalent) and equity (i.e. equity, capital reserves, retained earnings, and other equities).

G. The Company' needs no to respect other external regulations of capital.

H. Those who charged with governance of the Company reviews the Company's capital structure yearly. The content to be reviewed include the cost and relevant risks of the different types of capital. Based on the suggestions of the Company's main management, the overall capital structure is balanced by the payment of dividends, issuance of new shares, repurchase of shares, and issuance of new debts or repayment of old debts.

(5) Financial instruments

D. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets:</u>		
Financial assets measured at amortized cost		
Cash and cash equivalents	\$393,616	\$369,744
Financial assets at amortised cost	30,705	-
Accounts receivable (including related parties)	69,959	50,427
Other accounts receivable (including related parties)	11,547	1,382
Refundable deposits	1,988	1,988
	<u>\$507,815</u>	<u>\$423,541</u>
<u>Financial liabilities:</u>		
Financial liabilities measured at amortized cost		
Accounts payable (including related parties)	\$1,193	\$2,224
Other payables (including related parties)	59,222	70,569
	<u>\$60,415</u>	<u>72,793</u>
Lease liability	<u>\$9,828</u>	<u>\$3,622</u>

E. Financial risk management policies

- (c) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (d) Risk management is carried out by a central treasury department (Company treasury), which identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units, such as foreign exchange risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

F. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

vii. Company operates on a multinational basis and is therefore exposed to currency risk arising from transactions that are different from the functional currencies of the Company, primarily the USD and HKD. The related currency risk arises from future business transactions and recognized assets and liabilities.

viii. The Company shall hedge its overall currency risk through the Finance Department. Currency risk is measured through highly probable expected transactions in USD, HKD, Thai baht and RMB and the Company Finance Department shall reduce foreign currency

exposure position for Company to achieve the natural hedge.

- ix. The Company's risk management policy is to hedge against the expected cash flows in each major currency.
- x. The Company is engaged in operations involving certain non-functional currencies (the functional currency of the Company is New Taiwan Dollar) and is therefore subject to exchange rate fluctuations. Analysis on foreign currency market risk subject to significant exchange rate fluctuations is as follows:

December 31, 2023			
	Foreign Currency (In thousands)	Rate	Book Value (NT\$; In thousands)
<b>(Foreign Currency: Functional currency)</b>			
Financial assets			
<u>Monetary items</u>			
USD : TWD	\$5,943	30.71	\$182,480
<u>Un-monetary items</u>			
USD : TWD	3,981	30.71	122,245
HKD : TWD	16,275	3.93	63,945
Financial liabilities			
<u>Monetary items</u>			
USD : TWD	\$79	30.71	\$2,426

December 31, 2022			
	Foreign Currency (In thousands)	Rate	Book Value (NT\$; In thousands)
<b>(Foreign Currency: Functional currency)</b>			
Financial assets			
<u>Monetary items</u>			
USD : TWD	\$6,059	30.71	\$186,072
<u>Un-monetary items</u>			
USD : TWD	3,510	30.71	107,784
HKD : TWD	15,862	3.94	62,464
Financial liabilities			
<u>Monetary items</u>			
USD : TWD	\$369	30.71	\$11,332

- xi. An analysis of the Company's exposure to foreign currency market risk due to significant exchange rate fluctuations is as follows:

Year ended December 31, 2023			
Sensitivity analysis	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<b>(Foreign Currency: Functional currency)</b>			
Financial assets			
<u>Monetary items</u>			
USD : TWD	1%	\$1,825	\$-
<u>Un-monetary items</u>			
USD : TWD	1%	\$-	\$1,222
HKD : TWD	1%	-	639
Financial liabilities			
<u>Monetary items</u>			
USD : TWD	1%	\$24	\$-

Year ended December 31, 2022			
Sensitivity analysis	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<b>(Foreign Currency: Functional currency)</b>			
Financial assets			
<u>Monetary items</u>			
USD : TWD	1%	\$1,861	\$-
<u>Un-monetary items</u>			
USD : TWD	1%	\$-	\$1,078
HKD : TWD	1%	-	625
Financial liabilities			
monetary items			
USD : TWD	1%	\$113	\$-

- xii. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by The Company for the year ended December 31, 2023 and 2022 amounted to loss \$316 thousands and gain \$17,672 thousands, respectively.

(b) Credit risk

- i. The Company's credit risk refers to the risk of financial loss to the Company due to the customers or counterparties of financial instruments fail to meet their contractual obligations, mainly arising from the inability of counterparties to settle receivables that are payable in accordance with the terms of collection and

contractual cash flows from investments in debt instruments classified as amortized cost.

- ii. The Company sets up its credit risk management policy based on Company's perspective. The credit ratings of the Company's major correspondent banks are good and there are no concerns about significant credit risk. In accordance with its internal credit policy, each operating entity within the Company is required to conduct a management and credit risk analysis for each new customer before proposing the payment terms and conditions for delivery. According to internal risk management, the Company shall assess the quality of customers' credit by considering their financial position, past experience and other factors. The Board of Directors determines the limits of individual risks based on internal or external evaluations and regularly monitors the use of credit facilities.
- iii. The Company uses IFRSs 9 to provide the premise that a default is deemed to have occurred when contractual payments are more than 90 days past due in accordance with the agreed payment terms.
- iv. The Company uses IFRSs 9 to provide the following premise to determine whether there has been a significant increase in credit risk on a financial instrument since its initial recognition:

When contractual payments are more than 30 days past due, the credit risk of the financial asset has increased significantly since the initial recognition.

- v. The indicators used by the Company to determine that investments in debt instruments are impaired by credit are as follows:
  - The probability that the issuer will experience significant financial difficulties or will enter bankruptcy or other financial reorganization is significantly increased;
  - The issuer delays or fails to pay interest or principal;
  - Adverse changes in national or regional economic conditions that result in the issuer's default.
- vi. The Company applies a simplified approach to estimating expected credit losses on accounts receivable from customers based on the provisioning matrix, which takes into account the customers' past defaults, current financial condition and economic situation of the industry. As the Company's credit history experience shows that there is no significant difference in the loss patterns of different customer Company's, the provisioning matrix does not further differentiate between customer Company's and only sets the expected credit loss rate based on the number of days accounts receivable are past due.
- vii. The Company uses the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

	December 31, 2023				Total
	Not past due	Up to 30 days past due	31 to 90 days past due	Over 90 days past due	
Rate	1.28%	1.44%	100.00%	100.00%	
Total book value	\$56,310	\$9,912	\$225	\$-	\$66,447
Loss allowance	\$(723)	\$(143)	\$(225)	\$-	\$(1,091)



	December 31, 2022				Total
	Not past due	Up to 30 days past due	31 to 90 days past due	Over 90 days past due	
Rate	12.39%	18.10%	100.00%	100.00%	
Total book value	\$37,285	\$5,927	\$31	\$-	\$43,243
Loss allowance	\$(4,621)	\$(1,073)	\$(31)	\$-	\$(5,725)

viii. The statement of changes in the Company's allowance for losses on accounts receivable using the simplified approach is as follows:

	2023	2022
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
January 1	\$5,725	\$7,957
Reversal of impairment loss	(4,634)	(2,232)
December 31	\$1,091	\$5,725

ix. The Company incorporates economic forecasts issued by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan to estimate expected credit losses based on historical and current information adjusted to estimate the probability of default on its investments in debt instruments as of December 31, 2023 and 2022.

(c) Liquidity risk

- ii. The Company's finance department supervises forecasts of the Company's circulating capital requirements to ensure that it has sufficient funds to meet its operating needs. The forecast shall take into account the Company's debt financing plan, compliance with debt terms and meet its financial ratio target.
- iii. Surplus cash held by the Company in excess of what is required for working capital management will be transferred back to the Company's Finance Department. The Company's Finance Department invests surplus funds in interest-bearing demand deposits, time deposits, and marketable securities with appropriate maturities or sufficient liquidity in the instruments to provide sufficient level of dispatch in response to these forecasts.
- iv. Details of the Company's undrawn borrowings are as follows:

	December 31, 2023	December 31, 2022
Unsecured bank loan credit (Revisited annually)		
- Amount spent	\$ -	\$ -
- Amount unspent	165,000	125,000
	<u>\$ 165,000</u>	<u>\$ 125,000</u>
Secured bank loan credit (extended by mutual agreement)		
- Amount spent	\$ -	\$ -
- Amount unspent	40,000	40,000
	<u>\$ 40,000</u>	<u>\$ 40,000</u>

- v. The following table shows the Company's non-derivative financial liabilities, which are Company according to their respective maturity dates. The non-derivative financial liabilities are analyzed based on the remaining period from the Statement of Financial Position date to the contractual maturity date, and the contractual cash flow amounts disclosed in the table are the undiscounted amounts.

Non-derivative financial liabilities:

December 31, 2023	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Accounts payable (including related parties)	\$1,193	\$-	\$-	\$-	\$1,193
Other payables (including related parties)	59,222	-	-	-	59,222
Lease liability	4,351	3,564	2,204	-	10,119
	<u>\$64,766</u>	<u>\$3,564</u>	<u>\$2,204</u>	<u>\$-</u>	<u>\$70,534</u>

Non-derivative financial liabilities:

December 31, 2022	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Accounts payable (including related parties)	\$2,224	\$-	\$-	\$-	\$2,224
Other payables (including related parties)	70,569	-	-	-	70,569
Lease liability	1,935	1,147	360	240	3,682
	<u>\$74,728</u>	<u>\$1,147</u>	<u>\$360</u>	<u>\$240</u>	<u>\$76,475</u>

(6) Fair value information

H. The levels of valuation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

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

I. Financial instruments not measured at fair value.

J. The carrying amounts of the Company's financial instruments, accounts receivable including related parties, other receivables, financial assets measured at amortized cost, accounts payable and other payables that are not measured at fair value represent reasonable approximations of fair value.

K. For the year ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

L. For the year ended December 31, 2023 and 2022, movements on Level 3 are as follows:

December 31, 2023 : None.

	<u>2022</u>
	<u>Equity securities</u>
January 1	\$77,504
Sold in the period	(77,504)
December 31	<u>\$-</u>

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

27. Supplementary Disclosures

(7) Significant transactions information

K. Loans to others: Please refer to table 1.

L. Provision of endorsements and guarantees to others: Please refer to table 2.

M. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

N. Acquisition or sale of the same security with the accumulated cost exceeding

\$300 million or 20% of the Company's paid-in capital: None.

- O. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- P. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- Q. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- R. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- S. Trading in derivative instruments undertaken during the reporting periods: None.
- T. Significant inter-company transactions during the reporting periods: Please refer to table 3.

(8) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 4.

(9) Information on investments in Mainland China

- A. Basic information: Please refer to table 5.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area:

For significant transactions that occurred directly or indirectly through third-party businesses with investees that have invested in China for the year ended December 31, 2023, please refer to Note 13 (1) 10.

(10) Major shareholders information :

Major shareholders information: Please refer to table 6.

28. Segment Information

Not applicable.

**GameSparcs Co., Ltd. and Subsidiaries**  
Loans to others  
From January 1, 2023 to December 31, 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

**Table 1**

No. (Note 1)	Financing Company	Counter party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Range of interest rate	Nature of the loan (note 2)	Transaction Amounts	Reason for short-term financing	Allowance for Bad Debt	Collaterals		Financing Limits for Each Borrowing Company (Note 3、4)	Financing Company's Total Financing Amount Limits (Note 3、4)	Note
													Name	Value			
0	GameSparcs Co., Ltd.	Poseidon Net Ltd.	Other receivables - related parties	Yes	\$80,000	\$-	\$-	-	(2)	\$-	Business turnover	\$-	Nil	-	308,145	308,145	Note 5

Note 1 : The description of the number column is as follows:

- (1) The issuer is entered as 0.
- (2) The investee companies are numbered in orders starting from 1.

Note 2 : The nature of the loan of funds is described as follows:

- (1) Those who have business dealings.
- (2) Those who have the need for short-term financing.

Note 3 : The lending limit to individual customers is limited to 40% of the lending company's current net asset of those who have the need for short-term financing.

Note 4 : The calculation of the Company's capital contribution limit is based on the Company's audited net financial statements.

Note 5 : The amount has been eliminated in the preparation of The Company's consolidated financial statements.

**GameSparcs Co., Ltd. and Subsidiaries**  
Provision of endorsements and guarantees to others  
From January 1, 2023 to December 31, 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

**Table 2**

No. (Note 1)	Endorser/ Guarantee Provider	Guaranteed party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (note 3、5)	Maximum balance for the period	Ending balance	Amount actually drawn	Amount of endorsement / guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per lastet financial statements (%)	Maximum endorsement/ guarantee amount allowable (note 4、5)	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee of the endorsement to Mainland China	Note
		Name	Relationship (note 2)											
0	GameSparcs Co., Ltd.	Megata Ltd.	(2)	616,290	60,000	60,000	-	-	7.79%	770,362	Yes	No	No	-

Note 1: The description of the number column is as follows

(1) The issuer is entered as 0.

(2) The investee companies are numbered in orders starting from 1.

Note 2: The relationship between the endorser and the endorsed guarantor is as follows.

(1) Having business relationship.

(2) The Company holds over 50% of the voting rights directly or indirectly.

(3) This company holds over 50% of the voting rights of the Company directly or indirectly.

(4) The Company holds over 90% of the voting rights directly or indirectly.

(5) Where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

Note 3: The Company and its subsidiary's endorsement and guarantee for a single enterprise shall be limited to 80% of the net value of the Company's latest financial statements.

Note 4: The total endorsement and guarantee of the Company and its subsidiaries shall be limited to 100% of the net value of the Company's latest financial statements.

Note 5: The limit of the Company's endorsement and guarantee is calculated based on the net value of the Company's financial statements as audited by the accountants.

**GameSparcs Co., Ltd. and Subsidiaries**  
Significant inter-company transactions during the reporting period  
From January 1, 2023 to December 31, 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

**Table 3**

No. (note 1)	Name of the trader	Name of the transaction counterparty	Relationship with the trader (note 2)	Conditions of transactions			
				Account	Amount	Terms of transaction	Percentage to consolidated net revenue or total assets (note 3)
0	GameSparcs Co., Ltd.	Game Dreamer (Hangzhou) Ltd.	1	Operating expenses	\$24,028	Settlement and payment at the end of the month.	3.10%
0	GameSparcs Co., Ltd.	Poseidon Net Ltd.	1	Operating expenses	\$23,262	Settlement and payment at the end of the month.	3.00%

Note 1: The description of the number column is as follows

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

Note 2: There are three types of relationships between transaction company and counter-parties, and the types are indicated in the table. (If the transaction is between a parent company and a subsidiary or between subsidiaries, there is no need to repeat the disclosure.

For example, if the parent company has disclosed the transaction with the subsidiary, the subsidiary does not need to disclose the transaction repeatedly:

For subsidiary-to-subsubsidiary transactions, if one of the subsidiaries has already disclosed the transaction, the other subsidiary does not need to disclose it repeatedly):

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

Note 3: The ratio of transaction amount to consolidated total revenue or total assets is calculated based on the ending balance of transaction to consolidated total assets for balance sheet accounts, or as the cumulative transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The transaction prices between parent and subsidiary companies are based on contractual provisions and adjusted according to the affiliates' capital utilization. The remaining transactions are determined by mutual agreement because there are no similar transactions.

Note 5: This schedule only discloses one-way transaction information, and the above transactions have been write off in the preparation of the consolidated financial statements.

Note 6: This schedule only discloses the transaction that higher than 3% of the consolidated total assets.

**GameSparcs Co., Ltd. and Subsidiaries**  
Name, Location, and Other Related Information of Investees (Excluding Investees in Mainland China)  
From January 1, 2023 to December 31, 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

**Table 4**

Investor Company	Investee Company	Location	Main businesses	Original investment amount		Balance at the end of the period			Net income (loss) of the investee	Share of profit/loss of investee	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Shares	%	Book value			
<b>GameSparcs Co., Ltd.</b>	Game Dreamer (HK) Ltd.	Hong Kong	Game agency and operation, general advertising services, game peripheral products, etc.	\$249,049	\$249,049	64,000,000	100%	\$63,945	\$13,043	\$13,043	Note 2、3
<b>GameSparcs Co., Ltd.</b>	Hsu Tsun Enterprise Co., Ltd.	Hong Kong	Advertising services	-	-	-	100%	(44)	(15)	(15)	Note 2、3
<b>GameSparcs Co., Ltd.</b>	Jyun-Mao Co., Ltd.	Hong Kong	Game agency and operation, general advertising services, game peripheral products, etc.	-	80,617	-	100%	-	23	-	Note 2、3、6
<b>GameSparcs Co., Ltd.</b>	Game Dreamer (Thai) Ltd.	Thailand	Game operation and advertising services, etc.	-	-	-	100%	-	-	-	Note 2、3
<b>GameSparcs Co., Ltd.</b>	Poseidon Net (HK) Ltd.	Hong Kong	Game agency and operation, general advertising services, game peripheral products, etc.	42,324	42,324	1,428,900	100%	82,285	(8,692)	(8,692)	Note 2、3
<b>GameSparcs Co., Ltd.</b>	Megata Co., Ltd.	Taiwan	R&D and sales of game software, etc.	150,000	150,000	15,000,000	60%	127,865	207	124	Note 2、3
<b>GameSparcs Co., Ltd.</b>	Poseidon Net Ltd.	Taiwan	Game agency and operation, general advertising services, game peripheral products, etc.	35,000	-	3,500,000	100%	25,083	9,643	9,643	Note 2、3、5



Investor Company	Investee Company	Location	Main businesses	Original investment amount		Balance at the end of the period			Net income (loss) of the investee	Share of profit/loss of investee	Note
				Balance as at December 31, 2023	Balance as at December 31, 2022	Shares	%	Book value			
<b>Poseidon Net (HK) Ltd.</b>	Poseidon Net Ltd.	Taiwan	Game agency and operation, general advertising services, game peripheral products, etc.	-	35,000	-	-	-	-	-	Note 2、3、4、5
<b>Megata Co., Ltd.</b>	Megata (HK) Co., Ltd.	Hong Kong	R&D and sales of game software, etc.	9,066	9,066	300,000	100%	5,632	(323)	-	Note 2、3、4

Note 1: Please refer to Table 5 for information on the investee companies in China.

Note 2: The marketable securities held by each investee company are not imputed.

Note 3: The financial statements of the consolidated companies have been eliminated on a consolidated basis.

Note 4: The sub-subsidiary and its investment gain or loss is not shown.

Note 5: Based on the consolidation of resources, obtained 100% equity of Poseidon Net Ltd. on February 1, 2023.

Note 6: Based on long development and consolidation of resources, The Board had agree to disband Jyun Mao Co., Ltd., subsequent matters will be handled in accordance with government regulations. As of December 31, 2023, the procedural had not been completed.

**GameSparcs Co., Ltd. and Subsidiaries**  
Information on investments in Mainland China  
From January 1, 2023 to December 31, 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

**Table 5**

Investee Company in Mainland China	Main business activities	Paid-up capital (Note 2)	Method of investment (Note 1)	Accumulated investment funds remitted from Taiwan at the beginning of the period	Investment amount remitted or recovered during the period		Cumulative investment amount remitted from Taiwan at the end of the period (Note 3)	(Loss) income of investees for the period	Shareholding of the Company's direct or indirect investments	Investment (loss) recognized during the period	Carrying amount of investments at the end of the period	Investment income remitted for the period ended	Note
					Remitted	Recovered							
<b>Game Dreamer (Guangzhou) Ltd.</b>	Game Development and Data Processing	\$7,809	2	\$7,809	-	-	\$7,809	(\$154)	100%	-	\$10,400	-	Note 4、5
<b>Game Dreamer (Hangzhou) Ltd.</b>	Game Development	-	2	-	-	-	-	1,081	100%	-	7,330	-	Note 4、5
<b>Megata (Chengdu) Co., Ltd.</b>	Game Development	14,480	3	14,480	-	-	14,480	191	100%	-	9,245	-	Note 4、5

Note 1: The following three types of investment methods are distinguished and can be labeled as follows:

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

Note 2: The paid-in capital of HK\$2,000 thousands for Game Dreamer (Guangzhou) Ltd. and US\$500 thousands for Megata (Chengdu) Co., Ltd.

Note 3: The cumulative investment amounts of HK\$2,000 thousands for Game Dreamer (Guangzhou) Ltd. and US\$500 thousands for Megata (Chengdu) Co., Ltd.

Note 4: The sub-subsidiary and its investment income or loss is not shown.

Note 5: Transactions between the Company and its subsidiaries been write off in the preparation of the consolidated financial statements.

<b>Company Name</b>	<b>Ending balance of accumulated outflow of investment from Taiwan (Note 1)</b>	<b>Approved Investment Amount by Investment Commission, Ministry of Economic Affairs (Note 2)</b>	<b>Investment amount in Mainland China in accordance with the regulations of the Investment Commission of the Ministry of Economic Affairs (Note 3)</b>
<b>GameSparcs Co., Ltd.</b>	\$ 22,289	\$ 22,289	\$ 462,217

Note 1: The accumulated remittance amounts from Taiwan to Mainland China at the end of the period were HK\$2,000 thousands and US\$500 thousands.

Note 2: The investment amount approved by investment commission, MOEA were HK\$10,000 thousands and US\$500 thousands.

Note 3: The calculation is based on the limit (60% of net value) set by the Ministry of Economic Affairs (MOEA) in the "Principles for Examination of Investment or Technical Cooperation in Mainland China".

## GameSparcs Co., Ltd. and Subsidiaries

### Information on Major Shareholders

December 31, 2023

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

**Table 6**

Major Shareholders	Shares	
	Number of Shares Held	Shareholding Ratio
<b>KU, KANG-WEI</b>	7,875,000	18.74%
<b>LUCKY CENTURY ENTERPRISES LIMITED.</b>	5,449,311	12.97%
<b>CHEN HAO INVESTMENT CO., LTD.</b>	5,040,000	11.99%
<b>HSIH JIE INTERNATIONAL INVESTMENT CO., LTD.</b>	3,780,000	8.99%
<b>CHANG,CHIANG-SEN</b>	3,634,000	8.65%
<b>KU, CHE-MING</b>	2,625,000	6.24%

Note 1: The information on major shareholders in this table is based on the last business day of each quarter, and is calculated based on the information that shareholders hold at least 5% of the Company's common and preferred shares that have been delivered without physical registration (including treasury stock). The number of shares recorded in the Company's financial statements and the actual number of shares delivered without physical registration may differ depending on the basis of preparation of the calculations.

Note 2: The above information is revealed by the trustee's opening of a trust account with the trustee's individual subaccount if the shareholder has delivered the shares to the trust. For shareholders who hold shares in excess of 10% in accordance with the Securities and Exchange Act, their shareholdings include their own shares plus the shares they have delivered to the trust. For information on insider ownership reporting, please refer to the Market Observation Post System.

## VII. Review Analysis of Financial Position and Financial Performance and Risk Issues

### 1. Financial Position

Unit: NT\$ thousands

Item	Year	2022	2023	Difference	
				Amount	%
Current Assets		805,412	909,816	104,404	12.96
Property, Plant and Equipment		2,463	963	(1,500)	(60.90)
Intangible Assets		3,172	2,908	(264)	(8.32)
Other Assets		118,521	95,921	(22,600)	(19.07)
Total Assets		929,568	1,009,608	80,040	8.61
Current Liabilities		169,463	146,005	(23,458)	(13.84)
Non-current Liabilities		9,581	7,997	(1,584)	(16.53)
Total Liabilities		179,044	154,002	(25,042)	(13.99)
Capital Stock		420,006	420,006	0	—
Capital Surplus		303,947	303,947	0	—
Retained Earnings		(54,939)	47,083	102,022	(185.70)
Other Equity Interest		(3,713)	-673	3,040	(81.87)
Non-controlling Interest		85,223	85,243	20	0.02
Any Equity Interest Prior to the Company		—	—	0	—
Total Shareholders' Equity		750,524	855,606	105,082	14.00
Major changes in assets, liabilities, and shareholders' equity during the most recent two years (20% or more of variation between period of prophase and anaphase and amount of variation up to NT\$10 million):					
1. Increase in Retained Earnings: Mainly due to the net income after tax in 2023.					

## 2. Financial Performance

### (1) Analysis of financial performance for the last two years

Unit: NT\$ thousands

Item	Year	2022	2023	Increased (Decreased) Amount	Percentage Change (%)
Operating Revenue		780,648	774,449	(6,199)	(0.79)
Operating Cost		174,384	165,823	(8,561)	(4.91)
Gross Profit		606,264	608,626	2,362	0.39
Operating Expenses		498,322	484,779	(13,543)	(2.72)
Operating Profit		107,942	123,847	15,905	14.73
Non-operating Income (Expenses)		30,976	8,065	(22,911)	(73.96)
Net Income (Loss) before Tax		138,918	131,912	(7,006)	(5.04)
Income Tax Benefit (Expense)		(31,712)	(29,807)	(1,905)	6.01
Net Income (Loss) for the Period		107,206	102,105	(5,101)	(4.76)
Comprehensive Profit or Loss (Net) for the Period		11,238	2,977	(8,261)	(73.51)
Total Comprehensive Profit or Loss for the Period		118,444	105,082	(13,362)	(11.28)
Net Income Attributed to Shareholders of the Parent Company		98,838	102,022	3,184	3.22
Net Income Attributed to Any Equity Interest Prior to the Company		—	—	—	—
Net Income Attributed to Non-controlling Interest		8,368	83	(8,285)	(99.01)
Comprehensive Income Attributed to Shareholders of the Parent Company		109,759	105,062	(4,697)	(4.28)
Comprehensive Income Attributed to Any Equity Interest Prior to the Company		—	—	—	—
Comprehensive Income Attributed to Non- controlling Interest		8,685	20	(8,665)	(99.77)

The main reasons for the recent two years of significant changes in operating income, business purity and pre-tax benefits (those with a change of more than 20% in the previous period and the amount of change amounting to NT \$10 million):

1. Decrease in Non-operating income (loss): mainly due to a reduction in foreign exchange gains compared to the previous year.

(2) The major factors affecting the sales quantity in the coming year and its basis, and the company's expected sales volume will continue to grow or decline:

Through operating experiences learned by the Company in the past, continuously observes market changes, carefully evaluates the cost and future benefits on various types of products,

moreover, the Company has stood in solid ground at all times to launch new products for expanding market share, therefore, it is expected that revenue will be growing in the future and the Company's profitability will be raised to.

### 3. Cash Flow

#### (1) Analysis of changes in cash flows for the most recent year

Unit: NT\$ thousands

Item \ Year	2022	2023	Percentage Change (%)
Business Activities	104,046	85,016	(18.29%)
Investment Activities	76,650	(30,978)	(140.41%)
Fundraising Activities	(32,572)	(14,347)	55.95%

Description of the analysis of changes in the percentage change:

1. Operating activities: The decrease in net cash inflow was mainly due to net cash inflows from normal operating activities.
2. Investing activities: The decrease in net cash inflow was mainly due to the disposal of investments in equity instruments at fair value through other comprehensive income in 2022, and such circumstances did not occur in 2023.
3. Financing activities: The decrease in net cash outflow was due to loan repayment, and such circumstances did not occur in 2023.

(2) Liquidity improvement plan: None.

(3) Cash liquidity analysis for the coming year.

Unit: NT\$ thousands

Opening Cash Balance (1)	Net Cash Flow from Operating Activities (2)	Expected Full Year Net Cash Flow from Investing and Financing Activities (3)	Cash Surplus (Deficit) (1)+(2)+(3)	Remedies for Cash Shortfalls	
				Investment Plans	Financing Plans
749,379	94,000	(70,000)	773,379	—	—

Analysis of changes in cash flows in the coming year:

1. Business activities: expected revenue growth, resulting in a net cash inflow of business activities.
2. Investment and financing activities: The cash outflow was mainly due to increase in financial assets measured at amortized cost, cash dividends and lease payment.

#### 4. The impact of major capital expenditures in the most recent year on financial operations:

(1) Use of significant capital expenditures and sources of funds: No significant capital expenditures have been made as of the date of this report.

(2) Impact of significant capital expenditures on financial operations: There were no significant capital expenditures as of the date of this report.

5. The annual re-investment policy in the most recent year, the major reasons for its profit or loss, the improvement plan, and the investment plan for next year:

Unit: NT\$ and foreign currency thousands

Investee Company	Policy	Investment Amount (Note 1)	Investment Income (Loss) Recognized for the Period (Note 2)	Main Reasons for Gain or Loss	Improvement Plan	Other Future Investment Plans
Game Dreamer (HK) Ltd.	Group game agency and publication and R&D	HKD 64,000	13,043	Recognition of investment gains and losses in subsidiaries	None	None
Hsu Tsun Enterprise Co., Ltd.	Standby company for advertising only	—	(15)	Support unit, no major operating items	None	None
Jyun-Mao Limited Co. (Note 4)	Leisure & puzzle mobile game publication	HKD21,000	—	None	None	None
Game Dreamer (Thai) Inc.	Regional administrative support in Thailand	—	—	None	None	None
Poseidon Net (HK) Limited	China, Japan and Korea mobile game agency and publication	USD1,290	(8,692)	Mainly due to adjustments in operational structure as part of company planning.	Marketing and operation of products developed in-house by the group serve as the mainstay of operations.	None
Poseidon Net Limited	China, Japan and Korea mobile game agency and publication	35,000	9,643	The mobile game agency is well-received by players and is in a favorable profit situation.	Marketing and operation of products developed in-house by the group serve as the mainstay of operations.	None
Game Dreamer (Guangzhou) Inc.	Support and R&D center in China	HKD 2,000	— (Note 3)	None	None	None
Game Dreamer (Hangzhou) Inc.	Leisure gaming product development	—	— (Note 3)	None	None	None



Investee Company	Policy	Investment Amount (Note 1)	Investment Income (Loss) Recognized for the Period (Note 2)	Main Reasons for Gain or Loss	Improvement Plan	Other Future Investment Plans
Megata Ltd.	Online leisure gaming software development and publication	150,000	124	The main reason is intense market competition, leading to lower-than-expected revenue	None	None
Megata (HK) Ltd. (Note 5)	Online leisure gaming software development and publication	USD300	— (Note 3)	None	None	None
Megata (Chengdu) Ltd.	Leisure gaming product development	USD500	— (Note 3)	None	None	None

Note 1: Cumulative direct and indirect investment amounts as of December 31, 2023.

Note 2: Investment gains or losses recognized in 2023 on investments carried forward.

Note 3: The investment gain or loss was recognized in the investment company, so it was not shown as investment gain or loss.

Note 4: The Board had agree to disband Jyun Mao Co., Ltd., subsequent matters will be handled in accordance with government regulations. As of March 31, 2024, the procedural had not been completed.

Note 5: The Board of Megata Co., Ltd. had agree to disband Megata (HK) Ltd., subsequent matters will be handled in accordance with government regulations. As of March 31, 2024, the procedural had not been completed.

## 6. Risk issues that shall be analyzed and assessed

### (1) Effect of interest rates, exchange rate changes, inflation on the Company's profit or loss and future response measures

#### 1. Interest rate changes

The Company's balance of net interest was NT\$989 thousand and NT\$ 6,842 thousand in 2022 and 2023. The main sources of interest income/expenses were deposits, respectively. The relatively small amounts of interest had little impact on the company's operation. Therefore, interest rate fluctuations on the market will have limited impacts on the Company's finances. Still, attention will be paid to changes in local and global economic weather and necessary measures taken in a timely manner to reduce the risk of interest rate changes on the Company's finances.

#### 2. Exchange rate changes

##### A. Impacts on the Company's profit and loss

The main currencies used in the Company's transactions include NTD, USD and HKD.

The Company's net profit/loss in foreign exchange transactions was NT\$25,373 in 2022

and (NT\$77) thousand in 2023. The change was mainly caused by the foreign exchange position the Company and its subsidiaries were holding. The forex position of asset and liabilities held by the Company and its subsidiaries, as well as the payment and receiving of forex, is basically balanced and effective in offsetting market risks. The decrease in foreign exchange gains and losses in the fiscal year 2023 is mainly due to the smaller fluctuations in the US dollar exchange rate during the year. Additionally, the decrease is attributed to the reduced foreign exchange valuation gains and losses recognized at year-end on the US dollar deposits held by the company, compared to the previous year.

B. Future response measures

The financial department of the Company will maintain close contact with financial institutions where necessary, and ask for professional consulting services from them to follow forex market trends in a timely fashion. In the meantime, the Company will adjust its foreign currency positions at the right time depending on its actual capital needs and exchange rate levels, in order to minimize the impact of forex rates on the Company's finances.

3. Inflation

A. Impacts on the Company's profit and loss

The Company has not seen any significant impact stemming from inflation, but it is still necessary to pay close attention to changes in the relevant economic environment and market conditions in order to respond in time when necessary.

B. Future response measures

The Company has not had any significant impact stemming from inflation, and the forecast is it will stay that way. In the future, the Company will continue to stay alert to inflation in order to properly adjust its product pricing strategies.

(2) The main reasons for strategies, profits, or losses in dealing high-risk, high-leverage investments, capital loan extensions, endorsements, and derivative commodity trading; future response measures

1) Derivatives

The Company, committed to only the core business operations, has never engaged in any high-risk, highly leverage investment or derivative commodity transaction since its inception. The Company has stipulated an "Regulations Governing the Acquisition and Disposal of Assets", which has already been approved in the shareholders' meeting, as the basis for any relevant dealings.

2) Loaning funds to others

The Company extends loans to its subsidiaries for working capital needs, and the procedures

are in line with the “Management of Loans to Others”.

3) Endorsements

The Company provides endorsements for its subsidiaries when they take out bank loans, and all related operations are in line with the “Management of Endorsement and Guarantees”.

(3) Future R&D projects and expected investments in R&D

1) Future R&D projects

In line with the adjustment of business strategy, the Company has transformed from the original mobile game distribution as the main axis to the operation mode of self-development or authorization. In order to improve the quality of research and development, the Company has established research and development teams both domestically and internationally and commissioned development according to the needs of each business to effectively control research and development costs. In the future, we will continue to expand our R&D department to develop online and offline products in accordance with our business development needs, with a view to expanding our operation scale and improving our gross margin to reduce operational risks and improve our financial status.

2) Expected investments in R&D

The R&D expenses allocated by the Company and its subsidiaries in 2022 and 2023 stood at respective NT\$187,733 thousand and NT\$149,414 thousand which accounted for 24% and 19% of the annual revenues. In 2024, the company anticipates maintaining the proportion of research and development expenses invested as in the previous two years. However, adjustments will be made timely based on operational conditions and market dynamics to sustain the company's competitive advantage.

(4) The impact of important domestic and international policies and law changes on the Company's finances; response measures

The Company follows domestic and international laws and regulations in its daily operations and keeps abreast of the latest policy development trends and regulatory changes to effectively handle changes in the market situations and adopt appropriate reaction strategies to reduce impacts of important domestic and international policies and law changes on the Company's finances. The Company has not been impacted by any major domestic and international policies and law changes on its finances and operations in recent years and up until the date of the issuance of the annual report of the shareholders' meeting.

(5) The impact of technological changes and industrial changes on the Company's finances; response measures

The management of the Company has been paying close attention to industrial trends and related technological changes so as to quickly update on industry situations and market information and evaluate how they will impact on the Company's operations. The Company hasn't been impacted

by any major changes in technology and the industry on its finances and operations in recent years and up until the date of the issuance of the annual report of the shareholders' meeting.

- (6) The impact of changing corporate image on corporate crisis management; response measures.  
Since its establishment, the Company has done nothing but focusing on its core operations, abiding by relevant laws and regulations, and actively fortifying in-house management and improving management quality and performance in order to maintain a good corporate image and increase customer trust. As a result, the Company hasn't been impacted by any changes in corporate image on its finances and operations in recent years and up until the date of the issuance of the annual report of the shareholders' meeting. Nevertheless, in view of the potential damage a corporate crisis can do to the Company, various corporate governance requirements are strictly enforced to minimize the possibility of any occurrence of corporate crisis that may impact on the Company.
- (7) Expected benefits and possible risks of M&A:  
The Company has not had any M&A plan in recent years and up until the date of the issuance of the annual report of the shareholders' meeting. In the future, if there is a M&A plan, the Company will follow the "Regulations Governing the Acquisition and Disposal of Assets" to conduct a variety of evaluations and risk control in a prudent manner to ensure protection of the Company's interests and shareholder equity.
- (8) Expected effects and possible risks of plant expansion:  
The Company has not had any plant expansion underway in recent years and up until the date of the issuance of the annual report of the shareholders' meeting.
- (9) Risks response measures for over-concentration of supply sources or client pool:
  - 1) Risks response measures on the over-concentration of supply sources  
The Company maintains tight cooperation with a number of game developers or distributors, so the sources of games, no matter sole agent or intermodal, are considered stable and well-diversified. In addition, the channels and platforms for the game players to store values are diversified, so there should be little risk of over-concentration, shortage or interruption.
  - 2) Risks response measures on over-concentration of client pool  
The game industry is characterized by players paying for games through cash flow handlers, and the Company has established diversified value-adding channels (e.g., Google Play and Apple App Store, ATM transfer, credit card, ISP small payment, and sales of game point cards). In addition, as the end user of the Company's exclusive games are the players rather than the cash flow handlers, the convenience of storing value is as important as the game itself in attracting players. Even if the amount of sales to a single cash flow handler (such as Google and Apple) is relatively large, it does not have a significant impact on the Company.

(10) Impacts, risks response measures on the issue that large numbers of shares are transferred or replaced by directors, supervisors or major shareholders holding more than 10% of company shares: none.

(11) The impacts and risks of changes in management on the Company; response measures: none.

(12) Litigation or non-litigation

1. The ruled or on-going litigation, non-litigation or administrative suits in recent years and up until the date of the issuance of the annual report that may have significant impacts on shareholders' equity or securities prices: none.

2. The ruled or on-going litigation, non-litigation or administrative suits, involving the Company's directors, supervisors, general manager, subsidiaries and major shareholders holding over 10% of company shares, in recent years and up until the date of the issuance of the annual report that may have significant impacts on shareholders' equity or securities prices: none.

(13) Information security risk assessment and response measures :

1. In addition to protecting the company's business secrets, the company also strengthens the security of players' personal information in accordance with the Personal Data Protection Act and continuously optimizes the DDOS defense function to eliminate online attacks before the launch of online games and protect the rights of players.

2. The information personnel of the Company's management department are responsible for company-wide information security governance, planning, supervision, and promotion of implementation. They report regularly to the president and relevant supervisors on the status of information security governance, ensure information security objectives and strategies, and cultivate good information security awareness among employees.

(14) Other important risks response measures: none.

7. Other important matters: none.

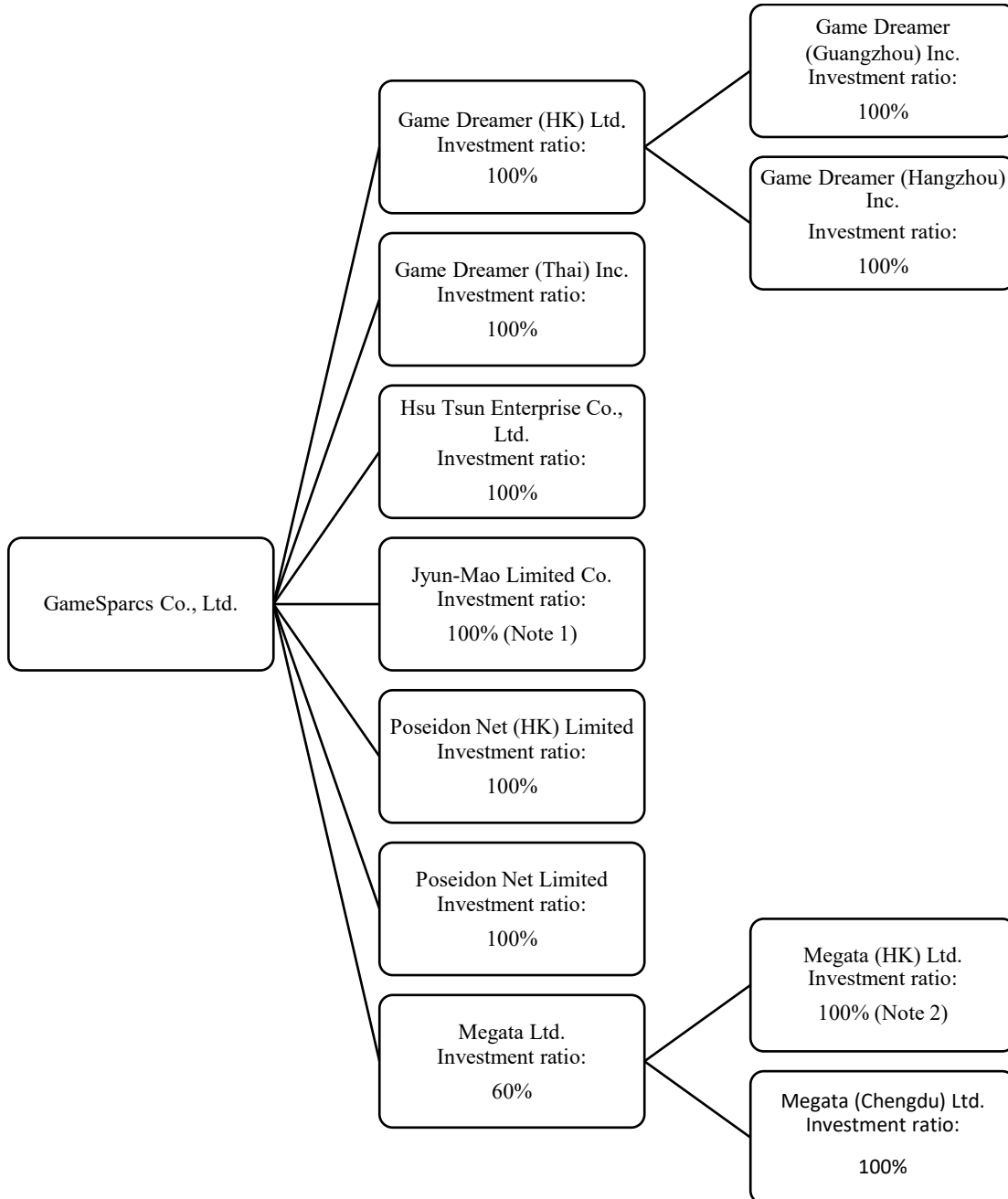
## VIII. Special Notes

### 1. Related information of affiliates

#### (1) Consolidated business reports of affiliates

##### 1. Affiliates overview

##### (1) Organizational chart of affiliates (as of March 31, 2024)



Note 1 : The Board had agree to disband Jyun Mao Co., Ltd., subsequent matters will be handled in accordance with government regulations. As of March 31, 2024, the procedural had not been completed.

Note 2 : The Board of Megata Co., Ltd. had agree to disband Megata (HK) Ltd., subsequent matters will be handled in accordance with government regulations. As of March 31, 2024, the procedural had not been completed.

(2) Basic information of each affiliate (as of March 31, 2024)

NT\$ and foreign currency thousands

Investee Company Name	Date of Establishment	Address	Amount of Paid-in Capital	Major Operations
Game Dreamer (HK) Ltd.	February 15, 2013	Workshop No. 8, 17/F Lemi Centure No. 50 Hoi Yuen Road KL	HKD 64,000	Game agency and operation, general advertising services, gaming peripheral products, etc.
Hsu Tsun Enterprise Co., Ltd.	May 2, 2013	Workshop No. 8, 17/F Lemi Centure No. 50 Hoi Yuen Road KL		- Advertising business
Jyun-Mao Limited Co.	June 3, 2013	Workshop No. 8, 17/F Lemi Centure No. 50 Hoi Yuen Road KL		- Game agency and operation, general advertising services, gaming peripheral products, etc.
Game Dreamer (Thai) Inc.	April 10, 2014	553/1502 Floor 15th Building A, The Pallading World Shopping Rutchaprarop Rd., Makkasan, Radchatewi, Bangkok 10400		- Under liquidation
Poseidon Net (HK) Limited	April 12, 2018	Workshop No. 8, 17/F Lemi Centure No. 50 Hoi Yuen Road KL	USD 1,290	Game agency and operation, general advertising services, gaming peripheral products, etc.
Game Dreamer (Guangzhou) Inc.	July 30, 2014	8/F, Building No. 1, No. 199, Guangming South Road, Shiqiao Street, Fanyu District, Guangzhou	HKD 100	Game data processing and game series connection, etc.
Game Dreamer (Hangzhou) Ltd.	June 5, 2019	Room A1501, Huaxing Times Square, No. 478 Wensan Road, Xihu District, Hangzhou City, Zhejiang Province		- Game development.
Megata Ltd.	September 2, 2019	4F.-3, No. 360, Jianxing Rd., North Dist., Taichung City	250,000	Gane software R&D and sales service.
Poseidon Net Limited	October 4, 2018	9F-A, No. 68, Sec. 2 Xianmin Blvd., Banqiao Dist., New Taipei City	35,000	Game agency and operation, general advertising services, gaming peripheral products, etc.
Megata (HK) Ltd.	October 18, 2019	15/F BOC GROUP LIFE ASSURANCE TOWER 136 DES VOEUX RD CENTRAL CENTRAL HONG KONG		- Gane software R&D and sales service.

Investee Company Name	Date of Establishment	Address	Amount of Paid-in Capital	Major Operations
Megata (Chengdu) Ltd.	May 14, 2020	No.1, 15th Floor, Building 8, No.399, West Section of Fucheng Avenue, Chengdu High-tech Zone, China (Sichuan) Free Trade Pilot Zone	USD 500	Game Development

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(3) Same shareholder information as those presumed to have a controlling and subordinate relationship: None.

(4) Industry segments in which the affiliates operate as a whole:

The main business activities of the Company are game operation and general advertising business, and the main business activities of the investee companies are game agency, operation and advertising business, game software development and design, sales and licensing.

(5) Information on Directors, Supervisors and Presidents of Affiliates

Affiliates' Name	Title	Name or Representative	March 31, 2024 Shareholding	
			Shares	%
Game Dreamer (HK) Ltd.	Director	Ku, Kang-Wei	-	-
Hsu Tsun Enterprise Co., Ltd.	Director	Ku, Kang-Wei	-	-
Jyun-Mao Limited Co. (Note 1)	Director	Ku, Kang-Wei	-	-
Game Dreamer (Thai) Inc.	Director	Hsiung, Chia-Chi	-	-
Game Dreamer (Guangzhou) Inc.	Director	Ku, Kang-Wei	-	-
Game Dreamer (Hangzhou) Ltd.	Director	Wu, Wei	-	-
Megata Ltd.	Director	GameSpracsCo., Ltd. Representative: Ku, Kang-Wei	15,000,000	60%
	Director	GameSpracsCo., Ltd. Representative: Ku, Che-Ming	15,000,000	60%
	Director	X-Legend Entertainment Corp Representative: Chang, Feng-Chi	10,000,000	40%
	Supervisor	Lin, Chia-An	-	-
Megata (HK) Ltd. (Note 2)	Director	Ku, Kang-Wei	-	-
Megata (Chengdu) Ltd.	Director	Wu, Wei	-	-
Poseidon Net (HK) Limited	Director	Yeh, Chi-Hung	-	-
Poseidon Net Limited	Chairperson	GameSpracsCo., Ltd. Representative: Yeh, Chi-Hung	3,500,000	100%



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Note 2 : The Board of Megata Co., Ltd. had agree to disband Megata (HK) Ltd., subsequent matters will be handled in accordance with government regulations. As of March 31, 2024, the procedural had not been completed.

## 2. Overview of affiliates' operations (Profit or loss as of December 31, 2023)

Unit: NT\$ thousands

Affiliates' Name	Amount of Capital	Total Assets Value	Total Liabilities	Net Worth	Operating Revenue	Operating Profit or Loss	Profit or Loss for the Period (after Tax)	Earnings per Share (Yuan) (after Tax)
Game Dreamer (HK) Ltd.	251,456	77,576	13,631	63,945	38,868	13,257	13,043	0.20
Hsu Tsun Enterprise Co., Ltd.	-	97	141	(44)	-	(16)	(15)	-
Jyun-Mao Limited Co. (Note 1)	82,509	-	-	-	23	(14)	23	-
Game Dreamer (Thai) Inc.	-	-	-	-	-	-	-	-
Game Dreamer (Guangzhou) Inc.	7,858	12,650	2,250	10,400	-	(182)	(154)	-
Game Dreamer (Hangzhou) Ltd.	-	13,850	6,520	7,330	48,540	827	1,081	-
Megata Ltd.	250,000	266,052	52,943	213,109	302,734	(5,279)	207	0.01
Megata (HK) Ltd. (Note 2)	9,212	5,632	-	5,632	4	(319)	(323)	-
Poseidon Net (HK) Limited	39,597	82,690	3,314	79,376	47,939	(10,618)	(8,692)	(6.08)
Poseidon Net Limited	35,000	36,014	10,931	25,083	55,534	14,008	9,643	2.76
Megata (Chengdu) Ltd.	15,353	12,301	3,055	9,245	32,856	222	191	-

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Note 2 : The Board of Megata Co., Ltd. had agree to disband Megata (HK) Ltd., subsequent matters will be handled in accordance with government regulations. As of March 31, 2024, the procedural had not been completed.

(2) Consolidated financial statements of affiliates:

**GAMESPARCS CO., LTD.**

**REPRESENTATION LETTER**

The entities that are required to be included in the combined financial statements of GameSparcs Co., Ltd. as of and for the year ended December 31, 2022, 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 the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, GameSparcs Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

GameSparcs Co., Ltd.

By

Chairperson □ Ku, Kang-Wei

March 7, 2024

2. Private placements of marketable securities for the most recent year and up to the date of publication of the annual report: N/A
3. For the most recent year and as of the date of printing of the annual report, the subsidiaries held or disposed of the Company's shares: N/A
4. Other necessary supplementary notes:

According to the letter No. 1020200236 dated March 21, 2013, the following items were disclosed as outstanding commitments:

<b>Over-the-counter commitments</b>	<b>Commitments</b>
<p>Undertaking to add to "Procedures for the Acquisition or Disposal of Assets" that "In the event that the Company loses substantial control over Game Dreamer Limited, Game Dreamer Technology (Hong Kong) Limited and Game Dreamer (Guangzhou) Limited as a result of the Company's direct or indirect waiver of capital increase in each of these companies in future years, or direct or indirect disposal of its shareholdings in these companies, a special resolution of the Board of Directors of the Company shall first be required, and The independent directors shall attend and express their opinions. The contents of the above resolution and any subsequent amendments to the Regulations shall be disclosed by entering material information on the Market Observation Post System and reported to the OTC for review.</p>	<p>The Company has proposed to amend the relevant provisions of "Procedures for the Acquisition or Disposal of Assets" in the Board of Directors' Meeting and the Audit Committee on July 06 2016, and announced the implementation after the approval in the Ordinary General Meeting of Shareholders on June 13, 2017.</p>

5. For the most recent year and as of the date of the annual report, matters that had a significant impact on shareholders' equity or securities prices as defined in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act: N/A

GameSparcs Co., Ltd.

Chairperson: Ku, Kang-Wei

Date of publication: May 10, 2024

**GAME SPARCS**  
隆中網絡股份有限公司