Soft-World International Corporation

Parent Company Only Financial Statements for the Years Ended December 31, 2018 and 2017 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Soft-World International Corporation

Opinion

We have audited the accompanying parent company only financial statements of Soft-World International Corporation (the Corporation), which comprise the parent company only balance sheets as of December 31, 2018 and 2017, the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Corporation's parent company only financial statements for the year ended December 31, 2018 is stated as follows.

Recognition of Revenue

As disclosed in Note 4 to the parent company only financial statements, the Corporation is an agent in its exclusive card (MyCard) transactions, and other financial liabilities are recognized at the time when MyCard points are sold. When the customers used MyCard in exchange for game points via the online platform, the Corporation recognized service revenue for the net amount after deducting receipts needed to be transferred to the related game operators. We considered the risk of material misstatement of the recognition of revenue as the risk of not correctly recording the aforementioned game points after they have been exchanged for, and the recognized revenue might not be the net amount. Therefore, we focused on the correctness of the recognition of service revenue.

The main audit procedures which we performed included the following:

1. We tested the shipping orders and collection of MyCard on a sample basis to confirm the amounts as each unit of MyCard was shipped and recognized as other financial liabilities.

2. We understood the mechanism for the exchange of MyCard for games and the mechanism of verifying deposits effectively, and reviewed the programming code's effectiveness on a sample basis.

3. We implemented computer-assisted audit techniques to test the accuracy of the points which were deposited, exchanged and consumed; we verified whether the information of exchange and consumption on the MyCard platform was the same as that of the reporting period.

4. We tested the amounts transferred from other financial liabilities, and verified the game operators' contracts to calculate the amount needed to be transferred to the related game operators, as well as to confirm service revenue for the net amount was accurate.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

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

Those charged with governance, including the supervisors, are responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chiu-Yen Wu and Jia-Ling Chiang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 21, 2019

<u>*Notice to Readers*</u>

The accompanying parent company only financial statements are intended only to present the parent company only financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally applied in the Republic of China.

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

SOFT-WORLD INTERNATIONAL CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	December 31, 2018		December 31, 2017	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 2,477,867	25	$ 2,427,673	25
Notes receivable (Notes 4, 5 and 7)	2,226	-	41,350	1
Notes receivable - related parties (Notes 4, 5, 7 and 28)	-	-	530	-
Accounts receivable, net (Notes 4, 5 and 7)	77,532	1	1,977,652	21
Accounts receivable - related parties (Notes 4, 5, 7 and 28)	67,969	1	110,119	1
Other receivables (Notes 4 and 7)	1,796,372	18	17,215	-
Other receivables - related parties (Notes 4, 7 and 28)	221,871	2	6,538	-
Inventories (Notes 4 and 8)	25,379	1	34,341	-
Other financial assets - current (Notes 9 and 29)	1,292,589	13	1,193,979	12
Other current assets	113,343	1	105,325	1
Total current assets	6,075,148	62	5,914,722	61
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4 and 10)	312,574	3	-	-
Available-for-sale financial assets - noncurrent (Notes 4 and 11)	-	-	241,108	3
Financial assets measured at cost - noncurrent (Notes 4 and 12)	-	-	45,500	-
Investments accounted for using the equity method (Notes 4 and 13)	3,028,149	31	3,096,630	32
Property, plant and equipment (Notes 4, 14 and 29)	351,923	4	354,512	4
Other intangible assets (Notes 4 and 15)	27,151	-	3,319	-
Deferred tax assets (Notes 4 and 23)	34,864	-	31,546	-
Refundable deposits	2,839	-	3,242	-
Other financial assets - noncurrent (Note 9)	9,358	-	7,089	-
Other noncurrent assets	-	-	148	-
Total non-current assets	3,766,858	38	3,783,094	39
TOTAL	$ 9,842,006	100	$ 9,697,816	100

	December 31, 2018		December 31, 2017	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Contract liabilities - current (Note 21)	$ 86,338	1	$ -	-
Notes payable (Note 16)	9,897	-	21,299	-
Notes payable - related parties (Notes 16 and 28)	157,689	2	145,387	2
Accounts payable (Note 16)	43,477	-	2,189,580	23
Accounts payable - related parties (Notes 16 and 28)	60,144	1	168,653	2
Other payables (Notes 17 and 19)	2,674,167	27	496,905	5
Other payables - related parties (Note 28)	253,687	2	10,156	-
Current tax liabilities (Notes 4 and 23)	77,893	1	69,610	1
Provisions - current (Note 4)	-	-	1,888	-
Other financial liabilities - current (Notes 4 and 18)	687,411	7	-	-
Advances received (Notes 4 and 18)	-	-	787,481	8
Deferred revenue - current (Notes 4 and 28)	-	-	16,069	-
Other current liabilities	12,425	-	17,558	-
Total current liabilities	4,063,128	41	3,924,586	41
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 23)	21,858	-	14,108	-
Net defined benefit liabilities (Notes 4 and 19)	81,342	1	79,932	1
Guarantee deposits received	225	-	395	-
Other noncurrent liabilities (Note 13)	5,187	-	5,570	-
Total non-current liabilities	108,612	1	100,005	1
Total liabilities	4,171,740	42	4,024,591	42
EQUITY (Note 20)				
Share capital	1,274,743	13	1,274,743	13
Capital surplus	1,744,934	18	1,529,865	16
Retained earnings				
Legal reserve	930,645	10	888,889	9
Special reserve	25,117	-	25,117	-
Unappropriated earnings	1,981,052	20	1,821,197	19
Total retained earnings	2,936,814	30	2,735,203	28
Other equity	163,078	2	133,414	1
Treasury shares	(449,303)	(5)	-	-
Total equity	5,670,266	58	5,673,225	58
TOTAL	$ 9,842,006	100	$ 9,697,816	100

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

SOFT-WORLD INTERNATIONAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
NET OPERATING REVENUE (Notes 4 and 21)	$ 2,402,463	100	$ 14,425,722	100
OPERATING COSTS (Notes 4, 8, 22 and 28)	408,544	17	12,498,369	86
GROSS PROFIT	1,993,919	83	1,927,353	14
REALIZED GAIN ON TRANSACTIONS	16,069	1	2,657	-
REALIZED GROSS PROFIT	2,009,988	84	1,930,010	14
OPERATING EXPENSES (Note 22)				
Selling and marketing expenses	1,250,383	52	1,246,473	9
General and administrative expenses	183,645	8	147,925	1
Research and development expenses	38,609	1	23,419	-
Expected credit loss (Note 7)	14,668	1	-	-
Total operating expenses	1,487,305	62	1,417,817	10
OPERATING INCOME	522,683	22	512,193	4
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 22)	37,112	1	34,492	-
Other gains and losses (Note 22)	12,316	-	63,109	1
Share of profit (loss) of subsidiaries and associates accounted for using the equity method (Note 4)	15,966	1	(93,172)	(1)
Total non-operating income and expenses	65,394	2	4,429	-
PROFIT BEFORE INCOME TAX	588,077	24	516,622	4
INCOME TAX EXPENSE (Notes 4 and 23)	126,755	5	99,064	1
NET PROFIT FOR THE YEAR	461,322	19	417,558	3
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	(6,314)	-	(2,096)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 20)	25,966	1	-	-
Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method	(5,924)	-	1,168	-

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SOFT-WORLD INTERNATIONAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 23)	$ 1,956	-	$ 357	-
	15,684	1	(571)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 20)	11,140	-	(44,330)	-
Unrealized loss on available-for-sale financial assets (Note 20)	-	-	(141,128)	(1)
Share of other comprehensive gain (loss) of subsidiaries and associates accounted for using the equity method (Note 20)	1,034	-	(16,597)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 20 and 23)	(2,956)	-	7,490	-
	9,218	-	(194,565)	(1)
Other comprehensive income (loss) for the year, net of income tax	24,902	1	(195,136)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 486,224	20	$ 222,422	2
EARNINGS PER SHARE (Note 24)				
Basic	$ 3.70		$ 3.28	
Diluted	$ 3.68		$ 3.26	

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

(Concluded)

SOFT-WORLD INTERNATIONAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity					
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Subtotal	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2017	$ 1,274,743	$ 1,521,190	$ 846,793	$ 25,117	$ 1,701,255	$ 19,356	$ 308,623	$ -	$ 327,979	$ -	$ 5,697,077
Appropriation of 2016 earnings (Note 20)											
Legal reserve	-	-	42,096	-	(42,096)	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(254,949)	-	-	-	-	-	(254,949)
	-	-	42,096	-	(297,045)	-	-	-	-	-	(254,949)
Net profit in 2017	-	-	-	-	417,558	-	-	-	-	-	417,558
Other comprehensive loss in 2017, net of income tax	-	-	-	-	(571)	(39,941)	(154,624)	-	(194,565)	-	(195,136)
Total comprehensive income (loss) in 2017	-	-	-	-	416,987	(39,941)	(154,624)	-	(194,565)	-	222,422
Changes in percentage ownership interests in subsidiaries	-	2,347	-	-	-	-	-	-	-	-	2,347
Changes in capital surplus from investments in associates accounted for using the equity method	-	6,328	-	-	-	-	-	-	-	-	6,328
BALANCE AT DECEMBER 31, 2017	1,274,743	1,529,865	888,889	25,117	1,821,197	(20,585)	153,999	-	133,414	-	5,673,225
Effect of retrospective application and retrospective restatements (Note 3)	-	-	-	-	-	-	(153,999)	153,999	-	-	-
BALANCE AT JANUARY 1, 2018 AS RESTATED	1,274,743	1,529,865	888,889	25,117	1,821,197	(20,585)	-	153,999	133,414	-	5,673,225
Appropriation of 2017 earnings (Note 20)											
Legal reserve	-	-	41,756	-	(41,756)	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(254,949)	-	-	-	-	-	(254,949)
	-	-	41,756	-	(296,705)	-	-	-	-	-	(254,949)
Net profit in 2018	-	-	-	-	461,322	-	-	-	-	-	461,322
Other comprehensive income (loss) in 2018, net of income tax	-	-	-	-	(4,762)	9,218	-	20,446	29,664	-	24,902
Total comprehensive income in 2018	-	-	-	-	456,560	9,218	-	20,446	29,664	-	486,224
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	59,351	-	-	-	-	-	-	-	-	59,351
Changes in percentage ownership interests in subsidiaries	-	145,350	-	-	-	-	-	-	-	-	145,350
Purchase of the Corporation's shares by subsidiaries	-	-	-	-	-	-	-	-	-	(450,715)	(450,715)
Disposal of the Corporation's shares held by subsidiaries	-	9	-	-	-	-	-	-	-	1,412	1,421
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	10,359	-	-	-	-	-	-	-	-	10,359
BALANCE AT DECEMBER 31, 2018	$ 1,274,743	$ 1,744,934	$ 930,645	$ 25,117	$ 1,981,052	$ (11,367)	$ -	$ 174,445	$ 163,078	$ (449,303)	$ 5,670,266

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

SOFT-WORLD INTERNATIONAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 588,077	$ 516,622
Adjustments for:		
Depreciation expenses	5,238	6,142
Amortization expenses	23,502	18,468
Expected credit loss recognized on accounts receivable	14,668	-
Impairment loss recognized on accounts receivable	-	9,638
Interest income	(18,551)	(17,811)
Dividend income	(1,668)	(4,853)
Share of profit (loss) of subsidiaries and associates accounted for using the equity method	(15,966)	93,172
Gain on disposal of investments	-	(67,650)
Loss (gain) on inventories	(672)	703
Realized gain on the transactions with subsidiaries and associates	(16,069)	(2,657)
Others	174	464
Changes in operating assets and liabilities		
Notes receivable	39,124	19,388
Notes receivable - related parties	530	(131)
Accounts receivable	(31,554)	243,842
Accounts receivable - related parties	(40,131)	(1,549)
Other receivables	138,408	(15,529)
Other receivables - related parties	(133,052)	2,269
Inventories	11,187	11,127
Other current assets	(9,571)	6,072
Contract liabilities	20,184	-
Notes payable	(11,402)	(6,498)
Notes payable - related parties	12,302	(125,378)
Accounts payable	(7,131)	72,068
Accounts payable - related parties	1,573	(53,662)
Other payables	83,989	(90,228)
Other payables - related parties	133,449	8,206
Provisions	-	(3,793)
Advances received	-	(151,341)
Other financial liabilities	(33,916)	-
Other current liabilities	(55,000)	(11,750)
Net defined benefit liabilities	(4,904)	(4,256)
Cash generated from operations	692,818	451,095
Interest received	17,992	17,870
Dividends received	125,812	145,340
Income tax paid	(115,040)	(55,018)
Net cash generated from operating activities	721,582	559,287
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of available-for-sale financial assets	-	88,478

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SOFT-WORLD INTERNATIONAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
Acquisition of investments accounted for using the equity method	$ (384,455)	$ (32,298)
Proceeds from sale of subsidiaries	80,053	-
Proceeds from shares return due to capital reduction of investments accounted for using the equity method	36,312	-
Payments for property, plant and equipment	(369)	(12,327)
Increase in refundable deposits	(1,542)	-
Decrease in refundable deposits	1,945	735
Payments for intangible assets	(47,334)	(17,749)
Increase in other financial assets	(1,225,859)	(149,733)
Decrease in other financial assets	1,124,980	-
Net cash used in investing activities	(416,269)	(122,894)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits received	-	20
Decrease in guarantee deposits received	(170)	-
Cash dividends distributed	(254,949)	(254,949)
Net cash used in financing activities	(255,119)	(254,929)
NET INCREASE IN CASH AND CASH EQUIVALENTS	50,194	181,464
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,427,673	2,246,209
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,477,867	$ 2,427,673

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

(Concluded)

SOFT-WORLD INTERNATIONAL CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Soft-World International Corporation (the Corporation) was incorporated in July 1983. The Corporation is mainly engaged in the production, sales and provides agency services of entertainment and commercial software; editing, printing and publishing of game magazines; commercial advertising services; and purchase and sale of entertainment products and accessories of game software.

The Corporation's shares have been trading on the Taipei Exchange since March 2001.

The parent company only financial statements are presented in the Corporation's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Corporation's board of directors on March 21, 2019.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC) and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

   Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Corporation's accounting policies:

   1) IFRS 9 "Financial Instruments" and related amendments

      IFRS 9 supersedes IAS 39 "Financial Instruments: Recognition and Measurement", with consequential amendments to IFRS 7 "Financial Instruments: Disclosures" and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

      <u>Classification, measurement and impairment of financial assets</u>

      On the basis of the facts and circumstances that existed as of January 1, 2018, the Corporation has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

      The following table shows the original measurement categories and carrying amounts under IAS 39 and the new measurement categories and carrying amounts under IFRS 9 for each class of the Corporation's financial assets and financial liabilities as of January 1, 2018.

Financial Assets	Measurement Category IAS 39	IFRS 9	Carrying Amount IAS 39	IFRS 9	Remark
Cash and cash equivalents	Loans and receivables	Amortized cost	$ 2,427,673	$ 2,427,673	b)
Equity securities	Available-for-sale financial assets	Fair value through other comprehensive income (i.e. FVTOCI) - equity instruments	286,608	286,608	a)
Notes receivable, accounts receivable and other receivables (including related parties)	Loans and receivables	Amortized cost	2,153,404	2,153,404	b)
Other financial assets (current and noncurrent)	Loans and receivables	Amortized cost	1,201,068	1,201,068	b)
Refundable deposits	Loans and receivables	Amortized cost	3,242	3,242	b)

Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Reclassifi-cations	Remea-surements	IFRS 9 Carrying Amount as of 1-Jan-18	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
FVTOCI							
Reclassification from available-for-sale (IAS39)	$ -	$ 286,608	$ -	$ 286,608	$ -	$ -	a)
Amortized cost							
Reclassification from loans and receivables (IAS 39)	$ -	$ 5,785,387	$ -	$ 5,785,387	$ -	$ -	b)

a) The Corporation elected to designate all its investments in equity securities previously classified as available-for-sale under IAS 39 as at FVTOCI under IFRS 9. As a result, the related other equity - unrealized gain on available-for-sale financial assets of $153,999 thousand was reclassified to other equity - unrealized gain on financial assets at FVTOCI.

   Investments in unlisted shares previously measured at cost under IAS 39 have been designated as at FVTOCI under IFRS 9. Consequently, an increase of $45,500 thousand was recognized in financial assets at FVTOC on January 1, 2018.

b) Cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets and refundable deposits that were previously classified as loans and receivables under IAS 39 were classified as at amortized cost with an assessment of expected credit losses under IFRS 9.

2) IFRS 15 “Revenue from Contracts with Customers” and related amendments

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers and supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations. Refer to Note 4 for the related accounting policies.

In identifying performance obligations, IFRS 15 and the related amendments require that a good or service is distinct if it is capable of being distinct and the promise to transfer it is distinct within the context of the contract.

When another party is involved in providing goods or services to a customer, IFRS 15 and related amendments precisely require that for the purpose of identifying the nature of promises in the contracts with customers, the Corporation shall identify each specified good or service first, then assesses whether the Corporation controls goods or services before each specified good or service is transferred to customers. The Corporation is a principal if it controls the specified good or service before that good or service is transferred to a customer. Because a specified good or service is a distinct good or service, the Corporation shall individually identify whether the specified good in the contract is a principal or an agent.

The Corporation is a principal if at least one of the following conditions are met:

a) The Corporation obtains the control of goods or assets from another party before the goods or other assets transferred to customers; or

b) The Corporation controls the right of provision of services by another party, and has the right to direct which party whether provides the services to customers; or

c) The Corporation has control over the acquisition of goods or services from another party to combine them with other goods or services, in order to provide specified goods or services to customers.

Indicators that the Corporation does not control the certain good or service before it is provided to a customer include the following (but not limited to):

a) The Corporation is primarily responsible for fulfilling the promise that providing the certain good or service.

b) The Corporation has inventory risk before or after the certain good or the service transferred to a customer.

c) The Corporation exercises discretion in the setting of prices.

When determining the nature of promises in contracts with customers, based on IFRS 15, if specified goods or services in the Corporation's promises are from another party's operating games, and the Corporation has not obtained control of the specified goods or services before the goods or services transferred to customers, the Corporation shall be an agent in the transaction. Before the application of IFRS 15, there were no regulations for the identification of specified goods or services, the Corporation identified whether it was a principal or agent based on whether the significant risks and rewards of MyCard issued were exposed.

According to IFRS 15 and related amendments, when the nature of the Corporation's promises in granting the licence meets all of the following criteria which means providing the Corporation with the right to access intellectual property, the Corporation shall recognize revenue over time. Conversely, if the granting of licence is the right to access the intellectual property existing at a point in time, revenue shall be recognized at the time when the license is granted:

a) The customer reasonably expects that the Corporation will undertake activities that will significantly affect the intellectual property to which the customer has rights;

b) The rights granted by the licence directly expose the customer to any positive or negative effects of the entity's activities identified in the aforementioned activities undertaken by the Corporation; and

c) Those activities do not result in the transfer of a good or a service to the customer as those activities occur.

If those aforementioned activities are expected to significantly change the form or the functionality of customers' intellectual property, or customers' ability to obtain benefits from the intellectual property is substantially derived from, or dependent upon, those activities, the Corporation's activities will significantly influence customers' rights.

For a sale with a right of return, the Corporation recognizes a refund liability (recognized as other current liabilities) and a right to recover a product (recognized other current assets) when recognizing revenue. Prior to the application of IFRS 15, return provisions and inventories were recognized when recognizing revenue.

The Corporation elected to retrospectively apply IFRS 15 to contracts that were not complete as of January 1, 2018 and recognized the cumulative effect of the change in the retained earnings on January 1, 2018.

The impact on assets, liabilities and equity as of January 1, 2018 from the initial application of IFRS 15 is set out below:

	As Originally Stated	Adjustments Arising from Initial Application	Restated
Inventories	$ 34,341	$ (1,553)	$ 32,788
Accounts receivable, net	1,977,652	(1,931,286)	46,366
Accounts receivable from related parties	110,119	(82,281)	27,838
Other receivables	17,215	1,931,286	1,948,501
Other receivables from related parties	6,538	82,281	88,819
Right to recover a product (other current assets)	-	1,553	1,553
Total effect on assets	$ 2,145,865	$ -	$ 2,145,865
Contract liabilities - current	$ -	$ 66,154	$ 66,154
Accounts payable	2,189,580	(2,138,972)	50,608
Accounts payable from related parties	168,653	(110,082)	58,571
Other payables	496,905	2,138,972	2,635,877
Other payables from related parties	10,156	110,082	120,238
Provisions - current	1,888	(1,888)	-
Other financial liabilities	-	721,327	721,327
Advances received	787,481	(787,481)	-
Refund liabilities - current (other current liabilities)	-	1,888	1,888
Total effect on liabilities	$ 3,654,663	$ -	$ 3,654,663

Had the Corporation applied IAS 18 in the current year, the following adjustments should have been made to reflect the line items and balances under IFRS 15.

Impact on assets, liabilities and equity for 2018

	December 31, 2018
Increase in inventories	$ 4,527
Increase in notes receivable	36,606
Increase in accounts receivable (net)	1,756,015
Increase in accounts receivable from related parties	88,691
Decrease in other receivables	(1,792,621)

(Continued)

	December 31, 2018
Decrease in other receivables from related parties	$ (88,691)
Decrease in other current assets (right to recover a product)	(4,527)
Increase (decrease) in assets	$ -
Decrease in contract liabilities - current	$ (86,338)
Increase in accounts payable	2,275,372
Increase in accounts payable from related parties	247,214
Decrease in other payables	(2,275,372)
Decrease in other payables from related parties	(247,214)
Increase in provisions - current	5,053
Decrease in other financial liabilities	(687,411)
Increase in advances received	773,749
Decrease in other current liabilities (refund liabilities)	(5,053)
Increase (decrease) in liabilities	$ -

(Concluded)

Impact on total comprehensive income for 2018

	For the Year Ended December 31, 2018		
	IFRS 15	IAS 18	Amount Affected
Operating revenue	$ 2,402,463	$ 13,260,981	$ 10,858,518
Operating costs	408,544	11,267,062	10,858,518
Gross profit	$ 1,993,919	$ 1,993,919	$ -

b. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed by the FSC for application starting from 2019

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
IFRS 16 "Leases"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (Note 3)
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: The Corporation shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

1) IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

a) Definition of a lease

Upon initial application of IFRS 16, the Corporation will elect to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 will not be reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

b) The Corporation as lessee

Upon initial application of IFRS 16, the Corporation will recognize right-of-use assets and lease liabilities for all leases on the parent company only balance sheets except for those whose payments under low-value asset and short-term leases will be recognized as expenses on a straight-line basis. On the parent company only statements of comprehensive income, the Corporation will present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the parent company only statements of cash flows, cash payments for the principal portion of lease liabilities will be classified within financing activities; cash payments for the interest portion will be classified within operating activities. Currently, payments under operating lease contracts, are recognized as expenses on a straight-line basis. Cash flows for operating leases are classified within operating activities on the parent company only statements of cash flows. Leased assets and finance lease payables are recognized for contracts classified as finance leases.

The Corporation anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

Lease liabilities will be recognized on January 1, 2019 for leases currently classified as operating leases with the application of IAS 17. Lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets will be measured at an amount equal to the lease liabilities. The Corporation will apply IAS 36 to all right-of-use assets.

The Corporation expects to apply the following practical expedients:

i The Corporation will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

ii The Corporation will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.

iii The Corporation will use hindsight, such as in determining lease terms, to measure lease liabilities.

Anticipated impact on assets and liabilities

	Carrying Amount as of December 31, 2018	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2019
Total effect on assets	$ -	$ 9,122	$ 9,122
Lease liabilities - current	$ -	$ 3,327	$ 3,327
Lease liabilities - non-current	-	5,795	5,795
Total effect on liabilities	$ -	$ 9,122	$ 9,122

c) The Corporation as lessor

The Corporation will not make any adjustments for leases in which it is a lessor and will account for those leases with the application of IFRS 16 starting from January 1, 2019. The application would not have an impact on the Corporation's accounting of lessors.

2) IFRIC 23 "Uncertainty over Income Tax Treatments"

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Corporation should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Corporation concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Corporation should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Corporation should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the Corporation expects to better predict the resolution of the uncertainty. The Corporation has to reassess its judgments and estimates if facts and circumstances change.

Upon initial application of IFRIC 23, the Corporation will recognize the cumulative effect of retrospective application on retained earnings on January 1, 2019, and anticipates that there will be no significant influence.

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Corporation assessed that the application of other standards, amendments and interpretations would not have a material impact on the Corporation's financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The Corporation shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 3: The Corporation shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Corporation sell or contributes assets that constitute a business (as defined in IFRS 3) to an associate, the gain or loss resulting from the transaction is recognized in full. Also, when the Corporation loses control of a subsidiary that contains a business but retains significant influence, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Corporation sells or contributes assets that do not constitute a business to an associate, the gain or loss resulting from the transaction is recognized only to the extent of the Corporation’s interest as an unrelated investor in the associate, i.e. the Corporation’s share of the gain or loss is eliminated. Also, when the Corporation loses control of a subsidiary that does not contain a business but retains significant influence over an associate, the gain or loss resulting from the transaction is recognized only to the extent of the Corporation’s interest as an unrelated investor in the associate, i.e. the Corporation’s share of the gain or loss is eliminated.

2) Amendments to IFRS 3 “Definition of a Business”

The amendments clarify that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process applied to the input that together significantly contribute to the ability to create outputs. The amendments narrow the definitions of outputs by focusing on goods and services provided to customers, and the reference to an ability to reduce costs is removed.

Moreover, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Corporation are continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the parent company only financial statements, the Corporation accounted for subsidiaries and associates using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the account investments accounted for using the equity method, share of profit of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the parent company only financial statements.

c. Classification of current and noncurrent assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

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

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

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

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

For the purposes of presenting the parent company only financial statements, the investments of the Corporation’s foreign operations (including subsidiaries and associates operating in other countries using currencies different from the Corporation’s currency) are translated into the presentation currency - the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of finished goods and merchandise. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost.

f. Investments accounted for using the equity method

The Corporation uses the equity method to account for its investments in subsidiaries and associates.

1) Investments in subsidiaries

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, an investment is initially recognized at cost and adjusted thereafter to recognize the Corporation’s share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation’s share of other equity of subsidiaries attributable to the Corporation.

Changes in the Corporation’s ownership interest in a subsidiary that do not result in the Corporation losing control of the subsidiary are equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Corporation’s share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation’s net investment in the subsidiary), the Corporation continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Corporation’s share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee’s financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Corporation had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the Corporation’s financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the Corporation’s financial statements only to the extent of interests in the subsidiaries that are not related to the Corporation.

2) Investments in associates

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Corporation’s share of the profit or loss and other comprehensive income of the associate. The Corporation also recognizes the changes in the Corporation’s share of equity of associates attributable to the Corporation.

Any excess of the cost of acquisition over the Corporation’s share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

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

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

When impairment loss is evaluated, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increased.

When the Corporation transacts with its associates, profits or losses resulting from these transactions with the associate are recognized in the parent company only financial statements only to the extent of interests in the associate that are not related to the Corporation.

g. Property, plant and equipment

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

Freehold land is not depreciated.

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

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Internally-generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

3) Derecognition of intangible assets

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

i. Impairment of tangible and intangible assets

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

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category of financial assets

<u>2018</u>

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

i Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable at amortized cost, other receivables, other financial assets and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

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

ii Investments in equity instruments at FVTOCI

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

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

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

<u>2017</u>

Financial assets held by the Corporation include available-for-sale financial assets and loans and receivables.

i Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity investments are recognized when the Corporation's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment loss at the end of each reporting period and presented as a separate line item as financial assets measured at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between the carrying amount and the fair value of such financial assets is recognized in other comprehensive income. Any impairment losses are recognized in profit and loss.

ii Loans and receivables

Loans and receivables (including cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets and refundable deposits) are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

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

b) Impairment of financial assets

2018

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

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

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

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

2017

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence, as a result of one or more events that occurred after the initial recognition of such financial assets, that the estimated future cash flows of the investment have been affected.

Financial assets at amortized cost, such as accounts receivable and other receivables, are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Corporation’s past experience with collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with defaults on receivables, and other situations.

For a financial asset at amortized cost, the amount of the impairment loss recognized is the difference between such an asset’s carrying amount and the present value of its estimated future cash flows, discounted at the financial asset’s original effective interest rate.

For a financial asset at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment (at the date on which the impairment is reversed) does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for those financial assets because of financial difficulties.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to impairment is recognized in other comprehensive income.

For a financial asset measured at cost, the amount of the impairment loss is measured as the difference between such an asset's carrying amount and the present value of its estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets, with the exception of accounts receivable and other receivables, where the carrying amount is reduced through the use of an allowance account. When accounts receivable and other receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible accounts receivable and other receivables that are written off against the allowance account.

c) Derecognition of financial assets

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

Before 2018, on derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. Starting from 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

k. Provisions

Provisions are allowances for sales returns measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. If the provisions are based on the measurement of the expected cash flows required to settle the present obligation, the carrying amount of provisions will be equal to the present value of these cash flows.

l. Revenue recognition

2018

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

The Corporation estimates sales returns and allowances based on historical experience and different contracts. To account for the transfer of products with a right of return, the Corporation recognizes revenue and in the meantime, the Corporation also recognizes refund liabilities (classified under other current liabilities) and right to recover a product (classified under other current assets).

1) Sale of goods

Revenue from the sale of goods comes from sales of game points and game magazines. Based on the contract, when game points and game magazines, etc. are transferred to the customer, the customer has full discretion in the determination of prices, has the right of use, has the primary responsibility for sales to future customers, and assumes significant risk of ownership of the goods. The Corporation recognizes the related revenue and accounts receivable at the point of time the goods were transferred.

2) Rendering of services

a) Sales of the exclusive card (MyCard) points issued by the Corporation, are recognized as “Other financial liabilities” before the specified goods or services are transferred to the customers. The Corporation is the agent in the MyCard transaction because the Corporation has not obtained control of the specified goods or services. When the consumers use MyCard in exchange for specified goods or services via the online platform, the Corporation recognizes service revenue for the net amount after deducting receipts needed to be transferred to the related game operators.

b) Other revenue from the rendering of services

Other services refer to the services of advertising design projects, etc. and revenue is recognized when the project has been completed and transferred to the customer.

3) Licensing revenue

When the nature of the Corporation's promises in granting the licences meets all of the following criteria which means providing the Corporation with the right to access the intellectual property, the Corporation shall recognize revenue over time. Conversely, if that granting of the licence is the right to access the intellectual property existing at point in time at which the licence is granted, the Corporation shall recognize revenue when the licence granted is transferred:

a) The customer reasonably expects, that the Corporation will undertake activities that significantly affect the intellectual property to which the customer has rights.

b) The rights granted by the licence directly expose the customer to any positive or negative effects of the entity's activities identified in the above the Corporation's activity; and

c) Those activities do not result in the transfer of a good or a service to the customer as those activities occur.

If those activities above are expected to significantly change the form or the functionality of customers' intellectual property, or customers' abilities to obtain benefit from the intellectual property is substantially derived from, or dependent upon, those activities, the Corporation's activity will significantly influence customers' rights.

Revenue is recognized when royalty is received based on used amounts.

2017

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Allowances for sales returns and liabilities for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

1) Sale of goods

Revenue from the sale of game software and game magazines is recognized when all the following conditions are satisfied:

a) The Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods (agent);

b) The Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) The amount of revenue can be measured reliably;

d) It is probable that the economic benefits associated with the transaction will flow to the Corporation; and

e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

More specifically, revenue from the sales of game software and game magazines is recognized when goods and legal ownership are transferred.

2) Sales of the exclusive card (MyCard)

MyCard issued by the Corporation is recognized as "Advances received" when it is sold, and is subsequently recognized as revenue when consumers use MyCard in exchange for specified goods or services on the online platform.

3) Sale of online game points operated by the Corporation's subsidiaries

The unrealized gross profit from sale of online game points operated by the Corporation's subsidiaries will be deferred and recognized as "Deferred revenue".

4) Royalty revenue

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement provided that it is probable that the economic benefits will flow to the Corporation and the amount of revenue can be measured reliably. Royalties determined on a time basis are recognized on a straight-line basis over the period of the agreement. Royalty arrangements that are based on usage are recognized by reference to the underlying arrangement.

5) Dividend and interest income

Dividend income from investments is recognized when a shareholder's right to receive payment has been established and provided that it is probable that the economic benefits will flow to the Group and that the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Corporation and the amount of income can be measured reliably. Interest income is accrued on a time basis with reference to the principal outstanding and at the applicable effective interest rate.

m. Leasing

Leases are classified as operating leases whenever the terms of a lease do not transfer substantially all the risks and rewards of ownership to the lessee. Operating lease payments are recognized as expenses on a straight-line basis over the lease term.

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

o. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for the acquisition of a subsidiary, the tax effect is included in the accounting for investments in the subsidiary.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

a. Estimated impairment of financial assets - 2018

The provision for impairment of receivables is based on assumptions about risk of default and expected loss rates. The Corporation uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Corporation's past history and existing market conditions. If the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Estimated impairment of receivables - 2017

When there is objective evidence of impairment loss of receivables, the Corporation takes into consideration the estimation of the future cash flows of such assets. The amount of impairment loss is measured as the difference between such an asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If the actual future cash flows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2018	2017
Cash on hand	$ 910	$ 972
Checking accounts	160	160
Demand deposits	1,485,277	1,295,771
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	991,520	1,130,770
	$ 2,477,867	$ 2,427,673

7. NOTES AND ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2018	2017
Notes receivable - unrelated parties		
Operating	$ 2,226	$ 41,350
Notes receivable - related parties (Note 28)		
Operating	$ -	$ 530

(Continued)

	December 31 2018	December 31 2017
Accounts receivable - unrelated parties		
At amortized cost		
Gross carrying amount	$ 78,028	$ 2,041,828
Less: Allowance for impairment loss	496	64,176
	$ 77,532	$ 1,977,652
Accounts receivable - related parties (Note 28)		
Operating	$ 67,969	$ 110,119
Other receivables (including related parties) (Note 28)		
Receivables for receipts under custody	$ 1,948,955	$ -
Less: Allowance for impairment loss - receivables for receipts under custody	67,643	-
	1,881,312	-
Loans receivable from related parties	30,495	-
Other collection receivables	106,436	23,753
	$ 2,018,243	$ 23,753
Other receivables	$ 1,796,372	$ 17,215
Other receivables - related parties (Note 28)	221,871	6,538
	$ 2,018,243	$ 23,753

(Concluded)

2018

a. Notes receivable

At the end of the reporting period, there were no past due notes receivable on which the Corporation did not recognize an allowance for impairment loss.

The aging analysis of notes receivable was as follows:

	December 31, 2018
Up to 90 days	$ 1,044
91-180 days	1,125
181-365 days	57
Total	$ 2,226

The above aging analysis of notes receivable was based on the past due days from the invoice date.

b. Accounts receivable

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

The Corporation applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position. As the Corporation's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Corporation's different customer base.

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

The following table details the loss allowance of accounts receivable based on the Corporation's provision matrix:

	Less than 90 Days	91 to 180 Days	181 to 365 Days	More than 1year	Total
Expected credit loss rate (%)	-	3	30	100	
Gross carrying amount	$ 144,112	$ 714	$ 1,004	$ 167	$ 145,997
Loss allowance (Lifetime ECLs)	-	(22)	(307)	(167)	(496)
Amortized cost	$ 144,112	$ 692	$ 697	$ -	$ 145,501

c. Other receivables

Receipts under custody receivables are from the sale of the Corporation's exclusive card (MyCard). The Corporation sold MyCard to customers by cooperative channels (Note 21), and the average credit period of receivables for channels were 30 to 120 days. Before the application of IFRS 15, the related receivables were recognized as accounts receivable.

The following table details the loss allowance of receipts under custody receivables for MyCard based on the Corporation's provision matrix:

For the year ended December 31, 2018

	Less than 90 Days	91 to 180 Days	181 to 365 Days	More than 1year	Total
Expected credit loss rate (%)	-	3	30	100	
Gross carrying amount	$1,821,387	$ 45,786	$ 24,903	$ 56,879	$1,948,955
Loss allowance (Lifetime ECLs)	-	(1,387)	(9,377)	(56,879)	(67,643)
Amortized cost	$1,821,387	$ 44,399	$ 15,526	$ -	$1,881,312

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

	For the Year Ended December 31,2018		
	Accounts Receivable	Other Receivables	Total
Balance at January 1, 2018 per IAS 39	$ 64,176	$ -	$ 64,176

(Continued)

	For the Year Ended December 31,2018		
	Accounts Receivable	Other Receivables	Total
Adjustment on initial application of IFRS 9	$ -	$ -	$ -
Adjustment on initial application of IFRS 15	(64,068)	64,068	-
Balance at January 1, 2018, as adjusted	108	64,068	64,176
Add: Net remeasurement of loss allowance	388	14,280	14,668
Less: Amounts written off	-	(10,705)	(10,705)
Balance at December 31, 2018	$ 496	$ 67,643	$ 68,139

(Concluded)

2017

a. Notes receivable

At the end of the reporting period, there were no past due notes receivable on which the Corporation did not recognize an allowance for impairment loss.

b. Accounts receivable

The Corporation's 2017 credit policy is the same as the 2018 credit policy described above. The Corporation decides the recoverability of accounts receivable based on any movements of accounts receivable from the date credit was initially granted to the balance sheet date. The allowance for impairment loss is based on the estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

The aging of receivables was as follows:

	December 31, 2018
Up to 60 days	$ 1,877,127
61-90 days	154,683
91-120 days	28,642
Over 121 days	91,495
Total	$ 2,151,947

The above aging schedule was based on the number of past due days from the invoice date.

At the end of the reporting period, there were no past due accounts receivable on which the Corporation did not recognize an allowance for impairment loss.

The movements of the allowance for doubtful accounts receivable were as follows:

	Collectively Assessed for Impairment
Balance at January 1, 2017	$ 55,076
Add: Impairment losses recognized on receivables	9,638
Less: Amounts written off during the period as uncollectible	(538)
Balance at December 31, 2017	$ 64,176

8. INVENTORIES

	December 31	
	2018	2017
Finished goods	$ 493	$ 407
Merchandise	24,886	32,381
Allowance for sales returns of merchandise and finished goods	-	1,553
	$ 25,379	$ 34,341

Loss on write-downs of inventories recognized as cost of inventories in the table above for the years ended December 31, 2018 and 2017 was $13,718 thousand and $14,718 thousand, respectively.

The operating costs for the years ended December 31, 2018 and 2017 was $408,544 thousand and $12,498,369 thousand, respectively, which includes the following:

	For the Year Ended December 31, 2018	
	2018	2017
Gain on reversal of write-downs	$ (1,000)	$ (1,033)
Loss on disposal	328	1,736
	$ (672)	$ 703

9. OTHER FINANCIAL ASSETS

	December 31	
	2018	2017
Pledged demand deposits (Note 29)	$ 17,359	$ 33,999
Pledged time deposits (Note 29)	-	35,000
Restricted deposits	9,358	7,089
Time deposits with original maturities of more than 3 months	1,275,230	1,124,980
	$ 1,301,947	$ 1,201,068
Current	$ 1,292,589	$ 1,193,979
Non-current	9,358	7,089
	$ 1,301,947	$ 1,201,068

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT - 2018

	December 31, 2018
Listed shares	$ 117,474
Private - placement shares of listed companies	149,600
Foreign unlisted shares	45,500
	$ 312,574

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes. These investments in equity instruments were classified as available-for-sale under IAS 39. Refer to Note 3, Note 11 and Note 12 for information relating to their reclassification and comparative information for 2017.

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS - NONCURRENT - 2017

	December 31, 2017
Listed shares	$ 128,708
Private - placement shares of listed companies	112,400
	$ 241,108

12. FINANCIAL ASSETS MEASURED AT COST - NONCURRENT - 2017

	December 31, 2017
China Digital Interactive Technology Group Co., Ltd.	$ 45,500
Classified according to financial asset measurement categories	
Available-for-sale financial assets	$ 45,500

Management considered the above unlisted equity investments held by the Corporation had fair values which cannot be reliably measured, because the range of reasonable fair value estimates was too significant and the estimated probabilities could not be assessed reasonably. Therefore, they were measured at cost less impairment at the end of the reporting period.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2018	2017
Investments in subsidiaries	$ 3,006,501	$ 3,070,046
Investments in associates	21,648	26,584
	$ 3,028,149	$ 3,096,630

a. Investments in subsidiaries

	December 31	
	2018	2017
Listed company		
Chinese Gamer International Corporation (Chinese Gamer)	$ 493,096	$ 628,026

(Continued)

	December 31	
	2018	2017
Unlisted company		
Game Flier International Corporation (Game Flier)	$ 713,434	$ 761,301
Soft-World International (Hong Kong) Corporation	514,906	487,639
Pay2go Technology Corporation (Pay2go)	-	329,210
Neweb Technologies Co., Ltd.	445,132	-
Game First International Corporation (Game First)	250,445	344,815
Global Concept Corporation (Global Concept)	239,486	218,338
Zealot Digital International Corporation	78,344	85,217
Efun International Corporation	122,877	-
Jhih Long Venture Capital Corporation (Jhih Long)	7,430	110,584
Soft-World Technology Pte. Ltd.	20,479	23,584
Fast Distributed Cloud Computing Co.,Ltd.	34,506	19,474
Interactive Entertainment Technology Co., Ltd. (Interactive Entertainment)	15,424	15,394
Re: Ad Media Corporation (Re: Ad Media)	6,538	15,217
Smartpath Digital Technology Co., Ltd.	-	19,674
Dynasty International Information Corporation	14,213	4,932
Efun International Co., Ltd.	6,201	6,349
Long Xiang Investment Corporation (Long Xiang)	19,273	-
CELAD Incorporated (CELAD)	1,384	-
Re: Ad Media (Taiwan) Corporation (Re: Ad Media (Taiwan))	21,241	-
Jorsen Technology Co., Ltd (Jorsen)	-	(3,501)
Sofaman Corporation (Sofaman)	(5,187)	(2,069)
Zealot	(4,854)	(5,785)
	2,994,368	3,058,399
Credit balance of long-term investments offset with prepayment of long-term investments	6,946	6,077
Credit balance of long-term investments reclassified to other liabilities	5,187	5,570
	$ 3,006,501	$ 3,070,046

(Concluded)

	Proportion of Ownership and Voting Rights (%)	
	December 31	
	2018	2017
Chinese Gamer	49	51
Game Flier	98	98
Soft-World (Hong Kong)	100	100
Pay2go	-	89
Neweb Technologies	50	-
Game First	70	70
Global Concept	100	100
Zealot Digital	99	99
Efun International Corporation	89	-
Jhih Long	13	50
Soft-World Technology Pte. Ltd.	100	100
Fast Distributed Cloud	100	100

(Continued)

	Proportion of Ownership and Voting Rights (%)	
	December 31	
	2018	2017
Interactive Entertainment	80	80
Re: Ad Media	51	51
Smartpath Digital	-	100
Dynasty	86	86
Efun International Corporation	89	89
Long Xiang	44	-
CELAD	25	-
Re: Ad Media (Taiwan)	51	-
Jorsen	-	85
Sofaman	60	60
Zealot	100	100

(Concluded)

Information on the market price of investments in listed companies accounted for using the equity method on the balance sheet date calculated based on the stock closing price is as follows:

	December 31	
	2018	2017
Chinese Gamer	$ 1,537,004	$ 1,676,224

For a brief description of each long-term investment, refer to Table 6. The related main changes are as follows:

1) Part of Chinese Gamer's shares were sold in the current period, and the disposal price was $79,478 thousand. The difference between the disposal price and book value was recognized as capital surplus - the difference between the consideration received and the carrying amount of the subsidiaries' net assets during actual disposal was $59,351 thousand.

2) As of December 31, 2018 and 2017, the investments in Game Flier in which the Corporation continually increased its holdings amounted to $12 thousand and $55 thousand, respectively. As of December 31, 2018, the amount of investments in Game Flier was $217,846 thousand.

3) The Corporation acquired Neweb Technologies and its subsidiaries' shares by exchanging the shares of its original subsidiaries, Smartpath Digital and Pay2go. The record date for the exchange of shares was April 9, 2018. Under IFRS 3: Business Combinations, the aforementioned transaction was deemed as a reverse acquisition of Neweb Technologies, refer to Note 28: Business Combinations to the consolidated financial statements for the year ended December 31, 2018 for the details.

4) Game First carried out a capital reduction in June 2018, and the Corporation decreased its investment according to the proportion of capital reduction and received a refund of shares of $30,800 thousand. As of December 31, 2018, the amount of investments the Corporation held in Game First International Corporation was $27,813 thousand.

5) Efun International Corporation carried out a capital reduction for offsetting accumulated deficits of $20,876 thousand in June 2018. In the same month, Efun International Corporation increased capital by cash of $80,000 thousand, of which the Corporation's subsidiary Efun International Co. Ltd. waived the right, and the Corporation subscribed for shares amounting to $70,952 thousand; The Corporation acquired Efun International Corporation's shares from Efun International Co. Ltd. in the amount of $6,318 thousand in August 2018. As of December 31, 2018, the amount of

investments in Efun International Corporation was $77,270 thousand.

6) Jhih Long increased capital by cash in May and September 2018, respectively, and the Corporation did not subscribe for the shares by the original shareholding percentage, and thus, the Corporation's shareholding ratio decreased to 13%. The Corporation and its subsidiaries have 100% ownership of Jhih Long, and has the practical ability to direct the relevant activities of Jhih Long unilaterally. Therefore, Jhih Long was recognized as a subsidiary of the Corporation.

7) Re: AD executed a capital reduction in October 2018, and the Corporation decreased its investment according to the proportion of capital reduction and received a refund of shares of $5,512 thousand. As of December 31, 2018, the amount of investments in Re: AD was $5,247 thousand.

8) In May 2018, the Corporation and its subsidiary Chinese Gamer collectively invested in and established Long Xiang, whose main business was investment. As of December 31, 2018, the amount of the investments in Long Xiang was $250,000 thousand.

9) CELAD increased capital by cash in June 2018, and the Corporation's subsidiary Chinese Gamer waived the right. In the meantime, the Corporation subscribed for shares win the amount of $10,000 thousand. As of December 31, 2018, the amount of investments in CELAD was $10,000 thousand.

10) Re: Ad Media (Taiwan) increased capital by cash of $20,000 thousand, and the Corporation subscribed for shares with $10,200 thousand; In addition, the Corporation acquired the shares Re: Ad Media (Taiwan) from the Corporation's subsidiary Re: Ad Media, and invested $3,894 thousand. As of December 31, 2018, the amount of investments in Re: Ad Media (Taiwan) was $14,094 thousand.

11) Jorsen increased capital by cash in February 2018, and the Corporation subscribed for the shares for $3,703 thousand by the original shareholding percentage. In September 2018, Jorsen completed liquidation, and refunded $575 thousand in distributable assets.

12) Sofaman executed capital reduction for offsetting accumulated deficits in May 2017, and the Corporation decreased the amount of investments by $8,994 thousand according to the percentage of capital reduction. In the meantime, Sofaman increased capital by cash of $4,600 thousand, and the Corporation invested $2,760 thousand by the original shareholding percentage. As of December 31, 2018, investments in Sofaman was $2,766 thousand.

13) The Corporation increased investments in Zealot which amounted to $25,417 thousand（SGD1,122 thousand）and $29,483 thousand（SGD1,334 thousand）for the years ended December 31, 2018 and 2017, respectively. As of December 31, 2018 and 2017, investments of $6,946 thousand（SGD304 thousand）and $6,077 thousand （SGD270 thousand）have not completed the procedures for change in registration. As of December 31, 2018, the Corporation's investments in Zealot amounted to $261,882 thousand（100% ownership）. The Corporation has the intention to continuously support Zealot's operations, and thus continually recognized its loss. As of December 31, 2018 and 2017, the amount of long-term investments was negative, and therefore the Corporation wrote-off its prepaid long-term investments that amounted to $6,946 thousand and $6,077 thousand, respectively.

Except for the investments in some non-significant subsidiaries, the share of profit or loss and other comprehensive income of subsidiaries, were calculated based on the audited financial statements. The Corporation's management considered that if the unaudited financial statements were audited, there would not be a material impact on both the investments and income accounted for using the equity method.

b. Investments in associates

	December 31	
	2018	**2017**
Investments in associates - associates that are not individually material	$ 21,648	$ 26,584

Aggregate information of associates that are not individually material：

	For the Year Ended December 31, 2018	
	2018	**2017**
The Corporation’s share of:		
Total loss and other comprehensive loss for the year	$ (8,894)	$ (14,244)

In April and November 2017, We Can Financial Technology increased capital by cash that amounted to $50,000 thousand in total, and the Corporation did not subscribe for the shares by the original shareholding percentage. The Corporation increased its investments by $3,959 thousand and acquired 11% ownership of We Can Financial Technology Co., Ltd. As of December 31, 2018, the amount of investments in We Can Financial Technology Co., Ltd was $23,959 thousand.

Except for some associates, the share of profit or loss and other comprehensive income of associates for the years ended December 31, 2018 and 2017, were calculated based on the audited financial statements. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements which have not been audited.

14. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2018

	Freehold Land	Buildings	Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Total
Cost							
Balance at January 1, 2018	$ 215,321	$ 183,407	$ 14,657	$ 2,670	$ 1,098	$ 2,799	$ 419,952
Additions	-	-	2,469	-	180	-	2,649
Disposals	-	-	(11,511)	(2,670)	(1,098)	(2,444)	(17,723)
Balance at December 31, 2018	$ 215,321	$ 183,407	$ 5,615	$ -	$ 180	$ 355	$ 404,878
Accumulated depreciation							
Balance at January 1, 2018	$ -	$ 45,459	$ 13,867	$ 2,670	$ 1,098	$ 2,346	$ 65,440
Disposals	-	4,304	633	-	25	276	5,238
Depreciation expenses	-	-	(11,511)	(2,670)	(1,098)	(2,444)	(17,723)
Balance at December 31, 2018	$ -	$ 49,763	$ 2,989	$ -	$ 25	$ 178	$ 52,955
Carrying amounts at December 31, 2018	$ 215,321	$ 133,644	$ 2,626	$ -	$ 155	$ 177	$ 351,923

For the year ended December 31, 2017

	Freehold Land	Buildings	Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Total
Cost							
Balance at January 1, 2017	$ 209,513	$ 177,215	$ 14,330	$ 2,670	$ 1,098	$ 2,799	$ 407,625
Additions	5,808	6,192	327	-	-	-	12,327
Balance at December 31, 2017	$ 215,321	$ 183,407	$ 14,657	$ 2,670	$ 1,098	$ 2,799	$ 419,952

(Continued)

	Freehold Land	Buildings	Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Total
Accumulated depreciation							
Balance at January 1, 2017	$ -	$ 41,279	$ 12,651	$ 2,670	$ 1,098	$ 1,600	$ 59,298
Depreciation expenses	-	4,180	1,216	-	-	746	6,142
Balance at December 31, 2017	$ -	$ 45,459	$ 13,867	$ 2,670	$ 1,098	$ 2,346	$ 65,440
Carrying amounts at December 31, 2017	$ 215,321	$ 137,948	$ 790	$ -	$ -	$ 453	$ 354,512

(Concluded)

The following items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	25-55years
Equipment	2-10years
Transportation Equipment	5years
Office Equipment	5years
Miscellaneous Equipment	3-5years

15. OTHER INTANGIBLE ASSETS

For the year ended December 31, 2018

	Computer Software
Cost	
Balance at January 1, 2018	$ 45,475
Additions	47,334
Write-off	(37,563)
Balance at December 31, 2018	$ 55,246
Accumulated amortization	
Balance at January 1, 2018	$ 42,156
Amortization expenses	23,502
Write-off	(37,563)
Balance at December 31, 2018	$ 28,095
Carrying amount at December 31, 2018	$ 27,151

For the year ended December 31, 2017

	Computer Software
Cost	
Balance at January 1, 2017	$ 27,726
Additions	17,749
Balance at December 31, 2017	$ 45,475

(Continued)

	Computer Software
Accumulated amortization	
Balance at January 1, 2017	$ 23,688
Amortization expenses	18,468
Balance at December 31, 2017	$ 42,156
Carrying amount at December 31, 2017	$ 3,319

(Concluded)

The above intangible assets are depreciated on a straight-line basis over their estimated useful lives of 1 to 3 years.

16. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31	
	2018	2017
Notes payable - unrelated parties		
Operating	$ 9,897	$ 21,299
Notes payable - related parties (Note 28)		
Operating	$ 157,689	$ 145,387
Accounts payable - unrelated parties		
Operating	$ 43,477	$ 2,189,580
Accounts payable - related parties (Note 28)		
Operating	$ 60,144	$ 168,653

The average credit period on purchases of goods was 30 to 120 days. The Corporation has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms, therefore there was no interest charged on the outstanding balance.

17. OTHER PAYABLES - UNRELATED PARTIES

	December 31	
	2018	2017
Payables for receipts under custody	$ 2,275,372	$ -
Payables for circulation	188,726	277,266
Payables for salaries or bonuses	59,727	61,412
Payables for value-added taxes	52,968	47,979
Payables for compensation of employees, board of director and supervisors	37,537	32,963
Payables for annual leave	9,796	10,504
Others	50,041	66,781
	$ 2,674,167	$ 496,905

Payables for receipts under custody are receipts needed to be transferred to the game operators as the Corporation provides services for the usage of MyCard online platform and from the sale of points. Before the application of IFRS 15, payables for receipts under custody were recognized as accounts payable.

18. OTHER FINANCIAL LIABILITIES - CURRENT

	December 31	
	2018	**2017**
Other financial liabilities - current		
Temporary receipts from the sale of MyCard	$ 687,411	$ -

Under the application of IFRS 15, the Corporation's sale of MyCard is recognized as an agency transaction under MyCard transactions. The temporary receipts from the sale of MyCard is recognized as "Other financial liabilities - current". As of December 31, 2017, under the application of IAS 18, the receipts were recognized as "Advance receipts" that amounted to $721,327 thousand.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

The amount of defined benefit plans included in the parent company only balance sheets was as follows:

	December 31	
	2018	**2017**
Present value of defined benefit obligation	$ 104,965	$ 103,836
Fair value of plan assets	(23,486)	(23,786)
Deficit	81,479	80,050
Recognized in other payables	(137)	(118)
Net defined benefit liabilities	$ 81,342	$ 79,932

Movements of net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2017	$ 104,284	$ (22,069)	$ 82,215
Service cost			
Current service cost	556	-	556
Interest expense (income)	1,434	(313)	1,121
Recognized in profit or loss	1,990	(313)	1,677
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	94	94
Actuarial loss - changes in demographic assumptions	2,629	-	2,629
Actuarial loss - experience adjustments	(627)	-	(627)
Recognized in other comprehensive income	2,002	94	2,096
Contributions from the employer	-	(5,938)	(5,938)
Benefits paid	(4,440)	4,440	-
	(4,440)	(1,498)	(5,938)
Balance at December 31, 2017	103,836	(23,786)	80,050
Service cost			
Current service cost	524	-	524
Past service cost	2,423	-	2,423
Interest expense (income)	1,428	(336)	1,092
Recognized in profit or loss	4,375	(336)	4,039
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(649)	(649)
Actuarial loss			
changes in demographic assumptions	903	-	903
changes in financial assumptions	1,642	-	1,642
experience adjustments	4,418	-	4,418
Recognized in other comprehensive income	6,963	(649)	6,314
Contributions from the employer	-	(8,924)	(8,924)
Benefits paid	(10,209)	10,209	-
	(10,209)	1,285	(8,924)
Balance at December 31, 2018	$ 104,965	$ (23,486)	$ 81,479

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

1) Investment risk

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

2) Interest risk

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

3) Salary risk

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

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

	December 31	
	2018	**2017**
Discount rate (%)	1.250	1.375
Expected rate of salary increase (%)	2.500	2.500

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

	December 31	
	2018	**2017**
Discount rate		
0.25% increase	$ (3,266)	$ (3,335)
0.25% decrease	$ 3,407	$ 3,485
Expected rate of salary increase		
0.25% increase	$ 3,311	$ 3,389
0.25% decrease	$ (3,190)	$ (3,261)

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

	December 31	
	2018	**2017**
The expected contributions to the plan for the next year	$ 1,320	$ 1,320
The average duration of the defined benefit obligation (year)	13.0	13.1

20. EQUITY

a. Ordinary share capital

	December 31 2018	December 31 2017
Number of shares authorized (in thousands)	180,000	180,000
Shares authorized	$ 1,800,000	$ 1,800,000
Number of shares issued and fully paid (in thousands)	$ 127,474	$ 127,474
Shares issued	$ 1,274,743	$ 1,274,743

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

b. Capital surplus

	December 31 2018	December 31 2017
May be used to offset deficits, distributed as cash dividends or transferred to share capital (see 1 below)		
Issuance of ordinary shares	$ 1,229,758	$ 1,229,758
Conversion of bonds	245,975	245,975
Treasury share transactions	37,725	37,716
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	59,351	-
May be used to offset deficits only (see 2 below)		
Treasury share transactions	10,359	-
Changes in percentage of ownership interests in subsidiaries	154,811	9,461
Changes in percentage of ownership interests in associates	6,955	6,955
	$ 1,744,934	$ 1,529,865

1) Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).

2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries/associates resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries/associates accounted for using the equity method; and the cash dividends which the Corporation distributed to subsidiaries holding the Corporation's shares recognized in capital surplus – treasury shares.

c. Retained earnings and dividends policy

Under the dividends policy, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, until the legal reserve equals the Corporation's paid-in capital. Besides, the profit shall be set aside or reversed as a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors, refer to employees' compensation and remuneration of directors and supervisors in Note 22 (e) Employees' compensation and remuneration of directors and supervisors.

The dividends policy of the Corporation considers expanding the scale of operations and developing research plans, based on the overall environment and the features of industry in order to pursue sustainable operations and long-term benefits for the shareholders. The dividends to shareholders shall be not less than 15% of the distributable earnings each year, but if the accumulated distributable earnings is less than 25% of the Corporation's paid-in capital, the Corporation should not make an appropriation for dividends. The dividends to shareholders can be paid in cash or issued as shares, but cash dividends shall be not less than 10% of the total dividends.

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

Items referred to under Rule No. 1010012865, Rule No. 1010047490, Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Corporation.

The appropriations of earnings for 2017 and 2016 which were proposed and approved in the shareholders' meetings on June 14, 2018 and June 22, 2017, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2017	**2016**	**2017**	**2016**
Legal reserve	$ 41,756	$ 42,096		
Cash dividends	254,949	254,949	$ 2.00	$ 2.00
	$ 296,705	$ 297,045		

The appropriations of earnings for 2018 had been proposed by the board of directors on March 21, 2019 as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 46,132	
Special reserve	95,407	
Cash dividends	280,444	$ 2.20
	$ 421,983	

The appropriations of earnings for 2018 are subject to the resolution of the shareholders in the shareholders' meeting to be held in June 2019.

d. Special reserve

Accumulated adjusted amounts on translating the financial statements that were transferred to retained earnings on the initial adoption of IFRSs was $25,117 thousand, and the Corporation had accrued an equal amount of special reserve.

e. Other equity items

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

	For the Year Ended December 31	
	2018	**2017**
Balance, beginning of year	$ (20,585)	$ 19,356
Effect of change in tax rate	(783)	-
Recognized for the year		
Exchange differences arising on translating the net investments in foreign operations	11,140	(44,330)
Related income tax arising from exchange differences	(2,173)	7,490
Share from subsidiaries and associates accounted for using the equity method	1,034	(3,101)
Balance, end of year	$ (11,367)	$ (20,585)

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31, 2018
Balance at January 1 per IAS 39	$ -
Adjustment on initial application of IFRS 9	153,999
Balance at January 1 per IFRS 9	153,999
Recognized for the year	
Unrealized gain - equity instruments	25,966
Share from subsidiaries accounted for using the equity method	(5,520)
Balance at December 31	$ 174,445

3) Unrealized gain (loss) on available-for-sale financial assets

	For the Year Ended December 31, 2017
Balance at January 1, 2017	$ 308,623
Recognized for the year	
Unrealized loss	(73,478)
Share from subsidiaries accounted for using the equity method	(13,496)
Reclassification adjustment	
Disposal of available-for-sale financial assets	(67,650)
Balance at December 31, 2017	$ 153,999

f. Treasury shares

Purpose of Treasury Shares	Thousand Shares			December 31	
	Beginning of Year	Addition	Reduction	Thousand Shares	Book Value
For the year ended December 31, 2018					
The Corporation's shares held by subsidiaries	-	5,347	17	5,330	$ 449,303

The Corporation's shares acquired and held by subsidiaries for the purpose of investment are accounted for as treasury shares.

For the year ended December 31, 2018, a total of 27 thousand shares of the Corporation held by its subsidiaries were sold for proceeds of $2,252 thousand. Calculated by the shareholding percentage, the proceeds of treasury shares sold was $1,421 thousand, and after deducting book values, the remainder amounted to $9 thousand, which was recognized as capital surplus. As of December 31, 2018, the market value of the treasury shares calculated by the combined shareholding percentage was $353,896 thousand.

21. REVENUE

a. Contract information

	For the Year Ended December 31, 2018
Revenue from contracts with customers	
Rendering of services	$ 2,149,988
Sale of goods	229,900
Licensing revenue	22,575
	$ 2,402,463

1) Rendering of services

Revenue from the rendering of services includes services for usage of the MyCard online platform and from the sale of points, and other revenue from the rendering of services. Refer to Note 4 for the accounting policies.

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

b) Other service revenue results from providing the advertising design services, etc.

2) Sale of goods

The game points and magazines are sold at the contract price through the online platform or different retailers (e.g. brick-and-mortar stores and convenience stores etc.).

The Corporation's customary business practices allow customers to return certain goods. The refund liability (classified under other current liabilities) is estimated based on the historical average return rate and the related right to recover a product (classified under other current assets) is recorded accordingly.

3) Licensing revenue

The Corporation authorizes some intellectual property rights of the self-developed games to other game developers for cooperation and development. In addition to the non-refundable premiums collected at the time of signing of contracts, subsequent follow-up fees are stipulated by the usage amount agreed in the contract.

b. Contract balances

	December 31, 2018
Notes receivable, accounts receivable, and other receivables (receivables under custody) (including related parties) (Note 7)	$ 2,029,039
Contract liabilities	
Advance receipts of services	$ 49,253
Royalty fee for games	35,577
Others	1,508
	$ 86,338

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

22. PROFIT BEFORE INCOME TAX

Profit before income tax consist of the following items:

a. Other income

	For the Year Ended December 31	
	2018	2017
Interest income	$ 18,551	$ 17,811
Rental income	5,099	5,949
Dividend income		
Financial assets at fair value through other comprehensive income	1,668	-
Available-for-sale financial assets	-	4,853
Others	11,794	5,879
	$ 37,112	$ 34,492

b. Other gains and losses

	For the Year Ended December 31	
	2018	2017
Gain on disposal of available-for-sale financial assets	$ -	$ 67,650
Net foreign exchange gain (loss)	13,401	(3,076)
Loss on miscellaneous disbursements	(1,085)	(1,465)
	$ 12,316	$ 63,109

c. Depreciation and amortization

	For the Year Ended December 31	
	2018	2017
Property, plant and equipment	$ 5,238	$ 6,142
Intangible assets	23,502	18,468
	$ 28,740	$ 24,610
An analysis of depreciation by function		
Operating costs	$ 265	$ 329
Operating expenses	4,973	5,813
	$ 5,238	$ 6,142
An analysis of amortization by function		
Operating costs	$ 4	$ 5
Operating expenses	23,498	18,463
	$ 23,502	$ 18,468

d. Employee benefits

	For the Year Ended December 31	
	2018	2017
Short-term employee benefits	$ 354,042	$ 356,108
Post-employment benefits		
Defined contribution plans	12,722	12,764
Defined benefit plans (Note 19)	4,039	1,677
	16,761	14,441
Employee benefits expense	$ 370,803	$ 370,549
An analysis by function		
Operating costs	$ 27,713	$ 26,580
Operating expenses	343,090	343,969
	$ 370,803	$ 370,549

e. Employees’ compensation and remuneration of directors and supervisors

According to the Articles of Incorporation of the Corporation, the Corporation accrued employees’ compensation and remuneration of directors and supervisors at rates of no less than 2% and no higher than 2%, respectively, of net profit before income tax, employees’ compensation, and remuneration of directors and supervisors. The employee’s compensation and the remuneration of directors and supervisors for the years ended December 31, 2018 and 2017, which were approved by the Corporation’s board of directors on March 21, 2019 and March 26, 2018, respectively, are as follows:

	For the Year Ended December 31	
	2018	**2017**
Accrual rate		
Employees’ compensation (%)	5	5
Remuneration of directors and supervisors (%)	1	1
Amount		
Employees’ compensation	$ 31,281	$ 27,469
Remuneration of directors and supervisors	6,256	5,494

If there is a change in the amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

For the years ended December 31, 2017 and 2016, there is no difference between the actual amounts of employees’ compensation and remuneration of directors and supervisors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2017 and 2016.

Information on the employees’ compensation and remuneration of directors and supervisors resolved by the Corporation’s board of directors are available on the Market Observation Post System website of the Taiwan Stock Exchange.

f. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2018	**2017**
Foreign exchange gains	$ 16,299	$ 18,235
Foreign exchange losses	(2,898)	(21,311)
Net gain (loss)	$ 13,401	$ (3,076)

23. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2018	2017
Current tax		
In respect of the current year	$ 111,255	$ 90,325
Income tax on unappropriated earnings	12,028	11,743
Adjustments for prior years	40	277
	123,323	102,345
Deferred tax		
In respect of the current year	6,599	(3,281)
Effect of tax changes	(3,167)	-
	3,432	(3,281)
Income tax expense recognized in profit or loss	$ 126,755	$ 99,064

The reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2018	2017
Profit before income tax	$ 588,077	$ 516,622
Income tax expense calculated at the statutory rate	$ 117,615	$ 87,826
Non-deductible expenses in determining taxable income	1,893	12,275
Tax-exempt income	(334)	(12,325)
Realized investment losses	(1,301)	(1,529)
Income tax on unappropriated earnings	12,028	11,743
Others	(19)	797
Effect of tax rate changes	(3,167)	-
Adjustments for prior years' tax	40	277
Income tax expense recognized in profit or loss	$ 126,755	$ 99,064

In 2017, the applicable corporate income tax rate used by the Corporation in the ROC was 17%. However, the Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%.

As the status of appropriations of earnings for 2019 is uncertain, the potential income tax consequences of 2018 unappropriated earnings are not reliably determinable.

b. Income tax benefit recognized in other comprehensive income

	For the Year Ended December 31	
	2018	2017
Effect of change in tax rate		
Translation of foreign operations	$ (783)	$ -
Remeasurement on defined benefit plan	693	-
Recognized during the period		
Translation of foreign operations	(2,173)	7,490
Remeasurement on defined benefit plan	1,263	357
	$ (1,000)	$ 7,847

c. Current tax liabilities

	December 31 2018	2017
Current tax liabilities		
Income tax payable	$ 77,893	$ 69,610

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2018

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred tax assets				
Temporary differences				
Defined benefit obligations	$ 13,896	$ 724	$ 1,956	$ 16,576
Bad debts over limits	7,181	2,257	-	9,438
Loss on inventories	2,502	242	-	2,744
Unrealized losses on the transactions with subsidiaries	2,732	(2,732)	-	-
Others	5,235	871	-	6,106
	$ 31,546	$ 1,362	$ 1,956	$ 34,864
Deferred tax liabilities				
Temporary differences				
Gain from foreign investments accounted for using the equity methods	$ 9,664	$ 4,652	$ -	$ 14,316
Exchange differences on translating the financial statements of foreign operations	4,436	-	2,956	7,392
Others	8	142	-	150
	$ 14,108	$ 4,794	$ 2,956	$ 21,858

For the year ended December 31, 2017

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred tax assets				
Temporary differences				
Defined benefit obligations	$ 14,263	$ (724)	$ 357	$ 13,896
Bad debts over limits	5,157	2,024	-	7,181
Loss on inventories	2,678	(176)	-	2,502

(Continued)

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Unrealized losses on the transactions with subsidiaries	3,184	(452)	-	2,732
Others	6,192	(957)	-	5,235
	$ 31,474	$ (285)	$ 357	$ 31,546
Deferred tax liabilities				
Temporary differences				
Gain from foreign investments accounted for using the equity methods	$ 12,839	$ (3,175)	$ -	$ 9,664
Exchange differences on translating the financial statements of foreign operations	11,926	-	(7,490)	4,436
Others	399	(391)	-	8
	$ 25,164	$ (3,566)	$ (7,490)	$ 14,108

(Concluded)

e. Income tax assessments

The Corporation's income tax returns through 2016 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

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

a. Net profit for the year

	For the Year Ended December 31	
	2018	2017
Net profit for the year	$ 461,322	$ 417,558

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

	For the Year Ended December 31	
	2018	2017
Weighted average number of ordinary shares used in the computation of basic earnings per share	124,717	127,474
Add: Employees' compensation issued to employees	567	481
Weighted average number of ordinary shares used in the computation of diluted earnings per share	125,284	127,955

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

25. CAPITAL MANAGEMENT

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

The capital structure of the Corporation consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Corporation (comprising issued capital, reserves, retained earnings and other equity).

The Corporation is not subject to any externally imposed capital requirements.

26. OPERATING LEASE ARRANGEMENTS

The Corporation as lessee

Operating leases relate to leases of operating offices, and the leases will gradually expire in December 2023 in succession. When the lease terms expire, the Corporation is able to renew the lease contracts.

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	December 31	
	2018	**2017**
Not later than 1 year	$ 9,284	$ 10,163
Later than 1 year and not later than 3 year	6,826	5,377
	$ 16,110	$ 15,540

27. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Domestic listed marketable security investments in equity instruments	$ 117,474	$ -	$ -	$ 117,474
Private - placement shares of domestic listed companies	-	149,600	-	149,600
Foreign unlisted shares	-	-	45,500	45,500
	$ 117,474	$ 149,600	$ 45,500	$ 312,574

December 31, 2017

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Domestic listed marketable security investments in equity instruments	$ 128,708	$ -	$ -	$ 128,708
Private - placement shares of domestic listed companies	-	112,400	-	112,400
	$ 128,708	$ 112,400	$ -	$ 241,108

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Private - placement shares of domestic listed companies	Fair value is determined by management with reference to the price with observable market evidence or net value

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

The fair values of domestic and foreign unlisted shares were assessed and determined by the management referring to the price over market evidence or net value.

c. Categories of financial instruments

		December 31	
		2018	2017
Financial assets			
Loans and receivables (1)	$	-	$ 5,785,387
Available-for-sale financial assets (2)		-	286,608
Financial assets at amortized cost (1)		5,948,623	-
Financial assets at FVTOCI		312,574	-
Financial liabilities			
Amortized cost (3)		3,886,697	3,032,375

1) The balances include financial assets and loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including related parties), other financial assets and refundable deposits.

2) The balances include the carrying amount of available-for-sale financial assets measured at cost and financial assets measured at cost.

3) The balances include financial liabilities measured at amortized cost, which comprise notes and accounts payable (including related parties), other payables (including related parties), other financial liabilities - current, and guarantee deposits received.

d. Financial risk management objectives and policies

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

The corporate treasury function reports regularly to the Corporation's risk management committee.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below), and other price risk (see (c) below).

a) Foreign currency risk

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities are set out in Note 31.

Sensitivity analysis

The Corporation is mainly exposed to the USD and HKD.

The following table details the Corporation's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e. the functional currency) against the relevant foreign currencies. The sensitivity analysis included only the above outstanding deposits, the item of receivables and payables, not designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar weakening 1% against the relevant currency. For a 1% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	Impact on profit or loss	
	For the Year Ended December 31	
	2018	2017
USD	$ 81	$ 48
HKD	1,169	853

b) Interest rate risk

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

	December 31	
	2018	2017
Cash flow interest rate risk		
Financial assets	$ 2,552,784	$ 2,256,898

Sensitivity analysis

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

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the year ended December 31, 2018 and 2017 would increase/decrease by $25,528 thousand and $22,569 thousand, respectively, which was mainly attributable to the Corporation's variable-rate bank deposits and borrowings.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in domestic listed marketable security investments in equity instruments. The equity investments are held for strategic rather than trading purposes.

Sensitivity analysis

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

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the year ended December 31, 2018 would have increased/decreased by $3,126 thousand as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the year ended December 31, 2017 would have increased/decreased by $2,411 thousand as a result of the changes in fair value of available-for-sale financial assets.

2) Credit risk

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

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

The Corporation's credit risk is mainly concentrated in the following groups' accounts receivable and other receivables:

	December 31	
	2018	**2017**
Group A	$ 648,221	$ 797,866
Group B	321,259	360,877
	$ 969,480	$ 1,158,743

The Corporation's concentration of credit risk accounted for 46% and 54% of total accounts receivable and other receivables from the above-mentioned groups as of December 31, 2018 and 2017, respectively.

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Liquidity risk for non-derivative financial liabilities

The following table details the Corporation's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay.

	Within 4 Months	**At least 5 Months**	**Total**
December 31, 2018			
Non-derivative financial liabilities			
Non-interest bearing liabilities	$ 3,154,658	$ 44,403	$ 3,199,061
Financial guarantee contracts	75,000	100,000	175,000
	$ 3,229,658	$ 144,403	$ 3,374,061
December 31, 2017			
Non-derivative financial liabilities			
Non-interest bearing liabilities	$ 2,991,953	$ 40,027	$ 3,031,980
Financial guarantee contracts	13,494	35,000	48,494
	$ 3,005,447	$ 75,027	$ 3,080,474

The aforementioned amounts of the financial guarantee contracts are the maximum amounts that the Corporation may have to pay to fulfill the guarantee obligations if the holder of the financial guarantee contract seeks the full guarantee amount from the guarantor. However, based on the expectations as of the balance sheet date, the Corporation believes that it is unlikely to pay the contract amount.

28. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Corporation and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
Chinese Gamer International Corporation (Chinese Gamer)	Subsidiaries
Game Flier International Corporation (Game Flier)	Subsidiaries
Game First International Corporation (Game First)	Subsidiaries
Soft-World International (Hong Kong) Corporation	Subsidiaries
Zealot Digital International Corporation	Subsidiaries
Dyansty International Information Corporation	Subsidiaries
Jorsen Technology Co., Ltd.	Subsidiaries
Pay2go Corporation (Pay2 go)	Subsidiaries
Fast Distributed Cloud Computing Co., Ltd.	Subsidiaries
Neweb Technologies Co., Ltd. (Neweb Technologies)	Subsidiaries
Efun International Co., Ltd.	Subsidiaries
Re: Ad Media (Taiwan) Corporation	Subsidiaries
CELAD Incorporated	Subsidiaries
Smartpath Digital Technology Co. Ltd.(Smartpath)	Subsidiaries
Game Topia. Co. Ltd. (Game Topia)	Subsidiaries of Chinese Gamer International Corporation
Dragon Gamer (Hong Kong) Co., Ltd. (Dragon Gamer)	Subsidiaries of Chinese Gamer International Corporation
Oriental Dragon Digital Co., Ltd.	Subsidiaries of Chinese Gamer International Corporation
Re: Ad Media (Hong Kong) Corporation	Subsidiaries of Re: Ad
ezPay Co., Ltd.	Subsidiaries of Neweb Technologies
Compete ! Games Interactive Entertainment Corporation	Subsidiaries of Game First International Corporation
Ijoing, Inc.	Associates
We Can Financial Technology Co., Ltd.	Associates
Taiwan Taomee Co., Ltd.	Associates
Loftstar Interactive Entertainment Inc.	Related party in substance (The Corporation as legal directors of subsidiaries of the investee companies, and resigned in June 2017)
Play picking technology	Related party in substance (The Corporation as legal directors of investee companies, and resigned in June 2017)

(Continued)

Related Party Name	Related Party Category
Fun Yours Technology Co., Ltd.	Related party in substance (The Corporation as legal directors of investee companies)
Asure Corporation	Related party in substance (The person in charge is the Corporation chairman's second-degree relative)
Ko, Hsiu -Yen	Related party in substance (The Corporation chairman's second-degree relative)

(Concluded)

b. Operating Revenues

For the year ended December 31, 2018

Line Item	Related Party Category	For the Year Ended December 31 2018
Sale of goods	Related party in substance	$ 2,368
Rendering of services	Subsidiaries	$ 199,196
	Associates	10,318
		$ 209,514
Licensing revenue	Subsidiaries	$ 11,634

The selling price for the sale of goods and licences to related parties was not significantly different from that of normal customers. Except for the revenue from the rendering of advertising design services where similar transactions with unrelated parties are not available for comparison, MyCard service revenue was recognized according to the terms in each agreement. The payment terms (bimestrial commercial note) to related parties was similar to that for third parties.

For the year ended December 31, 2017

Sales of MyCard to related parties by the Corporation was follows:

Line Item	Related Party Category	For the Year Ended December 31 2017
Sale of goods	Subsidiaries	$ 565,517
	Associates	4
	Related party in substance	890,570
		$ 1,456,091

The Corporation recognized receipts in advance upon the sale of MyCard, and then recognized revenue when the customers used MyCard in exchange for specified goods or service in accordance with the way of calculating deferring items. As a result, there is the difference between operating revenues and the above disclosure of the sale of goods.

The details of sales of other authorized online-game cards, game packages, advertisements and other operating revenue from sales to the related parties were as follows:

Line Item	Related Party Category	For the Year Ended December 31 2017
Other operating revenue	Subsidiaries	$ 93,900
	Associates	12,615
	Related party in substance	25,953
		$ 132,468

Except advertising and other operating revenues that cannot be compared with third parties because of the lack of similar transactions, there was no significant difference in the selling price between related parties and general customers. The payment terms (bimestrial commercial note) to related parties was similar to that for third parties.

c. Purchase of goods

Related party type	For the Year Ended December 31 2018	2017
Subsidiaries	$ 29,521	$ 1,003,134
Associates	1,123	52,064
Related party in substance	9,566	16,215
	$ 40,210	$ 1,071,413

Under the application of IFRS15, the Corporation shall be an agent in its exclusive card (MyCard) transaction. For detailed description, refer to Note 3 and Note 4 (l).

The Corporation purchases from related parties at prices and terms based on franchise agreements. The Corporation purchases game software from related parties which did not have similar transactions with third parties. But the payment terms were not significantly different from those purchased from third parties.

The related revenue was recorded at the time of sale but intercompany profit was deferred and realized at the time the service was rendered by the subsidiaries. As of December 31, 2017, the unrealized gross profit was $16,069 thousand.

d. Receivables (excluding loans receivable from related parties)

Line Items	Related Party Categories	December 31 2018	2017
Notes receivable - related parties	Subsidiaries	$ -	$ 530

(Continued)

Line Items	Related Party Categories	December 31 2018	December 31 2017
Accounts receivable - related parties	Subsidiaries		
	Chinese Gamer	$ 21,002	$ 23
	Game Flier	19,995	951
	Game Topia	18,539	192
	Others	7,830	78,248
		67,366	79,414
	Associates	603	125
	Related party in substance	-	30,580
		$ 67,969	$ 110,119
Other receivables - related parties	Subsidiaries	$ 159,006	$ 6,538
	Related party in substance	32,370	-
		$ 191,376	$ 6,538

(Concluded)

Other receivables from related parties were mainly receivables the Corporation sold its exclusive MyCard through related parties and had prepayments for related parties.

The outstanding accounts receivable from related parties were unsecured. There was no bad debt expense under the item of accounts receivable from related parties for the years ended December 31, 2018 and 2017.

e. Payables to related parties

Line Items	Related Party Categories	December 31 2018	December 31 2017
Notes payable - related parties	Subsidiaries		
	Game First	$ 151,551	$ 74,302
	Game Flier	-	62,536
	Others	-	1,112
		151,551	137,950
	Associates	5,449	6,749
	Related party in substance	689	688
		$ 157,689	$ 145,387
Accounts payable - related parties	Subsidiaries		
	Game First	$ 48,880	$ 89,228
	Others	7,913	74,330
		56,793	163,558
	Associates	1,180	2,923
	Related party in substance	2,171	2,172
		$ 60,144	$ 168,653

(Continued)

Line Items	Related Party Categories	December 31 2018	December 31 2017
Other payables - related parties	Subsidiaries	$ 250,100	$ 10,156
	Associates	3,587	-
		$ 253,687	$ 10,156

(Concluded)

Other payables to related parties were mainly payables for the services the Corporation provided for the MyCard platform, services for the sale of game points, and payments remitted to games operators, etc.

The outstanding payables to related parties are unsecured.

f. Loans to related parties - 2018

Line Item	Related Party Category	December 31 2018
Other receivables - related parties	Subsidiaries	
Amount utilized	Neweb Technologies	$ 30,000
Interest	Neweb Technologies	495
		$ 30,495

Interest revenue

Related Party Category/Name	For the Year Ended December 31 2018
Subsidiaries	
Neweb Technologies	$ 495

The loans to subsidiaries were unsecured, and the rates are fixed at 2.63%.

g Endorsements and guarantees

Related Party Category/Name	December 31 2018 Amount Endorsed	December 31 2018 Amount Utilized	December 31 2017 Amount Endorsed	December 31 2017 Amount Utilized
Subsidiaries				
Smartpath	$ -	$ -	$ 300,000	$ 48,494
Pay2Go	-	-	90,000	-
Neweb Technologies	280,000	175,000	-	-
	$ 280,000	$ 175,000	$ 390,000	$ 48,494

h. Compensation of key management personnel

The amounts of the remuneration of directors and other members of key management personnel were as follows:

	For the Year Ended December 31	
	2018	2017
Short-term employee benefits	$ 15,314	$ 14,616
Post-employment benefits	109	113
	$ 15,423	$ 14,729

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR SECURITY

The following assets were provided as collateral for the letter of performance bond, the letter of performance bond for points, and endorsement guarantee collateral:

	December 31	
	2018	2017
Other financial assets - current		
Pledged demand deposits	$ 17,359	$ 33,999
Pledged time deposits	-	35,000
	17,359	68,999
Property, plant and equipment		
Land	109,463	109,463
Buildings	86,982	89,344
	196,445	198,807
	$ 213,804	$ 267,806

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As disclosed in Note 29, the Corporation provided demand deposits, time deposits and property, plant and equipment as collateral for performance guarantees of unused MyCard points. As of December 31, 2018 and 2017, the credit line committed by banks were both $800,000 thousand.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Corporation and the exchange rates between foreign currencies and respective functional currencies were disclosed.

The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
December 31, 2018				
Financial assets				
Monetary items				
USD	$ 406	30.715	(USD:NTD)	$ 12,475
HKD	29,803	3.921	(HKD:NTD)	116,857
Non-monetary items				
Subsidiaries accounted for using the equity method				
HKD	131,320	$ 3.921	(HKD:NTD)	514,906
SGD	911	22.48	(SGD:NTD)	20,479
Financial assets at fair value through other comprehensive income				
HKD	624	3.921	(HKD:NTD)	2,447
Financial liabilities				
Monetary items				
USD	141	30.715	(USD:NTD)	4,344
December 31, 2017				
Financial assets				
Monetary items				
USD	468	29.76	(USD:NTD)	13,916
HKD	22,394	3.807	(HKD:NTD)	85,254
Non-monetary items				
Subsidiaries accounted for using the equity method				
HKD	128,090	3.807	(HKD:NTD)	487,639
SGD	1,059	22.26	(SGD：NTD)	23,584
Available-for-sale financial assets				
HKD	1,428	3.807	(HKD:NTD)	5,437
Financial liabilities				
Monetary items				
USD	307	29.76	(USD:NTD)	9,135

For the years ended December 31, 2018 and 2017, realized and unrealized net foreign exchange gains were a gain of $13,401 thousand and a loss of $3,076 thousand, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies.

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others: Table 1

2) Endorsements/guarantees provided: Table 2

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 3

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: Table 4

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5

9) Trading in derivative instruments: None

10) Information on investees: Table 6

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None

c) The amount of property transactions and the amount of the resultant gains or losses: None

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None

SOFT-WORLD INTERNATIONAL CORPORATION AND INVESTEES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Year	Ending Balance	Actual Amount Drawn	Interest Rate (%)	Nature for Financing	Transaction Amount	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Total Financing Amount Limit	Note
													Item	Value			
0	The Corporation	Fast Distributed Cloud Computing Co.,Ltd.	Other receivables - related parties	Yes	$ 16,000	$ 16,000	$ -	2.63	The need for short-term financing	$ -	Operating capital	$ -	-	$ -	$ 850,540	$ 2,268,106	Note
0	The Corporation	Efun International Corporation	Other receivables - related parties	Yes	40,000	-	-	2.63	The need for short-term financing	-	Operating capital	-	-	-	850,540	2,268,106	Note
0	The Corporation	Smartpath Digital Technology Co., Ltd.	Other receivables - related parties	Yes	100,000	-	-	2.63	The need for short-term financing	-	Operating capital	-	-	-	850,540	2,268,106	Note
0	The Corporation	Neweb Technologies Co., Ltd.	Other receivables - related parties	Yes	30,000	30,000	30,000	2.63	The need for short-term financing	-	Operating capital	-	-	-	850,540	2,268,106	Note
1	Game First International Corporation	Compete ! Games Interactive Entertainment Corporation	Other receivables - related parties	Yes	20,000	-	-	2.63	The need for short-term financing	-	Operating capital	-	-	-	53,667	143,111	Note
1	Game Flier International Corporation	Jhih Long Venture Capital Corporation	Other receivables - related parties	Yes	100,000	-	-	2.63	The need for short-term financing	-	Operating capital	-	-	-	108,645	289,719	Note

Note: The total amount for lending to a company shall not exceed 15% of the net worth of the financing company. The total available amount for lending to a company shall not exceed 40%of the net worth of the financing company.

SOFT-WORLD INTERNATIONAL CORPORATION AND INVESTEES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Amount Provided to Each Guaranteed Party	Maximum Balance for the Year	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement /Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship (Note 1)											
0	The Corporation	Neweb Technologies Co., Ltd.	2	$ 1,134,053	$ 280,000	$ 280,000	$ 175,000	$ -	5.00	$ 2,835,133	Y	N	N	Note 2
0	The Corporation	Smartpath Digital Technology Co., Ltd.	2	1,134,053	300,000	-	-	-	5.00	2,835,133	Y	N	N	Note 2
0	The Corporation	ezPay Co., Ltd.	2	1,134,053	90,000	-	-	-	2.00	2,835,133	Y	N	N	Notes 2 and 3

Note 1: Relationships between the endorser/guarantor and the party being endorsed/guaranteed are as follows:

1) A company that the Corporation has a business relationship with.

2) The Corporation owns directly or indirectly over 50% of the equity of the investee company.

3) The company that owns directly or indirectly hold over 50% of the equity of the Corporation.

4) Companies in which over 90% of voting shares combined are directly or indirectly owned by an entity.

5) The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract.

6) Shareholder of the investee provides endorsements/guarantees to the company in proportion to their shareholding percentages.

7) According to the Consumer Protection Act, companies in the same industry enter into collateral performance guarantees for pre-construction home sales agreements.

Note 2: The ceilings on the amounts for any single entity shall not exceed 20% of the net worth of the Corporation. The ceilings on the amounts for the aggregate amounts to the entities shall not exceed 50% of the net worth of the Corporation.

Note 3: The guaranteed party - Pay2go Corporation, was renamed as ezPay Co. in September, 2018.

TABLE 3

SOFT-WORLD INTERNATIONAL CORPORATION AND INVESTEES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2018				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
The Corporation	Stock							
	Userjoy Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	464,206	$ 30,174	1	$ 30,174	
	Softstar Entertainment Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	2,000,000	149,600	4	149,600	
	China Communications Media Group Co.,Ltd	-	Financial assets at fair value through other comprehensive income - noncurrent	270,351	2,652	1	2,652	
	Fun Yours Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	2,045,366	58,292	12	58,292	
	Kuobrothers Corporation	-	Financial assets at fair value through other comprehensive income - noncurrent	483,005	23,909	2	23,909	
	Gameone Holdings Limited.	-	Financial assets at fair value through other comprehensive income - noncurrent	1,200,000	2,447	1	2,447	
	China Digital Interactive Technology Group Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	350,000	45,500	2	45,500	
					$ 312,574		$ 312,574	
Game Flier International Corporation	Stock							
	Softstar Entertainment Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	1,150,000	$ 86,545	2	$ 86,545	
Jhih Long Venture Capital Corporation	Stock							
	9Splay Entertainment Technology Co., LTD	-	Financial assets at fair value through other comprehensive income - noncurrent	869,014	$ 44,937	3	$ 44,937	
	Soft-World International Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	8,509,000	564,997	7	564,997	Note
					$ 609,934		$ 609,934	

(Continued)

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	DECEMBER 31, 2018				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Neweb Technologies Co., Ltd.	Stock							
	Green World Hotels Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	258,625	$ 3,007	-	$ 3,007	
	Taiwan Smart Card Co.	-	Financial assets at fair value through other comprehensive income - noncurrent	3,140,671	17,342	20	17,342	
					$ 20,349		$ 20,349	

(Concluded)

Note: The Corporation's shares held by subsidiaries was considered treasury shares. For related information, refer to Note 20.

TABLE 4

SOFT-WORLD INTERNATIONAL CORPORATION AND INVESTEES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Nature of Relationship	Nature of relationship		Acquisition		Disposal				Ending Balance (Note)	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain/Loss on Disposal	Shares	Amount
The Corporation	Stock													
	Pay2go	Investments accounted for using the equity method	Neweb Technologies Co., Ltd.	Unrelated party	49,056,667	$ 329,210	-	$ -	49,056,667	$ 312,839	$ 312,839	$ -	-	$ -
	Neweb technologies	Investments accounted for using the equity method	Neweb Technologies Co., Ltd.	Unrelated party	-	-	56,232,998	519,532	-	-	-	-	56,232,998	445,132
Jhih Long Venture Capital Corporation	Stock													
	The Corporation	Financial assets at fair value through other comprehensive income - noncurrent	-	-	-	-	8,536,000	719,552	27,000	2,252	2,238	14	8,509,000	564,997

Note: Ending balance included unrealized gain/loss on financial assets, share of profit/loss accounted for using the equity method, and related equity adjustments.

TABLE 5

SOFT-WORLD INTERNATIONAL CORPORATION AND INVESTEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Game First International Corporation	Soft-World International Corporation	The Company's parent company	$ 246,720	-	$ -	-	$ 208,482	$ -
Game Flier International Corporation	Soft-World International Corporation	The Company's parent company	102,713	-	-	-	72,175	-
Chinese Gamer International Corporation	Soft-World International Corporation	The Company's parent company	101,402	-	-	-	79,137	-

TABLE 6

SOFT-WORLD INTERNATIONAL CORPORATION AND INVESTEES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2018	December 31, 2017	Number of shares	(%)	Carrying Amount			
The Corporation	Chinese Gamer International Corporation	Republic of China	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, and general advertising service, etc.	$ 371,319	$ 391,447	41,880,205	49.00	$ 493,096	$ 38,970	$ 15,551	Subsidiary
The Corporation	Game Flier International Corporation	Republic of China	Electronic data information providing service, etc.	217,846	217,834	28,326,330	98.00	713,434	8,178	8,041	Subsidiary
The Corporation	Game First International Corporation	Republic of China	Online game service	27,813	58,613	16,684,063	70.00	250,445	(25,265)	(17,686)	Subsidiary
The Corporation	Global Concept Corporation	Samoa	Investment company	295,068	295,068	9,631,253	100.00	239,486	24,138	24,138	Subsidiary
The Corporation	Soft-World International (Hong Kong) Corporation	Hong Kong	Trading of game software	88,858	88,858	3,883,558	100.00	514,906	13,121	13,121	Subsidiary
The Corporation	Zealot Digital International Corporation	Republic of China	Electronic data information providing service, etc.	50,874	50,874	8,904,162	99.00	78,344	(6,947)	(6,873)	Subsidiary
The Corporation	Pay2go Technology Corporation	Republic of China	Third party payment service	-	490,567	-	-	-	(48,477)	(16,371)	Subsidiary
The Corporation	Efun International Co., Ltd.	British Virgin Islands	Investment company	81,312	81,312	2,368,000	89.00	6,201	2,254	1,999	Subsidiary
The Corporation	Soft-World Technology Pte. Ltd.	Singapore	Manufacturing, processing, trading, , design and selling and also an agent of various computer software and accessories, etc.	24,102	24,102	1,030,000	100.00	20,479	(3,331)	(3,331)	Subsidiary
The Corporation	Dynasty International Information Corporation	Republic of China	Development, design, trading of computer software,	14,667	14,667	1,460,610	86.00	14,213	10,803	9,281	Subsidiary
The Corporation	Jorsen Technology Co., Ltd	Republic of China	Wholesale, retail sale, and service for information software, etc.	-	3,400	-	-	-	796	686	Subsidiary (Note 2)
The Corporation	Jhih Long Venture Capital Corporation	Republic of China	Investment company	100,000	100,000	10,000,000	13.00	7,430	4,379	(1,734)	Subsidiary
The Corporation	Zealot Digital Pte. Ltd.	Singapore	Development and sale of game software, etc.	261,882	236,465	26,155,679	100.00	(4,854)	(23,279)	(23,279)	Subsidiary
The Corporation	Sofaman Corporation	Republic of China	Development and sale of game software	2,766	2,766	276,600	60.00	(5,187)	(5,197)	(3,118)	Subsidiary
The Corporation	Smartpath Digital Technology Co., Ltd.	Republic of China	Network authentication, data processing service, electronic information providing service, third party payment and other business service, etc.	-	20,000	-	-	-	10,185	4,964	Subsidiary
The Corporation	Re: Ad Media Corporation	Samoa	Investment company	5,247	10,759	161,670	51.00	6,538	4,026	2,051	Subsidiary
The Corporation	Fast Distributed Cloud Computing Co., Ltd.	Republic of China	Retail sale, wholesale and service for information software, etc.	17,583	17,583	1,020,000	100.00	34,506	15,032	15,032	Subsidiary
The Corporation	Interactive Entertainment Technology Co., Ltd.	Samoa	Investment company	15,485	15,485	480,000	80.00	15,424	38	30	Subsidiary
The Corporation	Joy Children Technology Co., Ltd.	Republic of China	Wholesale and retail sale of stationery articles, musical instruments and educational entertainment article, etc.	20,512	20,512	2,051,153	32.00	13,879	(3,982)	(1,340)	Note 1

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2018	December 31, 2017	Number of shares	(%)	Carrying Amount			
The Corporation	Ijoing, Inc.	Republic of China	Wholesale and retail sale of software publication and information software, etc.	$ 1,600	$ 1,600	160,000	11.00	$ 84	$ (2,823)	(303)	Note 1
The Corporation	We Can Financial Technology Co., Ltd.	Republic of China	Development of financial system and equipment, etc.	23,959	20,000	3,131,000	31.00	7,684	(36,287)	(7,251)	Note 1
The Corporation	Neweb Technologies Co., Ltd.	Republic of China	Wholesale and retail sale of information software and electronic information providing service	510,567	-	56,232,998	50.00	445,132	(81,096)	(36,662)	Subsidiary
The Corporation	Long Xiang Investment Corporation	Republic of China	Investment company	250,000	-	25,000,000	44.00	19,273	3,243	(3,952)	Subsidiary
The Corporation	Efun International Corporation	Republic of China	Information software and data processing service	77,270	-	7,726,988	89.00	122,877	51,423	43,461	Subsidiary
The Corporation	CELAD Incorporated	Republic of China	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	10,000	-	1,000,000	25.00	1,384	(12,314)	(2,332)	Subsidiary
The Corporation	Re: Ad Media (Taiwan) Corporation	Republic of China	General advertising service	14,094	-	1,275,000	51.00	21,241	7,083	1,844	Subsidiary
Chinese Gamer International Corporation	Taichigamer (B.V.I.) Co., Ltd.	British Virgin Islands	Investment company	96,942	96,942	3,041,698	100.00	167,882	30,348	30,348	Subsidiary
Chinese Gamer International Corporation	Walkfun International Corporation	Republic of China	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	15,000	15,000	1,500,000	100.00	17,777	6,456	6,456	Subsidiary
Chinese Gamer International Corporation	CELAD Incorporated	Republic of China	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	20,000	10,000	2,000,000	50.00	2,828	(12,314)	(6,157)	Subsidiary
Chinese Gamer International Corporation	Super Game Corporation	Republic of China	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	5,000	5,000	500,000	50.00	1,048	42	21	Subsidiary
Chinese Gamer International Corporation	Jhih Long Venture Capital Corporation	Republic of China	Investment company	100,000	100,000	10,000,000	13.00	81,192	4,379	424	Subsidiary
Chinese Gamer International Corporation	Star Diamond Universal Corporation	British Virgin Islands	Business related investee	82,772	48,980	52,000	100.00	88,791	6,163	6,163	Subsidiary
Chinese Gamer International Corporation	Fun Bear Corporation	Republic of China	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	8,000	8,000	800,000	50.00	3,780	6,330	3,165	Subsidiary
Chinese Gamer International Corporation	Game Topia Co.	Republic of China	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	20,000	20,000	2,000,000	56.00	39,062	41,595	23,183	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2018	December 31, 2017	Number of shares	(%)	Carrying Amount			
Chinese Gamer International Corporation	Oriental Dragon Digital Co., Ltd.	Republic of China	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	$ 8,000	$ 8,000	800,000	53.00	$ 3,969	$ (6,891)	$ (3,627)	Subsidiary
Chinese Gamer International Corporation	Long Xiang Investment Corporation	Republic of China	Investment company	168,000	-	16,800,000	30.00	136,447	3,243	959	Subsidiary
Taichigamer (B.V.I.) Co., Ltd.	Transasiagamer (B.V.I.) Co., Ltd.	British Virgin Islands	Investment company	94,264	94,264	2,976,934	100.00	160,920	30,330	30,330	Subsidiary
Transasiagamer Co., Ltd.	You Long Online (Beijing) Technology Corporation	China Mainland - Beijing	Development, production of computer software and accessories; homemade products, installation of computer hardware, repair, technique consulting, technique training, and sale of homemade products	69,569	69,569	-	100.00	133,390	30,995	30,995	Subsidiary
Star Diamond Universal Corporation	Dragon Gamer (Hong Kong) Co., Ltd.	Hong Kong	Information service	82,772	48,980	260,000	100.00	88,790	6,163	6,163	Subsidiary
Game Topia. Co. Ltd.	Game Topia (Hong Kong) Technology Corporation	Hong Kong	Information software service	987	987	3,300	100.00	8,277	7,230	7,230	Subsidiary
Global Concept Corporation	Value Central Corporation	Samoa	Investment company	45,452	45,452	1,450,000	100.00	20,076	-	-	Subsidiary
Global Concept Corporation	Fast Distributed Cloud Computing (Samoa) Co., Ltd.	Samoa	Investment company	-	6,611	-	-	-	784	784	Subsidiary (Note 2)
Global Concept Corporation	Gamers Grande Corporation	Malaysia	Business related investee	179,788	179,788	6,453,621	100.00	154,313	29,688	29,688	Subsidiary
Global Concept Corporation	Playgame Sdn. Bhd.	Malaysia	Investment company	56,074	56,074	30,250	30.00	32,436	(12,841)	(3,884)	Note 1
Value Central Corporation	Picked United Development	Hong Kong	Acquisition and royalty for game software	20,255	20,255	4,700,000	100.00	16,280	(104)	(104)	Subsidiary
Game Flier International Corporation	Soft-Orient Corporation	Brunei	Business related investee	254,872	254,872	7,784,134	100.00	16,815	114	114	Subsidiary
Game Flier International Corporation	Game Flier (Malaysia) Sdn. Bhd.	Malaysia	Development, manufacture and sale of game software	100,276	100,276	10,793,204	100.00	(3)	111	111	Subsidiary
Game Flier International Corporation	Mobile Flier International Corporation	Republic of China	Agents and operation of smartphone games	28,000	28,000	2,800,000	100.00	16,294	(261)	(261)	Subsidiary
Game First International Corporation	Game First Asia Pte. Ltd.	Singapore	Online game service	-	16,463	-	-	-	-	-	Subsidiary (Note 2)
Game First International Corporation	Compete ! Games Interactive Entertainment Corporation	Republic of China	Agent and operation of sports games	21,342	21,342	2,941,520	100.00	8,193	(7,758)	(7,758)	Subsidiary
Efun International Co., Ltd.	Efun International Corporation	Republic of China	Information software and data processing services	-	28,000	-	-	-	51,423	2,420	Subsidiary
Jhih Long Venture Capital Corporation	SkyTouch Co., Ltd.	Republic of China	Manufacture of computers and accessories	20,002	20,002	673,915	31.00	1,695	(760)	(294)	Note 1
Re: Ad Media Corporation	Re:Ad Media (Taiwan) Corporation	Republic of China	General advertising service	-	5,000	-	-	-	7,083	3,467	Subsidiary
Re: Ad Media Corporation	Re:Ad (Hong Kong) Corporation	Hong Kong	General advertising service	-	5,091	-	-	-	3	3	Subsidiary (Note 2)
Interactive Entertainment Technology Co., Ltd.	Interactive Entertainment Technologies Corporation	Republic of China	Wholesale and service of information software	18,000	18,000	1,800,000	100.00	17,983	23	23	Subsidiary
Long Xiang Investment Corporation	Jhih Long Venture Capital Corporation	Republic of China	Investment company	566,000	-	56,600,000	74.00	572,172	4,379	3,531	Subsidiary
Neweb Technologies Co., Ltd.	Smartpath Digital Technology Co., Ltd.	Republic of China	Third party payment services	-	-	-	-	-	10,185	5,222	Subsidiary (Note 4)
Neweb Technologies Co., Ltd.	Newebpay Corporation	Republic of China	Electronic data providing services	28,369	-	1,000,000	100.00	230,010	4,394	3,927	Subsidiary
Neweb Technologies Co., Ltd.	Taiwanpay Co., Ltd.	Republic of China	Information software, processing of data, and third party payment service	-	-	-	-	-	(53,920)	(41,203)	Subsidiary (Note 5)
Neweb Technologies Co., Ltd.	ezPay Co., Ltd.	Republic of China	Third party payment service	966,748	-	108,000,000	100.00	638,805	(69,686)	(49,097)	Subsidiary (Note 5)

(Continued)

Note 1: Investments accounted for using the equity method.

Note 2: The company had completed liquidation for the year ended December 31, 2018.

Note 3: Share of gain/loss on investments recognized for the current year included unrealized gains or losses from upstream transactions.

Note 4: Investeee - Smartpath Digital Technology Co., Ltd. and Neweb Technologies Co., Ltd. combined in December 2018. Neweb Technologies Co., Ltd. is the surviving company, and Smartpath Digital Technology Co., Ltd. is the dissolved company.

Note 5: Investeee - Pay2go Technology Corporation and Taiwanpay Co., Ltd. combined in September 2018. Pay2go Technology Corporation (renamed as ezPay Co., Ltd.) is the surviving company, and Taiwanpay Co., Ltd.is the dissolved company.

Note 6: For investees in mainland China, refer to Table 7.

(Concluded)

SOFT-WORLD INTERNATIONAL CORPORATION AND INVESTEES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 2)	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Amount as of December 31, 2018	Accumulated Repatriation of Investment Income as of December 31, 2018	Note
					Outward	Inward							
Lingo Soft (Beijing) Technology Co., Ltd.	Service of processing data	$ 14,436	2	$ 7,743	$ -	$ -	$ 7,743	$ -	33.00	$ -	$ 14,686	$ -	
Soft-World International (Guangzhou) Corporation	Design, development, production, and sale of computer hardware and software	46,833	1	88,858	-	-	88,858	1,074	100.00	1,074	8,614	-	Note 3
Game Flier International Corporation (Beijing) (Note 4)	Development of techniques, transferring, service, consulting, training; production and sale of computer software and related hardware; internet information service	214,678	2	186,300	-	-	186,300	29,768	100.00	29,768	153,567	-	Note 5
Huei You Cyuan Jia Business Management Consulting (Guangzhou) Co., Ltd.	Business management consulting, design of business operation and advertising, consulting about technique, development of APP, wholesale of computers and accessories	4,607	2	3,722	-	-	3,722	-	1.00	-	2,652	-	
World Inside (Beijing) Technology Co., Ltd.	Business management consulting, design of business operation and advertising, consulting about technique, development of APP, design of computer software, and other design service	55,900	2	45,500	-	-	45,500	-	2.00	-	45,500	-	
Ke Jiou Network Technology (Shanghai) Co., Ltd.	Technique for operating internet, development of hardware and software about computer, technique transferred, technique consulting, technique service, design of illusion, product, anime, business management consulting, business information consulting, computers, software and auxiliary equipment, wholesale of materials for advertising and agents for commission, etc.	3,071	2	75	-	-	75	-	-	-	-	-	Note 6

Investee Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2018	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
The Corporation (Note 7)	$ 332,198	$ 332,198	$ 3,402,160
Game Flier International Corporation (Note 8)	102,636	102,636	434,579

(Continued)

Note 1: Calculated by the spot exchange rates of USD and CNY at the end of the period, which was 30.715 and 4.472, respectively.

Note 2: 1) The Corporation purchased Soft-World International (Hong Kong) Corporation for $88,858 thousand (USD 2,738 thousand), and indirectly acquired full ownership of Soft-World International (Guangzhou) Corporation in October 2007. The Corporation had been authorized by Investment Commission, MOEA in September 2008.

2) Investments through a holding company was registered in a third region.

Note 3: Recognized gain/loss on investments based on the unaudited financial statements.

Note 4: Game Flier International Corporation had transferred investments in mainland China, Game Flier International Corporation (Beijing), to the Corporation's subsidiary a holding company registered in a third region, Global Concept Corporation, by its holding company registered in a third region, Soft-Orient Corporation, in August, 2012. Game Flier International Corporation had made remittance to Taiwan and obtained approval from Investment Commission, MOEA.

Note 5: Game Flier International Corporation (Beijing) distributed earnings that amounted to RMB9,000 thousand, to Gamers Grande Corporation in August 2010. As of December 31, 2018, Game Flier International Corporation (Beijing), hasn't transferred to Taiwan.

Note 6: The Corporation indirectly holds investments in mainland China, Ke Jiou Network Technology (Shanghai) Co., Ltd., through a holding company registered in a third region, Global Concept Corporation. The Corporation had disposed all of its equity of Ke Jiou Network Technology (Shanghai) Co., Ltd. in December 2015. The related amount had not been remitted to Taiwan as of December 31, 2018.

Note 7: The amount of accumulated outward remittance for investments from Taiwan as of December 31, 2018 and investment amount authorized by the Investment Commission, MOEA are both USD10,935,900.

Note 8: The amount of accumulated outward remittance for investments from Taiwan as of December 31, 2018 and investment amount authorized by the Investment Commission, MOEA are both USD2,554,848.

(Concluded)

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

STATEMENT 1

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Annual rate (%)	Amount
Cash		$ 910
Bank Deposits		
Demand deposits		1,419,436
Checking deposits		160
Foreign currency deposits		
HKD15,410,411		60,424
USD137,913		4,236
EUR8,017		282
JPY1,734,231		483
SGD437		10
CNY90,873		406
Time deposits	0.600-1.065	991,520
		$ 2,477,867

Note: HKD converted to NTD at HKD$1=NT$3.921

USD converted to NTD at USD$1=NT$30.715

EUR converted to NTD at EUR$1=NT$35.2

JPY converted to NTD at JPY$1=NT$0.2782

SGD converted to NTD at SGD$1=NT$22.48

CNY converted to NTD at CNY$1=NT$4.472

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Item	Amount
Related parties	
Chinese Gamer	$ 21,002
Game Flier	19,995
Game Topia	18,539
Game First	7,016
Others (Note)	1,417
	67,969
Unrelated parties	
Company A	34,557
Company B	10,652
Others (Note)	32,819
	78,028
Less: Allowance of accounts receivable	496
Accounts receivable, net - unrelated parties	77,532
	$ 145,501

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

STATEMENT 3

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF OTHER RECEIVABLES
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Name	Amount
Related parties	
Re: Ad media	$ 95,021
Soft-World (Hong Kong)	56,322
Asure	32,370
Neweb Technologies	30,495
Others (Note)	7,663
	221,871
Unrelated parties	
Company A	648,221
Company B	321,259
Company C	167,233
Company D	157,164
Company E	113,283
Company F	91,316
Company G	90,173
Others (Note)	275,366
	1,864,015
Less: Allowance of other receivables	67,643
	1,796,372
	$ 2,018,243

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF INVENTORIES
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Carrying Amount	Net Realizable Value (Note)
Merchandise	$ 24,886	$ 25,213
Finished goods	493	493
	$ 25,379	$ 25,706

Note: For the determination of base of net realizable value, refer to Note 4 to the financial statements.

STATEMENT 5

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF OTHER CURRENT ASSETS
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Item	Amount
Prepayments for commission	$ 55,684
Prepayments for projects	23,834
Prepayments for goods	7,016
Prepayments for rent	6,389
Others (Note)	20,420
	$ 113,343

Note: The amount of each item included in others does not exceed 5% of the account balance.

STATEMENT 6

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NONCURRENT
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

	Balance, January 1, 2018		Additions (Note 1)		Decrease (Note2)		Balance, December 31, 2018		
Investees	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Collateral**
Userjoy Technology Co., Ltd.	422,006	$ 38,487	42,200	$ -	-	$ 8,313	464,206	$ 30,174	None
Softstar Entertainment Inc.	2,000,000	112,400	-	37,200	-	-	2,000,000	149,600	None
China Communications Media Group Co., Ltd	270,351	4,244	-	-	-	1,592	270,351	2,652	None
Fun Yours Technology Co., Ltd.	1,859,424	62,383	185,942	-	-	4,091	2,045,366	58,292	None
Kuobrothers Corporation	439,096	18,157	43,909	5,752	-	-	483,005	23,909	None
Gameone Holdings Limited.	1,200,000	5,437	-	-	-	2,990	1,200,000	2,447	None
China Digital Interactive Technology Group Co., Ltd.	350,000	45,500	-	-	-	-	350,000	45,500	None
Global Mobile Corporation	1,400,000	-	-	-	-	-	1,400,000	-	None
Nerv Studios Pte. Ltd.	45	-	-	-	-	-	45	-	None
		$ 286,608		$ 42,952		$ 16,986		$ 312,574	

Note 1: Increase in shares for the current year resulted from the acquisition of share dividends of 272,051 shares. The additional amount, $42,952 thousand, resulted from the adjustment to unrealized gain from financial instruments.

Note 2: The deduction, $16,986 thousand, for the current year resulted from adjustment to unrealized loss from financial assets.

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Balance, January 1, 2018		Additions (Note 1)		Decrease (Note 2)		Balance, December 31, 2018			Fair Value or Net Assets Value (Note 3)		
Investees	Shares	Amount	Shares	Amount	Shares	Amount	Shares	% of Ownership	Amount	Unit Price (NT$)	Total Amount	Collateral
Listed company												
Chinese Gamer International Corporation	43,880,205	$ 628,026	-	$ 18,532	2,000,000	$ 153,462	41,880,205	49	$ 493,096	$ 36.70	$ 1,537,004	None
Unlisted companies												
Game Flier International Corporation	28,325,868	761,301	462	30,029	-	77,896	28,326,330	98	713,434	25.19	713,434	None
Soft-World International (Hong Kong) Corporation	3,883,558	487,639	-	27,267	-	-	3,883,558	100	514,906	132.59	514,906	None
Pay2go Technology Corporation	49,056,667	329,210	-	-	49,056,667	329,210	-	-	-	-	-	-
Game First International Corporation	19,764,063	344,815	-	364	3,080,000	94,734	16,684,063	70	250,445	15.01	250,445	None
Global Concept Corporation	9,631,253	218,338	-	24,138	-	2,990	9,631,253	100	239,486	24.87	239,486	None
Zealot Digital International Corporation	8,904,162	85,217	-	-	-	6,873	8,904,162	99	78,344	8.80	78,344	None
Jhih Long Venture Capital Corporation	10,000,000	110,584	-	4,517	-	107,671	10,000,000	13	7,430	0.74	7,430	None
Soft-World Technology Pte. Ltd.	1,030,000	23,584	-	226	-	3,331	1,030,000	100	20,479	19.88	20,479	None
Fast Distributed Cloud Computing Co., Ltd.	1,020,000	19,474	-	15,032	-	-	1,020,000	100	34,506	33.83	34,506	None
Interactive Entertainment Technology Co., Ltd,.	480,000	15,394	-	30	-	-	480,000	80	15,424	32.13	15,424	None
Re: Ad Media Corporation	331,500	15,217	-	2,148	169,830	10,827	161,670	51	6,538	40.44	6,538	None
Smartpath Digital Technology Co., Ltd.	2,000,000	19,674	-	4,964	2,000,000	24,638	-	-	-	-	-	-
Dynasty International Information Corporation	1,460,610	4,932	-	9,281	-	-	1,460,610	86	14,213	9.73	14,213	None
Efun International Co., Ltd.	2,368,000	6,349	-	1,999	-	2,147	2,368,000	89	6,201	2.62	6,201	None
Jorsen Technology Co., Ltd	340,000	(3,501)	370,340	4,390	710,340	889	-	-	-	-	-	-
Sofaman Corporation	276,600	(2,069)	-	-	-	3,118	276,600	60	(5,187)	(18.75)	(5,187)	None (Note 4)
Zealot Digital Pte. Ltd.	25,068,141	(5,785)	1,087,538	24,549	-	23,618	26,155,679	100	(4,854)	0.08	2,092	None
Neweb Technologies Co., Ltd.	-	-	56,232,998	482,097	-	36,965	56,232,998	50	445,132	7.92	445,132	None
Efun International Corporation	-	-	7,726,988	122,877	-	-	7,726,988	89	122,877	15.9	122,877	None
Long Xiang Investment Corporation	-	-	25,000,000	262,523	-	243,250	25,000,000	44	19,273	0.77	19,273	None
CELAD Incorporated	-	-	1,000,000	10,000	-	8,616	1,000,000	25	1,384	1.38	1,384	None
Re: Ad (Taiwan) Media Corporation	-	-	1,275,000	21,241	-	-	1,275,000	51	21,241	16.66	21,241	None
Joy Children Technology Co., Ltd.	2,051,153	15,220	-	-	-	1,340	2,051,153	32	13,880	6.77	13,880	None
We Can Financial Technology Co., Ltd.	2,000,000	10,977	1,131,000	3,959	-	7,252	3,131,000	31	7,684	1.86	7,684	None
Ijoing, Inc.	160,000	387	-	-	-	303	160,000	11	84	0.53	84	None
		3,084,983		1,070,163		1,139,130			3,016,016		$ 4,066,870	
Add: Credit balance of long-term investments offset with prepayment of long-term investments		6,077		869		-			6,946			
Credit balance of long-term investments reclassified to other liabilities		5,570		-		383			5,187			
		$ 3,096,630		$ 1,071,032		$ 1,139,513			$ 3,028,149			

Note 1: Resulted from additional amount of investments $384,455 thousand, acquisition of Neweb Technologies by shares of $337,477 thousand, share of profit of subsidiaries and associates accounted for using the equity method $140,199 thousand, adjustment to net equity accounted for using equity method $161,566 thousand, exchange differences on translating foreign operations $15,503 thousand, adjustment to capital surplus arising from dividends paid to subsidiaries $10,359 thousand, disposals of the Corporation's shares held by subsidiaries $9 thousand, other comprehensive gain of subsidiaries accounted for using the equity method $247 thousand, and unrealized gain from financial assets $21,217 thousand.

Note 2: Resulted from deduction of investments $57,040 thousand, acquisition of Neweb Technologies by shares of $337,477 thousand, cash dividends acquired from investee companies $124,144 thousand, share of loss of subsidiaries and associates accounted for using the equity method $124,233 thousand, adjustment to net equity accounted for using equity method $16,216 thousand, exchange differences on translating foreign operations $3,329 thousand, other comprehensive gain of subsidiaries accounted for using the equity method $651 thousand, and unrealized loss from financial assets $26,737 thousand, the Corporation's shares by subsidiaries $449,303 thousand, and credit balance of long-term investments reclassified to other liabilities $383 thousand.

Note 3: Fair value was the closing price of stocks at the end of 2018. Net asset value was calculated based on the investees' financial statements and the Corporation's ownership percentage.

Note 4: Credit balance of long-term investments was reclassified to other liabilities.

STATEMENT 8

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF NOTES PAYABLE
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Name of Suppliers	Amount
Related parties	
Game First	$ 151,551
Others (Note)	6,138
	157,689
Unrelated parties	
Company A	1,179
Individual B	973
Company C	940
Individual D	734
Company E	697
Company F	634
Others (Note)	4,740
	9,897
	$ 167,586

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

STATEMENT 9

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Name of Suppliers	Amount
Related parties	
Game First	$ 48,880
Game Flier	7,913
Others (Note)	3,351
	60,144
Unrelated parties	
Company A	14,293
Company B	6,829
Company C	6,668
Company D	5,273
Others (Note)	10,414
	43,477
	$ 103,621

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

STATEMENT 10

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Name of Suppliers	Amount
Related parties	
Chinese Gamer	$ 101,400
Game Flier	94,801
Game First	46,289
Others (Note 1)	11,197
	253,687
Unrelated parties	
Payables for receipts under custody	2,275,372
Others (Note 2)	398,795
	2,674,167
	$ 2,927,854

Note 1: The amount of individual vendor included in others does not exceed 5% of the account balance.

Note 2: Refer to Note 17 to the financial statements.

STATEMENT 11

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Item	Quantity (Pieces)	Amount
Rendering of services		
Revenue from MyCard services	-	$ 1,869,559
Others (Note)	-	321,103
		2,190,662
Sale of goods - recharge cards and product packages	1,304,752	294,727
Licensing revenue	-	22,575
Subtotal		2,507,964
Less: Sales return and allowance		105,501
Total		$ 2,402,463

Note: The amount of each item included in others does not exceed 10% of the account balance.

STATEMENT 12

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Item	Amount
Cost of goods produced	
Raw materials used	
Add: Raw material purchased	$ 3,089
Less: Disposal of raw materials	(234)
Others	(23)
	2,832
Supplies	
Add: Supplies purchased	13
Disposal of supplies	(13)
	-
Direct labor	8,419
Manufacturing expenses	23,401
Manufacturing cost	34,652
Add: Finished goods, beginning of year	407
Less: Finished goods, end of year	(493)
Disposal	(328)
Loss on disposal of inventory	(1,729)
Others	(14,096)
	18,413
Cost of goods purchased	
Merchandise, beginning of year	32,381
Add: Merchandise purchased	191,995
Gain on reversal of inventories	2,729
Less: Merchandise, end of year	(24,886)
Others	(574)
	201,645
Other operating costs	191,885
Cost of disposal of raw materials and supplies	247
Loss on disposal of inventory	328
Reversal of write-downs of inventories	(1,000)
Add: Cost of goods sold with a right to recover a product, beginning of year	1,553
Less: Cost of goods sold with a right to recover a product, end of year	(4,527)
	$ 408,544

STATEMENT 13

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Circulation	$ 626,555	$ -	$ -	$ 626,555
Salaries	195,134	95,437	9,363	299,934
Service for processing of Information	269,496	-	-	269,496
Advertising	22,248	610	4	22,862
Insurance	17,357	6,740	729	24,826
Pension	9,824	5,402	359	15,585
Amortization	19,550	3,866	82	23,498
Miscellaneous disbursements	37,632	25,308	26,204	89,144
Others (Note)	52,587	46,282	1,868	100,737
	$ 1,250,383	$ 183,645	$ 38,609	1,472,637
Expected credit loss				14,668
				$ 1,487,305

Note: The amount of each item in others does not exceed 5% of the account balance.

SOFT-WORLD INTERNATIONAL CORPORATION

SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31					
	2018			2017		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits						
Salaries	$ 24,022	$ 294,832	$ 318,854	$ 22,237	$ 292,300	$ 314,537
Labor and health insurance	2,229	24,826	27,055	2,144	25,082	27,226
Pension	1,176	15,585	16,761	1,165	13,276	14,441
Remuneration of directors	-	5,102	5,102	-	4,120	4,120
Others	287	2,745	3,032	1,034	9,191	10,225
	$ 27,714	$ 343,090	$ 370,804	$ 26,580	$ 343,969	$ 370,549
Depreciation	$ 265	$ 4,973	$ 5,238	$ 329	$ 5,813	$ 6,142
Amortization	4	23,498	23,502	5	18,463	18,468

Note: As of December 31, 2018 and 2017, the Corporation had 426 and 431 employees, respectively. Among them, 6 and 5 directors did not serve concurrently as employees in 2018 and 2017, respectively. Those directors' calculation base was consistent with that for employee benefits.