Soft-World International Corporation

Parent Company Only Financial Statements for the Years Ended December 31, 2019 and 2018 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, 2019 and 2018, 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, 2019 and 2018, 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, 2019. 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, 2019 are stated as follows.

<u>Revenue Recognition - MyCard transactions</u>

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. Please refer to Notes 4 and 20 to the parent company only financial statements for more details. 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 revenue from MyCard transactions.

The main audit procedures which we performed included the following:

1. We understood and tested the effectiveness of internal control of the MyCard internet platform and the interface control between MyCard and the ERP system;

2. We implemented computer-assisted audit techniques to test the accuracy of the MyCard points which were deposited, exchanged and consumed on a sample basis;

3. We verified whether the timing of points exchange and consumption on the MyCard platform was the same as that recorded in the financial statements;

4. We tested the amounts transferred from other financial liabilities and the amount needed to be transferred to the related game operators, as well as confirmed if the service revenue recognized as a 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, 2019 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 25, 2020

Notice to Readers

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

DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

ASSETS	**December 31, 2019** Amount	%	**December 31, 2018** Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 2,257,842	23	$ 2,477,867	25
Notes receivable (Notes 4, 5 and 7)	1,751	-	2,226	-
Accounts receivable, net (Notes 4, 5 and 7)	58,935	1	77,532	1
Accounts receivable - related parties (Notes 4, 5, 7 and 26)	25,723	-	67,969	1
Other receivables (Notes 4 and 7)	1,653,658	17	1,796,372	18
Other receivables - related parties (Notes 4, 7 and 26)	67,295	1	221,871	2
Inventories (Notes 4 and 8)	22,569	-	25,379	1
Other financial assets - current (Notes 9 and 27)	1,691,230	17	1,292,589	13
Other current assets	149,875	2	113,343	1
Total current assets	5,928,878	61	6,075,148	62
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4 and 10)	295,413	3	312,574	3
Investments accounted for using the equity method (Notes 4 and 11)	3,121,887	32	3,028,149	31
Property, plant and equipment (Notes 4, 12 and 27)	347,497	4	351,923	4
Right-of-use assets (Notes 3, 4 and 13)	14,713	-	-	-
Other intangible assets (Notes 4 and 14)	18,326	-	27,151	-
Deferred tax assets (Notes 4 and 22)	36,301	-	34,864	-
Refundable deposits	12,125	-	2,839	-
Other financial assets - noncurrent (Note 9)	10,095	-	9,358	-
Total noncurrent assets	3,856,357	39	3,766,858	38
TOTAL	$ 9,785,235	100	$ 9,842,006	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 20)	$ 136,729	1	$ 86,338	1
Notes payable (Note 15)	8,822	-	9,897	-
Notes payable - related parties (Notes 15 and 26)	44,886	-	157,689	2
Accounts payable (Note 15)	28,878	-	43,477	-
Accounts payable - related parties (Notes 15 and 26)	60,235	1	60,144	1
Other payables (Notes 16)	2,565,383	26	2,674,167	27
Other payables - related parties (Notes 16 and 26)	143,287	2	253,687	2
Current tax liabilities (Notes 4 and 22)	51,893	1	77,893	1
Lease liabilities - current (Notes 3, 4 and 13)	6,736	-	-	-
Other financial liabilities - current (Notes 4 and 17)	635,164	7	687,411	7
Other current liabilities	7,323	-	12,425	-
Total current liabilities	3,689,336	38	4,063,128	41
NONCURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 22)	39,561	-	21,858	-
Lease liabilities - noncurrent (Notes 3, 4 and 13)	8,059	-	-	-
Net defined benefit liabilities (Notes 4 and 18)	73,381	1	81,342	1
Guarantee deposits received	350	-	225	-
Other noncurrent liabilities (Note 11)	785	-	5,187	-
Total noncurrent liabilities	122,136	1	108,612	1
Total liabilities	3,811,472	39	4,171,740	42
EQUITY (Note 19)				
Share capital	1,274,743	13	1,274,743	13
Capital surplus	1,753,876	18	1,744,934	18
Retained earnings				
Legal reserve	976,777	10	930,645	10
Special reserve	120,524	1	25,117	-
Unappropriated earnings	2,169,340	22	1,981,052	20
Total retained earnings	3,266,641	33	2,936,814	30
Other equity	127,806	1	163,078	2
Treasury shares	(449,303)	(4)	(449,303)	(5)
Total equity	5,973,763	61	5,670,266	58
TOTAL	$ 9,785,235	100	$ 9,842,006	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, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
NET OPERATING REVENUE (Notes 4 and 20)	$ 2,335,588	100	$ 2,402,463	100
OPERATING COSTS (Notes 4, 8, 21 and 26)	329,049	14	408,544	17
GROSS PROFIT	2,006,539	86	1,993,919	83
REALIZED GAIN ON TRANSACTIONS	-	-	16,069	1
REALIZED GROSS PROFIT	2,006,539	86	2,009,988	84
OPERATING EXPENSES (Notes 21 and 26)				
Selling and marketing expenses	1,216,673	52	1,250,383	52
General and administrative expenses	189,276	8	183,645	8
Research and development expenses	22,255	1	38,609	1
Expected credit loss (Note 7)	10,559	1	14,668	1
Total operating expenses	1,438,763	62	1,487,305	62
OPERATING INCOME	567,776	24	522,683	22
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 21)	49,803	2	37,112	1
Other gains and losses (Note 21)	3,846	-	12,316	-
Finance costs (Note 21)	(204)	-	-	-
Share of profit of subsidiaries and associates accounted for using the equity method (Note 4)	125,496	6	15,966	1
Total non-operating income and expenses	178,941	8	65,394	2
PROFIT BEFORE INCOME TAX	746,717	32	588,077	24
INCOME TAX EXPENSE (Notes 4 and 22)	136,137	6	126,755	5
NET PROFIT FOR THE YEAR	610,580	26	461,322	19
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	(1,360)	-	(6,314)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 19)	(18,749)	(1)	25,966	1

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SOFT-WORLD INTERNATIONAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	$ 1,990	-	$ (5,924)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 22)	272	-	1,956	-
	(17,847)	(1)	15,684	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 19)	(15,999)	-	11,140	-
Share of other comprehensive gain (loss) of subsidiaries and associates accounted for using the equity method (Note 19)	(4,972)	-	1,034	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 19 and 22)	3,237	-	(2,956)	-
	(17,734)	-	9,218	-
Other comprehensive income (loss) for the year, net of income tax	(35,581)	(1)	24,902	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 574,999	25	$ 486,224	20
EARNINGS PER SHARE (Note 23)				
Basic	$ 5.00		$ 3.70	$ -
Diluted	$ 4.98		$ 3.68	

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

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SOFT-WORLD INTERNATIONAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(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 on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Subtotal	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2018	$ 1,274,743	$ 1,529,865	$ 888,889	$ 25,117	$ 1,821,197	$ (20,585)	$ 153,999	$ -	$ 133,414	$ -	$ 5,673,225
Effects of retrospective application and retrospective restatement	-	-	-	-	-	-	(153,999)	153,999	-	-	-
Equity at the beginning of the period after adjustments	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 19)											
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 (Note 11)	-	59,351	-	-	-	-	-	-	-	-	59,351
Changes in percentage of ownership interests in subsidiaries	-	145,350	-	-	-	-	-	-	-	-	145,350
Purchase of the Corporation's shares by subsidiaries (Note 19)	-	-	-	-	-	-	-	-	-	(450,715)	(450,715)
Disposal of the Corporation's shares held by subsidiaries (Note 19)	-	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
Appropriation of 2018 earnings (Note 19)											
Legal reserve	-	-	46,132	-	(46,132)	-	-	-	-	-	-
Special reserve	-	-	-	95,407	(95,407)	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(280,444)	-	-	-	-	-	(280,444)
	-	-	46,132	95,407	(421,983)	-	-	-	-	-	(280,444)
Net profit in 2019	-	-	-	-	610,580	-	-	-	-	-	610,580
Other comprehensive loss in 2019, net of income tax	-	-	-	-	(309)	(17,734)	-	(17,538)	(35,272)	-	(35,581)
Total comprehensive income (loss) in 2019	-	-	-	-	610,271	(17,734)	-	(17,538)	(35,272)	-	574,999
Adjustment to capital surplus arising from dividends paid to subsidiaries (Note 19)	-	11,726	-	-	-	-	-	-	-	-	11,726
Changes in percentage of ownership interests in subsidiaries	-	(2,784)	-	-	-	-	-	-	-	-	(2,784)
BALANCE AT DECEMBER 31, 2019	$ 1,274,743	$ 1,753,876	$ 976,777	$ 120,524	$ 2,169,340	$ (29,101)	$ -	$ 156,907	$ 127,806	$ (449,303)	$ 5,973,763

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 746,717	$ 588,077
Adjustments for:		
Income and expenses		
Depreciation expenses	10,172	5,238
Amortization expenses	14,117	23,502
Expected credit loss recognized on trade receivables	10,559	14,668
Finance costs	204	-
Interest income	(21,733)	(18,551)
Dividend income	(2,934)	(1,668)
Share of profit of subsidiaries and associates accounted for using the equity method	(125,496)	(15,966)
Realized gain on the transactions with subsidiaries	-	(16,069)
Others	1,383	(498)
Changes in operating assets and liabilities		
Notes receivable	475	39,124
Notes receivable - related parties	-	530
Accounts receivable	18,217	(31,554)
Accounts receivable - related parties	42,246	(40,131)
Other receivables	132,144	138,408
Other receivables - related parties	154,576	(133,052)
Inventories	1,625	11,187
Other current assets	(36,532)	(9,571)
Contract liabilities	50,391	20,184
Notes payable	(1,074)	(11,402)
Notes payable - related parties	(112,804)	12,302
Accounts payable	(14,599)	(7,131)
Accounts payable - related parties	91	1,573
Other payables	(106,504)	83,989
Other payables - related parties	(110,400)	133,449
Other financial liabilities	(52,247)	(33,916)
Other current liabilities	(5,102)	(55,000)
Net defined benefit liabilities	(9,321)	(4,904)
Cash generated from operations	584,171	692,818
Interest received	22,124	17,992
Dividends received	8,600	125,812
Interest paid	(204)	-
Income tax paid	(142,362)	(115,040)
Net cash generated from operating activities	472,329	721,582
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(1,588)	-

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SOFT-WORLD INTERNATIONAL CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
Acquisition of investments accounted for using the equity method	$ (16,474)	$ (384,455)
Proceeds from sale of subsidiaries	12,785	80,053
Proceeds from shares return due to capital reduction of investments accounted for using the equity method	15,142	36,312
Payments for property, plant and equipment	(3,457)	(369)
Increase in refundable deposits	(21,510)	(1,542)
Decrease in refundable deposits	12,224	1,945
Payments for intangible assets	(5,292)	(47,334)
Increase in other financial assets	(1,674,608)	(1,225,859)
Decrease in other financial assets	1,275,230	1,124,980
Net cash used in investing activities	(407,548)	(416,269)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits received	185	-
Decrease in guarantee deposits received	(60)	(170)
Repayment of the principal portion of lease liabilities	(4,487)	-
Cash dividends distributed	(280,444)	(254,949)
Net cash used in financing activities	(284,806)	(255,119)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(220,025)	50,194
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,477,867	2,427,673
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,257,842	$ 2,477,867

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

(Concluded)

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 25, 2020.

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 16 "Leases"

      IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

      Definition of a lease

      The Corporation elects 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 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Corporation as lessee

The Corporation recognizes right-of-use assets or investment properties if the right-of-use assets meet the definition of investment properties, 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 are recognized as expenses on a straight-line basis. On the parent company only statements of comprehensive income, the Corporation presents 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 are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts, including property interest qualified as investment properties, were recognized as expenses on a straight-line basis. Cash flows for operating leases were classified within operating activities on the parent company only statements of cash flows. Leased assets and finance lease payables were recognized on the parent company only balance sheets for contracts classified as finance leases.

The Corporation elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were 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 are measured at an amount equal to the lease liabilities. The Corporation applies IAS 36 to all right-of-use assets.

The Corporation also applies the following practical expedients:

a) The Corporation accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

b) The Corporation excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.

c) The Corporation uses hindsight, such as in determining lease terms, to measure lease liabilities.

The lessee’s weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 2.05%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 16,110
Less: Recognition exemption for short-term leases	(6,520)
Undiscounted amount on January 1, 2019	$ 9,590
Discounted amount using the incremental borrowing rate on January 1, 2019 (liabilities recognized on January 1, 2019)	$ 9,122

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	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 - noncurrent	-	5,795	5,795
Total effect on liabilities	$ -	$ 9,122	$ 9,122

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 a material 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 application would not have a material impact on the Corporation's assets, liabilities, and equity as of January 1, 2019.

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

Note 1: 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 2: The Corporation shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

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

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 assessed that the application of other standards 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)
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 "Classification of Liabilities as Current or Noncurrent"	January 1, 2022

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

Amendments to IFRS 10 and IAS 28

The amendments stipulate that, when the Corporation sells or contributes assets that constitutes a business (as defined in IFRS 3) to an associate or a joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Corporation loses control of a subsidiary or a joint venture 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 or a joint venture, 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 or a joint venture, 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 or a joint venture, i.e. the Corporation's share of the gain or loss is eliminated.

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Corporation is 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 and IFRSs as endorsed and issued into effect by the FSC.

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 for the amount of net income, other comprehensive income and equity in the parent company only financial statements to be the same as that 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 raw materials, 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.

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. Other 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, 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

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.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

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.

b) Impairment of financial assets

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.

For internal credit risk management purposes, the Corporation determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Corporation):

i Internal or external information show that the debtor is unlikely to pay its creditors.

ii When a financial asset is more than 90 days past due unless the Corporation has reasonable and corroborative information to support a more lagged default criterion.

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.

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.

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. Revenue recognition

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. Advance receipts of selling merchandise are recognized as “Contract liabilities”.

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. Advance receipts of services are recognized as “Contract liabilities”.

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. Advance receipts of royalty is recognized as “Contract liabilities”.

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.

l. Leases

2019

At the inception of a contract, the Corporation assesses whether the contract is, or contains, a lease.

1) The Corporation as lessor

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

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Corporation as lessee

The Corporation recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost and are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the parent company only balance sheets, except for those that meet the definition of investment properties.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Corporation remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

2018

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. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Operating lease payments are recognized as expenses on a straight-line basis over the lease term.

m. 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 services.

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.

n. 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.

Key Sources of Estimation Uncertainty - Estimated impairment of financial assets

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.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2019	**2018**
Cash on hand	$ 909	$ 910
Bank deposits	1,012,493	1,485,437
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	1,244,440	991,520
	$ 2,257,842	$ 2,477,867

7. NOTES AND ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2019	2018
Notes receivable		
Operating	$ 1,751	$ 2,226
Accounts receivable - unrelated parties		
At amortized cost		
Gross carrying amount	$ 59,811	$ 78,028
Less: Allowance for impairment loss	(876)	(496)
	$ 58,935	$ 77,532
Accounts receivable - related parties (Note 26)		
At amortized cost		
Gross carrying amount	$ 25,723	$ 67,969
Other receivables (including related parties)		
Receivables for receipts under custody	$ 1,771,884	$ 1,948,955
Less: Allowance for impairment loss - receivables for receipts under custody	(61,358)	(67,643)
	1,710,526	1,881,312
Loans receivable from related parties	-	30,495
Other collection receivables	10,427	106,436
	$ 1,720,953	$ 2,018,243
Unrelated parties	$ 1,653,658	$ 1,796,372
Related parties (Note 26)	67,295	221,871
	$ 1,720,953	$ 2,018,243

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	
	2019	2018
Up to 90 days	$ 1,751	$ 1,044
91-180 days	-	1,125
181-365 days	-	57
	$ 1,751	$ 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 measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. 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:

For the year ended December 31, 2019

	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	$ 84,658	$ -	$ -	$ 876	$ 85,534
Loss allowance (Lifetime ECLs)	-	-	-	(876)	(876)
Amortized cost	$ 84,658	$ -	$ -	$ -	$ 84,658

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	$ 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 through cooperative channels (see Note 20), and the average credit period of receivables for channels were 30 to 120 days.

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, 2019

	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	$ 1,646,528	$ 48,675	$ 26,150	$ 50,531	$ 1,771,884
Loss allowance (Lifetime ECLs)	-	(1,467)	(9,360)	(50,531)	(61,358)
Amortized cost	$ 1,646,528	$ 47,208	$ 16,790	$ -	$ 1,710,526

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, 2019		
	Accounts Receivable	**Other Receivables**	**Total**
Balance at January 1	$ 496	$ 67,643	$ 68,139
Add: Net remeasurement of loss allowance	380	10,179	10,559
Less: Amounts written off	-	(16,464)	(16,464)
Balance at December 31	$ 876	$ 61,358	$ 62,234

	For the Year Ended December 31, 2018		
	Accounts Receivable	**Other Receivables**	**Total**
Balance at January 1 per IAS 39	$ 64,176	$ -	$ 64,176
Adjustment on initial application of IFRS 9	-	-	-
Adjustment on initial application of IFRS 15	(64,068)	64,068	-
Balance at January 1 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	$ 496	$ 67,643	$ 68,139

8. INVENTORIES

	December 31	
	2019	2018
Raw materials	$ 109	$ -
Finished goods	157	493
Merchandise	22,303	24,886
	$ 22,569	$ 25,379

Loss on write-downs of inventories recognized as cost of inventories in the table above for the years ended December 31, 2019 and 2018 was $14,134 thousand and $13,718 thousand, respectively.

The operating costs for the years ended December 31, 2019 and 2018 was $329,049 thousand and $408,544 thousand, respectively, which includes the following:

	For the Year Ended December 31	
	2019	2018
Loss (gain on reversal) of inventory write-downs	$ 416	$ (1,000)
Loss on disposal	769	328
	$ 1,185	$ (672)

9. OTHER FINANCIAL ASSETS

	December 31	
	2019	2018
Pledged demand deposits (Note 27)	$ -	$ 17,359
Pledged time deposits (Note 27)	35,000	-
Restricted deposits	10,095	9,358
Time deposits with original maturities of more than 3 months	1,656,230	1,275,230
	$ 1,701,325	$ 1,301,947
Current	$ 1,691,230	$ 1,292,589
Noncurrent	10,095	9,358
	$ 1,701,325	$ 1,301,947

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – NONCURRENT

	December 31	
	2019	2018
Listed shares	$ 130,995	$ 117,474
Private - placement shares of listed companies	163,000	149,600
Domestic unlisted shares	1,418	-
Foreign unlisted shares	-	45,500
	$ 295,413	$ 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.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2019	2018
Investments in subsidiaries	$ 3,103,590	$ 3,006,501
Investments in associates	18,297	21,648
	$ 3,121,887	$ 3,028,149

a. Investments in subsidiaries

	December 31, 2019		December 31, 2018	
	Amount	Proportion of Ownership and Voting Rights (%)	Amount	Proportion of Ownership and Voting Rights (%)
Listed company				
Chinese Gamer International Corporation (Chinese Gamer)	$ 524,750	49	$ 493,096	49
Unlisted company				
Soft-World Technology Pte. Ltd.	5,620	100	20,479	100
Game Flier International Corporation (Game Flier)	750,778	98	713,434	98
Global Concept Corporation (Global Concept)	247,384	100	239,486	100
Game First International Corporation (Game First)	239,920	70	250,445	70
Efun International Co., Ltd.	-	-	6,201	89
Zealot Digital International Corporation	71,193	99	78,344	99
Zealot Digital Pte. Ltd.	548	100	(4,854)	100
Soft-World International (Hong Kong) Corporation	535,164	100	514,906	100
Dynasty International Information Corporation	18,125	86	14,213	86
Jhih Long Venture Capital Corporation (Jhih Long)	8,521	13	7,430	13
Sofaman Corporation (Sofaman)	482	60	(5,187)	60
Re: Ad Media Corporation (Re: Ad Media)	-	-	6,538	51

(Continued)

	December 31, 2019		December 31, 2018	
	Amount	Proportion of Ownership and Voting Rights (%)	Amount	Proportion of Ownership and Voting Rights (%)
Interactive Entertainment Technology Co., Ltd. (Interactive Entertainment)	$ 15,660	80	$ 15,424	80
Fast Distributed Cloud Computing Co., Ltd.	40,857	100	34,506	100
Neweb Technologies Co., Ltd.	440,219	50	445,132	50
Efun International Corporation	182,463	80	122,877	89
Long Xiang Investment Corporation (Long Xiang)	21,906	44	19,273	44
CELAD Incorporated (CELAD)	(785)	32	1,384	25
Re: Ad Media (Taiwan) Corporation (Re: Ad Media (Taiwan))	-	-	21,241	51
	3,102,805		2,994,368	
Credit balance of long-term investments offset by prepayments of long-term investments	-		6,946	
Credit balance of long-term investments reclassified to other liabilities	785		5,187	
	$ 3,103,590		$ 3,006,501	

(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	
	2019	2018
Chinese Gamer	$ 3,714,774	$ 1,537,004

For a brief description of each long-term investment, refer to Table 5. The related main changes are as follows:

1) Part of Chinese Gamer's shares were sold by the Corporation in 2018, 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) The Corporation continuously increased its investments in Game Flier in 2019 and 2018 which amounted to $99 thousand and $12 thousand, respectively. As of December 31, 2019, the total amount of investments in Game Flier was $217,945 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 27: Business Combinations to the consolidated financial statements for the year ended December 31, 2019 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, 2019, 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 in cash of $80,000 thousand, for which the Corporation's subsidiary Efun International Co. Ltd. did not subscribe, 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. Besides, in May 2019, Efun International Corporation issued new shares amounting to $26,000 thousand in exchange for the Corporation's 51% equity stake in the subsidiary, Re: Ad Media (Taiwan), and the remaining outstanding shares of Re: Ad Media (Taiwan). As a result, the ownership percentage of the Corporation decreased to 80%. As of December 31, 2019, the amount of investments in Efun International Corporation was $91,364 thousand.

6) Jhih Long increased capital in cash in May and September 2018, respectively; however, the Corporation did not subscribe for the shares in accordance with the original shareholding percentage, and thus, the Corporation's shareholding percentage 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) Soft-World Technology Pte. Ltd. implemented a capital reduction in November 2019, and the Corporation decreased the amount of investments according to the percentage of capital reduction and received a refund of shares of $15,142 thousand. As of December 31, 2019, the amount of investments in Soft-World Technology Pte. Ltd. was $8,959 thousand.

8) Re: Ad Media implemented 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. In December 2019, Re: Ad Media completed its liquidation procedures, and refunded shares of $6,407 thousand.

9) Efun International Co., Ltd. completed liquidation in June 2019, and refunded shares of $6,378 thousand.

10) 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, 2019, the amount of the investments in Long Xiang was $250,000 thousand.

11) CELAD increased capital in cash in June 2018; however, the Corporation's subsidiary Chinese Gamer did not subscribe for the shares. In the meantime, the Corporation subscribed for the shares in the amount of $10,000 thousand. CELAD increased capital in cash in June 2019, and the Corporation subscribed for the shares for $7,500 thousand. As of December 31, 2019, the total amount of investments in CELAD was $17,500 thousand.

12) Re: Ad Media (Taiwan) increased capital in cash of $20,000 thousand, and the Corporation subscribed for the shares with $10,200 thousand; In addition, the Corporation acquired the shares of

Re: Ad Media (Taiwan) from the Corporation's subsidiary Re: Ad Media, and invested $3,894 thousand. Besides, in May 2019, Efun International Corporation issued new shares in exchange for the Corporation's 51% equity stake in the subsidiary, Re: Ad Media (Taiwan). As a result, the amount of the investments in Re: Ad Media (Taiwan), $14,094 thousand, was transferred to Efun International Corporation.

13) Jorsen increased capital in cash in February 2018, and the Corporation subscribed for the shares for $3,703 thousand not in proportion to the original shareholding percentage. In September 2018, Jorsen completed liquidation, and refunded $575 thousand in distributable assets.

14) Sofaman increased capital in cash of 11,000 thousand in March 2019, and the Corporation subscribed for the shares for $6,600 thousand in accordance with the original shareholding percentage. As of December 31, 2019, investments in Sofaman was $9,366 thousand.

15) The Corporation increased its investments in Zealot which amounted to $25,417 thousand (SGD1,122 thousand) for the year ended December 31, 2018. As of December 31, 2018, changes in registration have not been completed for investments of $6,946 thousand (SGD304 thousand). The Corporation has the intention to continuously support Zealot's operations, and thus continually recognized its loss. As of December 31, 2018, 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. As of December 31, 2019, the amount of investments in Zealot was $261,882 thousand, for which the Corporation had completed the procedures for change in registration.

b. Investments in associates

	December 31	
	2019	**2018**
Investments in associates - associates that are not individually material	$ 18,297	$ 21,648

Aggregate information of associates that are not individually material：

	For the Year Ended December 31	
	2019	**2018**
The Corporation's share of:		
Total loss and other comprehensive loss for the year	$ (5,626)	$ (8,894)

The Corporation acquired the shares of We Can Financial Technology Co., Ltd amounting to $2,275 thousand and $3,959 thousand in 2019 and 2018, respectively. As of December 31, 2019, the amount of investments in We Can Financial Technology Co., Ltd was $26,234 thousand.

12. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2019

	Land	**Buildings**	**Equipment**	**Office Equipment**	**Miscellaneous Equipment**	**Total**
Cost						
Balance at January 1, 2019	$ 215,321	$ 183,407	$ 5,615	$ 180	$ 355	$ 404,878
Additions	-	-	1,030	-	147	1,177
Disposals	-	-	(2,800)	-	-	(2,800)
Balance at December 31, 2019	$ 215,321	$ 183,407	$ 3,845	$ 180	$ 502	$ 403,255

(Continued)

	Land	Buildings	Equipment	Office Equipment	Miscellaneous Equipment	Total
Accumulated depreciation						
Balance at January 1, 2019	$ -	$ 49,763	$ 2,989	$ 25	$ 178	$ 52,955
Depreciation expenses	-	4,305	1,130	60	108	5,603
Disposals	-	-	(2,800)	-	-	(2,800)
Balance at December 31, 2019	$ -	$ 54,068	$ 1,319	$ 85	$ 286	$ 55,758
Carrying amounts at December 31, 2019	$ 215,321	$ 129,339	$ 2,526	$ 95	$ 216	$ 347,497

(Concluded)

For the year ended December 31, 2018

	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
Depreciation expenses	-	4,304	633	-	25	276	5,238
Disposals	-	-	(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

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	3years
Transportation Equipment	5years
Office Equipment	3years
Miscellaneous Equipment	3-5years

13. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	Buildings
Cost	
Balance at January 1, 2019	$ 9,122
Additions	10,160
Balance at December 31, 2019	$ 19,282

(Continued)

	Buildings
Accumulated Depreciation	
Balance at January 1, 2019	$ -
Depreciation expenses	4,569
Balance at December 31, 2019	$ 4,569
Carrying amount at December 31, 2019	$ 14,713

(Concluded)

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 6,736
Noncurrent	$ 8,059

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Buildings (%)	2.11-2.20

c. Material lease activities and terms

The Corporation's leases relate to buildings with lease terms successively expiring in May 2023. The Corporation is able to renew the leases when they expire.

d. Other lease information

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	$ 6,953
Expenses relating to low-value asset leases	$ 82
Total cash outflow for leases	$ 11,726

The Corporation has elected to apply the recognition exemption for leases which qualify as short-term leases and low-value asset leases and thus, did not recognize right-of-use assets and lease liabilities for these leases.

2018

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

	December 31, 2018
Not later than 1 year	$ 9,284
Later than 1 year and not later than 3 years	6,826
	$ 16,110

14. OTHER INTANGIBLE ASSETS

For the year ended December 31, 2019

	Computer Software
Cost	
Balance at January 1, 2019	$ 55,246
Additions	5,292
Write-off	(29,648)
Balance at December 31, 2019	$ 30,890
Accumulated amortization	
Balance at January 1, 2019	$ 28,095
Amortization expenses	14,117
Write-off	(29,648)
Balance at December 31, 2019	$ 12,564
Carrying amount at December 31, 2019	$ 18,326

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

(Continued)

	Computer Software
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

(Concluded)

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

15. NOTES PAYABLE AND ACCOUNTS PAYABLE

The Corporation's notes payable and accounts payable are generated from operating activities. 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.

16. OTHER PAYABLES - UNRELATED PARTIES

	December 31	
	2019	**2018**
Payables for receipts under custody	$ 2,201,931	$ 2,275,372
Payables for circulation	157,526	188,726
Payables for salaries or bonuses	63,705	59,727
Payables for value-added taxes	47,503	52,968
Payables for compensation of employees, board of director and supervisors	47,734	37,537
Payables for annual leave	10,435	9,796
Others	36,549	50,041
	$ 2,565,383	$ 2,674,167

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.

17. OTHER FINANCIAL LIABILITIES - CURRENT

	December 31	
	2019	**2018**
Other financial liabilities - current		
Temporary receipts from the sale of MyCard	$ 635,164	$ 687,411

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".

18. 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	
	2019	2018
Present value of defined benefit obligation	$ 104,593	$ 104,965
Fair value of plan assets	(31,096)	(23,486)
Deficit	73,497	81,479
Recognized in other payables	(116)	(137)
Net defined benefit liabilities	$ 73,381	$ 81,342

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 Liabilities
Balance at January 1, 2018	$ 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

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
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
Service cost			
Current service cost	1,013	-	1,013
Interest expense (income)	1,281	(271)	1,010
Recognized in profit or loss	2,294	(271)	2,023
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(877)	(877)
Actuarial loss (gain)			
changes in demographic assumptions	1,776	-	1,776
changes in financial assumptions	4,675	-	4,675
experience adjustments	(4,214)	-	(4,214)
Recognized in other comprehensive income	2,237	(877)	1,360
Contributions from the employer	-	(11,365)	(11,365)
Benefits paid	(4,903)	4,903	-
	(4,903)	(6,462)	(11,365)
Balance at December 31, 2019	$ 104,593	$ (31,096)	$ 73,497

(Concluded)

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	
	2019	**2018**
Discount rate (%)	0.875	1.250
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	
	2019	**2018**
Discount rate		
0.25% increase	$ (3,171)	$ (3,266)
0.25% decrease	$ 3,305	$ 3,407
Expected rate of salary increase		
0.25% increase	$ 3,200	$ 3,311
0.25% decrease	$ (3,087)	$ (3,190)

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	
	2019	**2018**
The expected contributions to the plan for the next year	$ 2,320	$ 1,320
The average duration of the defined benefit obligation (year)	12.6	13.0

19. EQUITY

a. Ordinary share capital

	December 31	
	2019	**2018**
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	
	2019	2018
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	59,810	48,084
Difference between the consideration and carrying amount of subsidiaries acquired or disposed	59,351	59,351
May be used to offset deficits only (see 2 below)		
Changes in percentage of ownership interests in subsidiaries	152,027	154,811
Changes in percentage of ownership interests in associates	6,955	6,955
	$ 1,753,876	$ 1,744,934

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.

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 21 (f) 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.

The 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 2018 and 2017 which were proposed and approved in the shareholders’ meetings on June 18, 2019 and June 14, 2018, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2018	**2017**	**2018**	**2017**
Legal reserve	$ 46,132	$ 41,756		
Special reserve	95,407	-		
Cash dividends	280,444	254,949	$ 2.20	$ 2.00
	$ 421,983	$ 296,705		

The appropriations of earnings for 2019 had been proposed by the board of directors on March 25, 2020 as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 61,058	
Reversal of special reserve	(89,540)	
Cash dividends	509,897	$ 4.00
	$ 481,415	

The appropriations of earnings for 2019 are subject to the resolution of the shareholders in the shareholders’ meeting to be held in June 2020.

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. In June 2019, the shareholders approved the recognition of the difference between the market price of the shares and the carrying amount of the shares of the Corporation held by its subsidiaries at the end of 2018 of $95,407 thousand, which was calculated based on the Corporation’s comprehensive shareholding ratio. Should the market price increase in the future, the increase in the difference can subsequently be reversed.

e. Other equity items

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

	For the Year Ended December 31	
	2019	**2018**
Balance, beginning of year	$ (11,367)	$ (20,585)
Effect of change in tax rate	-	(783)

(Continued)

	For the Year Ended December 31	
	2019	2018
Recognized for the year		
Exchange differences arising on translating the net investments in foreign operations	$ (15,999)	$ 11,140
Related income tax arising from exchange differences	3,237	(2,173)
Share from subsidiaries and associates accounted for using the equity method	(4,972)	1,034
Balance, end of year	$ (29,101)	$ (11,367)

(Concluded)

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

	For the Year Ended December 31	
	2019	2018
Balance, beginning of year	$ 174,445	$ 153,999
Recognized for the year		
Unrealized gain (loss) - equity instruments	(18,749)	25,966
Share from subsidiaries accounted for using the equity method	1,211	(5,520)
Balance, end of year	$ 156,907	$ 174,445

f. Treasury shares

	Thousand Shares			December 31	
Purpose of Treasury Shares	Beginning of the Year	Addition	Reduction	Thousand Shares	Book Value
For the year ended December 31, 2019					
The Corporation's shares held by its subsidiaries	5,330	-	-	5,330	$ 449,303
For the year ended December 31, 2018					
The Corporation's shares held by its 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 Corporation's shares held by its subsidiaries, refer to the Table 3. 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, 2019 and 2018, the market value of the treasury shares calculated by the combined shareholding percentage was $443,436 thousand and $353,896 thousand, respectively.

20. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
	2019	2018
Rendering of services	$ 2,147,791	$ 2,149,988
Sale of goods	179,682	229,900
Licensing revenue	8,115	22,575
	$ 2,335,588	$ 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.

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, 2019	December 31, 2018	January 1, 2018
Notes receivable, accounts receivable, and other receivables (receivables under custody) (including related parties) (Note 7)	$ 1,796,935	$ 2,029,039	$ 2,129,651
Contract liabilities			
Advance receipts of services	$ 107,246	$ 49,253	$ 64,771
Royalty fee for games	28,004	35,577	-
Others	1,479	1,508	1,383
	$ 136,729	$ 86,338	$ 66,154

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.

21. PROFIT BEFORE INCOME TAX

a. Other income

	For the Year Ended December 31	
	2019	2018
Interest income	$ 21,733	$ 18,551
Rental income	3,328	5,099
Dividend income	2,934	1,668
Others	21,808	11,794
	$ 49,803	$ 37,112

b. Other gains and losses

	For the Year Ended December 31	
	2019	2018
Net foreign exchange gain	$ 6,921	$ 13,401
Loss on miscellaneous disbursements	(3,075)	(1,085)
	$ 3,846	$ 12,316

c. Finance costs

	For the Year Ended December 31	
	2019	2018
Interest on lease liabilities	$ 204	$ -

d. Depreciation and amortization

	For the Year Ended December 31	
	2019	**2018**
Property, plant and equipment	$ 5,603	$ 5,238
Right-of-use assets	4,569	-
Other intangible assets	14,117	23,502
	$ 24,289	$ 28,740
An analysis of depreciation by function		
Operating costs	$ 330	$ 265
Operating expenses	9,842	4,973
	$ 10,172	$ 5,238
An analysis of amortization by function		
Operating costs	$ -	$ 4
Operating expenses	14,117	23,498
	$ 14,117	$ 23,502

e. Employee benefits

	For the Year Ended December 31	
	2019	**2018**
Short-term employee benefits	$ 389,880	$ 354,042
Post-employment benefits		
Defined contribution plans	13,128	12,722
Defined benefit plans (Note 18)	2,023	4,039
	15,151	16,761
Employee benefits expense	$ 405,031	$ 370,803
An analysis by function		
Operating costs	$ 27,613	$ 27,713
Operating expenses	377,418	343,090
	$ 405,031	$ 370,803

f. 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, 2019 and 2018, which were approved by the Corporation’s board of directors on March 25, 2020 and March 21, 2019, respectively, are as follows:

	For the Year Ended December 31	
	2019	2018
Accrual rate		
Employees' compensation (%)	5	5
Remuneration of directors and supervisors (%)	1	1
Amount		
Employees' compensation	$ 39,778	$ 31,281
Remuneration of directors and supervisors	7,956	6,256

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, 2018 and 2017, 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, 2018 and 2017.

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.

g. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2019	2018
Foreign exchange gains	$ 10,917	$ 16,299
Foreign exchange losses	(3,996)	(2,898)
Net gain	$ 6,921	$ 13,401

22. 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	
	2019	2018
Current tax		
In respect of the current year	$ 109,482	$ 111,255
Income tax on unappropriated earnings	1,729	12,028
Adjustments for prior years	5,151	40
	116,362	123,323
Deferred tax		
In respect of the current year	19,775	6,599
Effect of tax changes	-	(3,167)
	19,775	3,432
Income tax expense recognized in profit or loss	$ 136,137	$ 126,755

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

	For the Year Ended December 31	
	2019	**2018**
Profit before income tax	$ 746,717	$ 588,077
Income tax expense calculated at the statutory rate	$ 149,343	$ 117,615
Non-deductible expenses (deductible income) in determining taxable income	(13,132)	1,893
Tax-exempt income	(587)	(334)
Realized investment losses	-	(1,301)
Income tax on unappropriated earnings	1,729	12,028
Unrecognized temporary differences	(6,406)	-
Others	39	(19)
Effect of tax rate changes	-	(3,167)
Adjustments for prior years' tax	5,151	40
Income tax expense recognized in profit or loss	$ 136,137	$ 126,755

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%.

b. Income tax benefit recognized in other comprehensive income (loss)

	For the Year Ended December 31	
	2019	**2018**
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	3,237	(2,173)
Remeasurement on defined benefit plan	272	1,263
	$ 3,509	$ (1,000)

c. Current tax liabilities

	December 31	
	2019	**2018**
Current tax liabilities		
Income tax payable	$ 51,893	$ 77,893

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2019

Deferred tax assets	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Temporary differences				
Defined benefit obligations	$ 16,576	$ (2,172)	$ 272	$ 14,676
Bad debts over limits	9,438	2,834	-	12,272
Loss on inventories	2,744	83	-	2,827
Others	6,106	420	-	6,526
	$ 34,864	$ 1,165	$ 272	$ 36,301

Deferred tax liabilities				
Temporary differences				
Gain from foreign investments accounted for using the equity methods	$ 14,316	$ 21,035	$ -	$ 35,351
Exchange differences on translating the financial statements of foreign operations	7,392	-	(3,237)	4,155
Others	150	(95)	-	55
	$ 21,858	$ 20,940	$ (3,237)	$ 39,561

For the year ended December 31, 2018

Deferred tax assets	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
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

(Continued)

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
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

(Concluded)

e. Income tax assessments

The Corporation's income tax returns through 2017 have been assessed by the tax authorities.

23. 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	
	2019	2018
Net profit for the year	$ 610,580	$ 461,322

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

	For the Year Ended December 31	
	2019	2018
Weighted average number of ordinary shares used in the computation of basic earnings per share	122,145	124,717
Add: Employees' compensation issued to employees	572	567
Weighted average number of ordinary shares used in the computation of diluted earnings per share	122,717	125,284

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.

24. 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.

25. 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, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Domestic and foreign listed marketable security investments in equity instruments	$ 130,995	$ -	$ -	$ 130,995
Private - placement shares of domestic listed companies	-	163,000	-	163,000
Foreign unlisted shares	-	-	1,418	1,418
	$ 130,995	$ 163,000	$ 1,418	$ 295,413

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Domestic and foreign 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

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

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 - based on observable market prices.

c. Categories of financial instruments

	December 31	
	2019	**2018**
Financial assets		
Financial assets at amortized cost (1)	$ 5,778,654	$ 5,948,623
Financial assets at FVTOCI	295,413	312,574
Financial liabilities		
Amortized cost (2)	3,487,005	3,886,697

1) The balances include financial assets 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 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 29.

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	
	2019	**2018**
USD	$ 106	$ 81
HKD	342	1,169

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	
	2019	**2018**
Cash flow interest rate risk		
Financial assets	$ 2,697,548	$ 2,552,784

The Corporation assessed that their holdings of fixed-rate time deposits and lease liabilities did not have significant fair value risk.

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 years ended December 31, 2019 and 2018 would increase/decrease by $26,975 thousand and $25,528 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, 2019 and 2018 would have increased/decreased by $2,954 thousand and $3,126 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

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 (receivables for receipts under custody):

	December 31	
	2019	**2018**
Group A	$ 621,052	$ 648,221
Group B	273,605	321,259
	$ 894,657	$ 969,480

The Corporation's concentration of credit risk accounted for 48% and 46% of total accounts receivable and other receivables (receivables for receipts under custody) from the above-mentioned groups as of December 31, 2019 and 2018, 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	More than 1 year	Total
December 31, 2019				
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 3,431,556	$ 55,099	$ 350	$ 3,487,005
Lease liabilities	2,383	4,593	8,197	15,173
Financial guarantee contracts	35,000	100,000	-	135,000
	$ 3,468,939	$ 159,692	$ 8,547	$ 3,637,178
December 31, 2018				
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 3,842,069	$ 44,403	$ 225	$ 3,886,697
Financial guarantee contracts	75,000	100,000	-	175,000
	$ 3,917,069	$ 144,403	$ 225	$ 4,061,697

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.

26. 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
Pay2go Corporation (Pay2 go)	Subsidiaries
Fast Distributed Cloud Computing Co., Ltd.	Subsidiaries
Neweb Technologies Co., Ltd. (Neweb Technologies)	Subsidiaries
Efun International Co., Ltd.	Subsidiaries
CELAD Incorporated	Subsidiaries
Dyansty International Information Corporation	Subsidiaries

(Continued)

Related Party Name	Related Party Category
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
ezPay Co., Ltd.	Subsidiaries of Neweb Technologies
Compete ! Games Interactive Entertainment Corporation	Subsidiaries of Game First International Corporation
Re: Ad Media (Taiwan) Corporation	Subsidiaries of Efun International Corporation
We Can Financial Technology Co., Ltd.	Associates
Taiwan Taomee Co., Ltd.	Associates
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 second-degree relative of the Corporation’s chairman)
Ko, Hsiu -Yen	Related party in substance (Second-degree relative of the Corporation’s chairman)

(Concluded)

b. Operating Revenues

Line Item	Related Party Category	For the Year Ended December 31 2019	2018
Sale of goods	Related party in substance	$ 14,712	$ 2,368
Rendering of services	Subsidiaries	$ 181,437	$ 199,196
	Associates	9,274	10,318
		$ 190,711	$ 209,514
Licensing revenue	Subsidiaries	$ 100	$ 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.

c. Purchase (return) of goods

Related party type	For the Year Ended December 31 2019	2018
Subsidiaries	$ 8,571	$ 29,521
Associates	(267)	1,123
Related party in substance	18,152	9,566
	$ 26,456	$ 40,210

The Corporation purchases goods from the aforementioned related parties based on franchise agreements, and its prices and payment terms are handled in accordance with the agreements. As the Corporation did not purchase similar types of game software with non-related parties, the purchase prices cannot be compared. The payment terms are not significantly different from that for general suppliers.

d. Receivables (excluding loans receivable from related parties)

Line Item	Related Party Category	December 31 2019	2018
Accounts receivable - related parties	Subsidiaries		
	Game First	$ 10,783	$ 7,016
	Game Flier	8,414	19,995
	Chinese Gamer	5,428	21,002
	Game Topia	-	18,539
	Others	632	814
		25,257	67,366
	Associates	466	603
		$ 25,723	$ 67,969
Other receivables - related parties	Subsidiaries	$ 38,465	$ 189,501
	Associates	8	32,370
	Related party in substance	28,822	-
		$ 67,295	$ 221,871

Other receivables are mainly the Corporation's sale of its exclusive MyCard through its related parties and prepayments made on behalf of its 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.

e. Payables to related parties

Line Item	Related Party Category	December 31 2019	2018
Notes payable - related parties	Subsidiaries		
	Game First	$ 42,371	$ 151,551

(Continued)

Line Item	Related Party Category	December 31 2019	2018
	Associates	$ 1,826	$ 5,449
	Related party in substance	689	689
		$ 44,886	$ 157,689
Accounts payable - related parties	Subsidiaries		
	Game First	$ 50,000	$ 48,880
	Others	9,440	7,913
		59,440	56,793
	Associates	-	1,180
	Related party in substance	795	2,171
		$ 60,235	$ 60,144
Other payables - related parties	Subsidiaries		
	Game First	$ 59,317	$ 46,289
	Game Flier	51,429	94,801
	Chinese Gamer	27,610	101,400
	Others	2,253	7,610
		140,609	250,100
	Associates	2,678	3,587
		$ 143,287	$ 253,687

(Concluded)

Other payables 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

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 2019	2018
Subsidiaries		
Neweb Technologies	$ 212	$ 495

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

g. Endorsements and guarantees

	December 31			
	2019		2018	
Related Party Category/Name	**Amount Endorsed**	**Amount Utilized**	**Amount Endorsed**	**Amount Utilized**
Subsidiaries				
Neweb Technologies	$ 280,000	$ 135,000	$ 280,000	$ 175,000

h. Others

The circulation fees, royalties, internet services and advertising fees, etc. which the Corporation paid to its related parties were recognized under manufacturing expenses and operating expenses based on their nature:

	For the Year Ended December 31	
Related Party Category	**2019**	**2018**
Subsidiaries	$ 22,440	$ 49,073
Related party in substance	117,074	45,445
	$ 139,514	$ 94,518

i. 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	
	2019	**2018**
Short-term employee benefits	$ 16,253	$ 15,314
Post-employment benefits	108	109
	$ 16,361	$ 15,423

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

27. ASSETS PLEDGED AS COLLATERAL OR SECURITY

The following assets have been provided as collateral for the issuance of performance guarantees, point performance guarantees and endorsements:

	December 31	
	2019	**2018**
Other financial assets - current		
Pledged demand deposits	$ -	$ 17,359
Pledged time deposits	35,000	-
	35,000	17,359

(Continued)

	December 31	
	2019	2018
Property, plant and equipment		
Land	$ 109,463	$ 109,463
Buildings	84,620	86,982
	194,083	196,445
	$ 229,083	$ 213,804

(Concluded)

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Apart from Note 26, as disclosed in Note 27, 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, 2019 and 2018, the credit line committed by banks were both $800,000 thousand.

29. 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 the foreign currencies and the 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, 2019				
Financial assets				
Monetary items				
USD	$ 454	29.980	(USD:NTD)	$ 13,620
HKD	8,892	3.849	(HKD:NTD)	34,224
Non-monetary items				
Subsidiaries accounted for using the equity method				
HKD	139,040	3.849	(HKD:NTD)	535,164
SGD	252	22.280	(SGD:NTD)	5,620
Financial assets at fair value through other comprehensive income				
HKD	456	3.849	(HKD:NTD)	1,755
Financial liabilities				
Monetary items				
USD	100	29.980	(USD:NTD)	2,988

(Continued)

December 31, 2018	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
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

(Concluded)

For the years ended December 31, 2019 and 2018, realized and unrealized net foreign exchange gains were $6,921 thousand and $13,401 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.

30. 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: None

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 4

9) Trading in derivative instruments: None

10) Information on investees: Table 5

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 6

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

TABLE 1

SOFT-WORLD INTERNATIONAL CORPORATION AND INVESTEES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2019
(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 Limit	Note
													Item	Value			
0	The Corporation	Fast Distributed Cloud Computing Co.,Ltd.	Other receivables - related parties	Yes	$ 16,000	$ -	$ -	2.63	The need for short-term financing	$ -	Operating capital	$ -	None	$ -	$ 896,064	$ 2,389,505	Note
0	The Corporation	Neweb Technologies Co., Ltd.	Other receivables - related parties	Yes	30,000	-	-	2.63	The need for short-term financing	-	Operating capital	-	None	-	896,064	2,389,505	Note
1	Re: Ad Media (Taiwan) Corporation (Re: Ad Media (Taiwan))	Efun International Corporation	Other receivables - related parties	Yes	6,000	-	-	2.63	The need for short-term financing	-	Operating capital	-	None	-	4,501	12,002	Note
1	Efun International Corporation	Re: Ad Media (Taiwan) Corporation (Re: Ad Media (Taiwan))	Other receivables - related parties	Yes	20,000	20,000	-	2.63	The need for short-term financing	-	Operating capital	-	None	-	34,200	91,200	Note

Note: The financing limit for each borrowing company shall not exceed 15% of the net worth of the financing company. The total financing limit 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, 2019
(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	$ 1,194,753	$ 380,000	$ 280,000	$ 135,000	$ 35,000	5.00	$ 2,986,882	Y	N	N	Note 2

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.

TABLE 3

SOFT-WORLD INTERNATIONAL CORPORATION AND INVESTEES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2019
(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, 2019				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	$ 47,581	1	$ 47,581	
	Softstar Entertainment Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	2,000,000	163,000	4	163,000	
	China Communications Media Group Co.,Ltd	-	Financial assets at fair value through other comprehensive income - noncurrent	270,351	987	1	987	
	Fun Yours Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	2,045,366	60,031	12	60,031	
	Kuobrothers Corporation	-	Financial assets at fair value through other comprehensive income - noncurrent	531,289	20,641	2	20,641	
	Gameone Holdings Limited.	-	Financial assets at fair value through other comprehensive income - noncurrent	1,200,000	1,755	1	1,755	
	China Digital Interactive Technology Group Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	350,000	-	2	-	
	Mobix Corporation	-	Financial assets at fair value through other comprehensive income - noncurrent	103,207	1,418	1	1,418	
					$ 295,413		$ 295,413	
Game Flier International Corporation	Stock							
	Softstar Entertainment Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	1,150,000	$ 94,400	2	$ 94,400	
Jhih Long Venture Capital Corporation	Stock							
	9Splay Entertainment Technology Co., LTD	-	Financial assets at fair value through other comprehensive income - noncurrent	956,919	$ 34,554	4	$ 34,554	
	Soft-World International Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	8,509,000	717,315	7	717,315	Note
					$ 751,869		$ 751,869	

(Continued)

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	December 31, 2019				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	$ 3,789	-	$ 3,789	
	Taiwan Smart Card Co.	-	Financial assets at fair value through other comprehensive income - noncurrent	3,140,671	16,502	20	16,502	
					$ 20,291		$ 20,291	

(Concluded)

Note: The Corporation's shares held by its subsidiaries were considered treasury shares. For related information, refer to Note 19.

TABLE 4

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, 2019
(In Thousands of New Taiwan Dollars)

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	Parent company	$ 151,688	-	$ -	-	$ 101,688	$ -

TABLE 5

SOFT-WORLD INTERNATIONAL CORPORATION AND INVESTEES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2019
(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, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	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	$ 371,319	41,880,205	49.00	$ 524,750	$ 78,850	$ 35,340	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.	8,959	24,102	390,000	100.00	5,620	(424)	(424)	Subsidiary
The Corporation	Game Flier International Corporation	Republic of China	Electronic data information providing service, etc.	217,945	217,846	28,330,027	98.00	750,778	35,849	35,316	Subsidiary
The Corporation	Global Concept Corporation	Samoa	Investment company	295,068	295,068	9,631,253	100.00	247,384	14,627	14,627	Subsidiary
The Corporation	Game First International Corporation	Republic of China	Online game service	27,813	27,813	16,684,063	70.00	239,920	(15,035)	(10,525)	Subsidiary
The Corporation	Efun International Co., Ltd.	British Virgin Islands	Investment company	-	81,312	-	-	-	216	192	Subsidiary (Note 2)
The Corporation	Zealot Digital International Corporation	Republic of China	Electronic data information providing service, etc.	50,874	50,874	8,904,162	99.00	71,193	(7,228)	(7,151)	Subsidiary
The Corporation	Zealot Digital Pte. Ltd.	Singapore	Development and sale of game software, etc.	261,882	261,882	26,460,042	100.00	548	(1,547)	(1,547)	Subsidiary
The Corporation	Soft-World International (Hong Kong) Corporation	Hong Kong	Trading of game software	88,858	88,858	3,883,558	100.00	535,164	30,409	30,409	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	18,125	4,552	3,912	Subsidiary
The Corporation	Jhih Long Venture Capital Corporation	Republic of China	Investment company	100,000	100,000	10,000,000	13.00	8,521	18,739	2	Subsidiary
The Corporation	Sofaman Corporation	Republic of China	Development and sale of game software	9,366	2,766	936,600	60.00	482	(1,551)	(931)	Subsidiary
The Corporation	Re: Ad Media Corporation	Samoa	Investment company	-	5,247	-	-	-	(235)	(120)	Subsidiary (Note 2)
The Corporation	Interactive Entertainment Technology Co., Ltd.	Samoa	Investment company	15,485	15,485	480,000	80.00	15,660	295	236	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	2,372,919	100.00	40,857	6,351	6,351	Subsidiary
The Corporation	Neweb Technologies Co., Ltd.	Republic of China	Wholesale and retail sale of information software and electronic information providing service	510,567	510,567	56,232,998	50.00	440,219	(11,701)	(5,902)	Subsidiary
The Corporation	Efun International Corporation	Republic of China	Information software and data processing service	91,364	77,270	12,855,243	80.00	182,463	43,886	36,093	Subsidiary
The Corporation	Long Xiang Investment Corporation	Republic of China	Investment company	250,000	250,000	25,000,000	44.00	21,906	13,710	(79)	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Number of shares	(%)	Carrying Amount			
											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.	$ 17,500	$ 10,000	1,750,000	32.00	$ (785)	$ (23,064)	$ (6,672)	Subsidiary
The Corporation	Re: Ad Media (Taiwan) Corporation	Republic of China	General advertising service	-	14,094	-	-	-	(11,645)	1,995	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	12,267	(4,866)	(1,613)	Note 1
The Corporation	Ijoing, Inc.	Republic of China	Wholesale and retail sale of software publication and information software, etc.	-	1,600	1,600,000	-	-	(3,079)	(84)	Note 1
The Corporation	We Can Financial Technology Co., Ltd.	Republic of China	Development of financial system and equipment, etc.	26,234	23,959	3,781,000	38.00	6,030	(10,425)	(3,929)	Note 1
Chinese Gamer International Corporation	Taichigamer (B.V.I.) Co., Ltd.	British Virgin Islands	Investment company	96,942	96,942	3,041,698	100.00	190,413	29,976	29,976	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	17,883	1,521	1,521	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.	27,500	20,000	2,750,000	50.00	(1,148)	(23,064)	(11,533)	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	1,026	(44)	(22)	Subsidiary
Chinese Gamer International Corporation	Jhih Long Venture Capital Corporation	Republic of China	Investment company	100,000	100,000	10,000,000	13.00	100,908	18,739	2,415	Subsidiary
Chinese Gamer International Corporation	Star Diamond Universal Corporation	British Virgin Islands	Business related investee	82,772	82,772	52,000	100.00	86,273	(1,023)	(1,023)	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	5,665	3,456	1,728	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	2,910,818	50.00	38,761	19,247	10,098	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	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	$ 10,220	$ 11,770	$ 6,195	Subsidiary
Chinese Gamer International Corporation	Long Xiang Investment Corporation	Republic of China	Investment company	168,000	168,000	16,800,000	30.00	169,493	13,710	4,068	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	183,733	30,087	30,087	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	157,568	30,824	30,824	Subsidiary
Star Diamond Universal Corporation	Dragon Gamer (Hong Kong) Co., Ltd.	Hong Kong	Information service	82,772	82,772	260,000	100.00	86,273	(1,023)	(1,023)	Subsidiary
Game Topia. Co. Ltd.	Game Topia (Hong Kong) Technology Corporation	Hong Kong	Information software service	987	987	3,300	100.00	20,310	12,548	12,548	Subsidiary
Game Flier International Corporation	Soft-Orient Corporation	Brunei	Business related investee	254,872	254,872	7,784,134	100.00	16,576	168	168	Subsidiary
Game Flier International Corporation	Game Flier (Malaysia) Sdn. Bhd.	Malaysia	Development, manufacture and sale of game software	100,595	100,276	10,835,629	100.00	143	(153)	(153)	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	15,779	(515)	(515)	Subsidiary
Global Concept Corporation	Value Central Corporation	Samoa	Investment company	45,452	45,452	1,450,000	100.00	19,626	(152)	(152)	Subsidiary
Global Concept Corporation	Gamers Grande Corporation	Malaysia	Business related investee	179,788	179,788	6,453,621	100.00	167,934	20,052	20,052	Subsidiary
Global Concept Corporation	Playgame Sdn. Bhd.	Malaysia	Investment company	56,074	56,074	30,250	30.00	27,504	(16,302)	(4,931)	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	15,932	(50)	(50)	Subsidiary
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	8,419	226	226	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	1,676	(61)	(19)	Note 1
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	18,342	359	359	Subsidiary
Neweb Technologies Co., Ltd.	ezPay Co., Ltd.	Republic of China	Third party payment service	966,748	966,748	61,400,000	100.00	580,936	(57,869)	(57,869)	Subsidiary
Neweb Technologies Co., Ltd.	Newebpay Corporation	Republic of China	Electronic data providing services	28,369	28,369	1,395,426	100.00	230,903	893	893	Subsidiary
Neweb Technologies Co., Ltd.	CService Technology Co., Ltd.	Republic of China	Information software	5,000	-	500,000	100.00	4,802	(198)	(198)	Subsidiary
Efun International Corporation	Re: Ad Media (Taiwan) Corporation	Republic of China	General advertising service	26,000	-	3,125,000	100.00	30,004	(11,645)	(15,557)	Subsidiary
Long Xiang Investment Corporation	Jhih Long Venture Capital Corporation	Republic of China	Investment company	566,000	566,000	56,600,000	74.00	578,347	18,739	13,848	Subsidiary

(Concluded)

Note 1: Investment accounted for using the equity method.

Note 2: The company had completed liquidation for the year ended December 31, 2019.

Note 3: For investees in mainland China, refer to Table 6.

SOFT-WORLD INTERNATIONAL CORPORATION AND INVESTEES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(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, 2018	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
					Outward	Inward							
Lingo Soft (Beijing) Technology Co., Ltd.	Data processing services	$ 14,091	2	$ 7,743	$ -	$ -	$ 7,743	$ -	33.00	$ -	$ -	$ -	
Soft-World International (Guangzhou) Corporation	Design, development, production, and sale of computer hardware and software	46,833	1	88,858	-	-	88,858	1,350	100.00	1,350	9,596	-	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	20,157	100.00	20,157	167,321	-	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	4,497	2	3,722	-	-	3,722	-	1.00	-	987	-	
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	53,813	2	45,500	-	-	45,500	-	2.00	-	-	-	
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.	2,997	2	75	-	-	75	-	-	-	-	-	Note 6

Investee Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2019	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	$ 3,584,258
Game Flier International Corporation (Note 8)	102,636	102,636	457,280

(Continued)

Note 1: Calculated by the spot exchange rates of USD and CNY at the end of the period, which was 29.98 and 4.305, 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 the Investment Commission, MOEA in September 2008.

2) Investments through a holding company were 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 RMB 9,000 thousand, to Gamers Grande Corporation in August 2010. As of December 31, 2019, 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, 2019.

Note 7: The amount of accumulated outward remittance for investments from Taiwan as of December 31, 2019 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, 2019 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, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Summary	Amount
Cash		$ 909
Bank Deposits		
Demand deposits		1,010,251
Checking deposits		150
Foreign currency deposits	HKD320,174 USD21,418 EUR6,475	2,092
Cash Equivalents		
Time deposits	the annual interest rate is from 0.600% to 1.065%; the expiration periods is from January 1, 2020 to March 30, 2020	1,244,440
		$ 2,257,842

Note: HKD converted to NTD at HKD$1=NT$3.849

USD converted to NTD at USD$1=NT$29.98

EUR converted to NTD at EUR$1=NT$33.59

STATEMENT 2

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Amount
Related parties	
Game First	$ 10,783
Game Flier	8,414
Chinese Gamer	5,428
Others (Note 1)	1,098
	25,723
Unrelated parties	
Company A	19,176
Company B	7,892
Company C	7,380
Company D	3,873
Company E	3,137
Company F	2,851
Others (Note 1)	15,502
	59,811
Less: Allowance of accounts receivable (Note 2)	876
	58,935
	$ 84,658

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

Note 2: The amount of accounts receivable past due 1 year is $876 thousand.

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF OTHER RECEIVABLES
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Name	Amount
Related parties	
Soft-World (Hong Kong)	$ 32,886
Asure	28,822
Game Flier	3,472
Others (Note)	2,115
	67,295
Unrelated parties	
Company A	621,052
Company B	273,605
Company C	177,314
Company D	154,680
Company E	79,066
Company F	75,335
Others (Note)	333,964
	1,715,016
Less: Allowance of other receivables	61,358
	1,653,658
	$ 1,720,953

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

STATEMENT 4

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF INVENTORIES
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Carrying Amount	Net Realizable Value (Note)
Merchandise	$ 22,303	$ 24,086
Finished goods	157	157
Raw materials	109	109
	$ 22,569	$ 24,352

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

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF OTHER CURRENT ASSETS
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Amount
Prepayments for projects	$ 82,238
Prepayments for commission	48,433
Prepayments for rent	7,920
Others (Note)	11,284
	$ 149,875

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

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NONCURRENT
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

	Balance, January 1, 2019		Increases in the current year (Note 1)		Decreases in the current year (Note2)		Balance, December 31, 2019		
Investees	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Collateral**
Userjoy Technology Co., Ltd.	464,206	$ 30,174	-	$ 17,407	-	$ -	464,206	$ 47,581	None
Softstar Entertainment Inc.	2,000,000	149,600	-	13,400	-	-	2,000,000	163,000	None
China Communications Media Group Co., Ltd	270,351	2,652	-	-	-	1,665	270,351	987	None
Fun Yours Technology Co., Ltd.	2,045,366	58,292	-	1,739	-	-	2,045,366	60,031	None
Kuobrothers Corporation	483,005	23,909	48,284	-	-	3,268	531,289	20,641	None
Gameone Holdings Limited.	1,200,000	2,447	-	-	-	692	1,200,000	1,755	None
China Digital Interactive Technology Group Co., Ltd.	350,000	45,500	-	-	-	45,500	350,000	-	None
Mobix Corporation	-	-	103,207	1,588	-	170	103,207	1,418	None
Global Mobile Corporation	1,400,000	-	-	-	-	-	1,400,000	-	None
Nerv Studios Pte. Ltd.	45	-	-	-	-	-	45	-	None
		$ 312,574		$ 34,134		$ 51,295		$ 295,413	

Note 1: The increases of $1,588 thousand and $32,546 thousand, for the current year resulted from additions of investments and adjustment to unrealized gain from financial assets.

Note 2: The decrease of $51,295 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, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Balance, January 1, 2019		Increases in the current year (Note 1)		Decreases in the current year (Note 2)		Balance, December 31, 2019			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	41,880,205	$ 493,096	-	$ 38,534	-	$ 6,880	41,880,205	49	$ 524,750	$ 88.70	$ 3,714,774	None
Unlisted companies												
Soft-World Technology Pte. Ltd.	1,030,000	20,479	-	708	640,000	15,567	390,000	100	5,620	14.41	5,620	None
Game Flier International Corporation	28,326,330	713,434	3,697	43,462	-	6,118	28,330,027	98	750,778	26.50	750,778	None
Global Concept Corporation	9,631,253	239,486	-	14,627	-	6,729	9,631,253	100	247,384	25.69	247,384	None
Game First International Corporation	16,684,063	250,445	-	-	-	10,525	16,684,063	70	239,920	14.38	239,920	None
Efun International Co., Ltd.	2,368,000	6,201	-	192	2,368,000	6,393	-	-	-	-	-	-
Zealot Digital International Corporation	8,904,162	78,344	-	-	-	7,151	8,904,162	99	71,193	8.00	71,193	None
Zealot Digital Pte. Ltd.	26,155,679	(4,854)	304,363	6,949	-	1,547	26,460,042	100	548	0.02	548	None
Soft-World International (Hong Kong) Corporation	3,883,558	514,906	-	30,409	-	10,151	3,883,558	100	535,164	137.80	535,164	None
Dynasty International Information Corporation	1,460,610	14,213	-	3,912	-	-	1,460,610	86	18,125	12.41	18,125	None
Jhih Long Venture Capital Corporation	10,000,000	7,430	-	2,445	-	1,354	10,000,000	13	8,521	0.85	8,521	None
Sofaman Corporation	276,000	(5,187)	660,000	6,600	-	931	936,000	60	482	0.52	482	None
Re: Ad Media Corporation	161,670	6,538	-	171	161,670	6,709	-	-	-	-	-	-
Interactive Entertainment Technology Co., Ltd,.	480,000	15,424	-	236	-	-	480,000	80	15,660	32.62	15,660	None
Fast Distributed Cloud Computing Co., Ltd.	1,020,000	34,506	1,352,919	6,351	-	-	2,372,919	100	40,857	17.22	40,857	None
Neweb Technologies Co., Ltd.	56,232,998	445,132	-	1,018	-	5,931	56,232,998	50	440,219	7.83	440,219	None
Efun International Corporation	7,726,988	122,877	5,128,255	59,586	-	-	12,855,243	80	182,463	14.19	182,463	None
Long Xiang Investment Corporation	25,000,000	19,273	-	6,088	-	3,455	25,000,000	44	21,906	0.88	21,906	None
CELAD Incorporated	1,000,000	1,384	750,000	7,500	-	9,669	1,750,000	32	(785)	(0.45)	(785)	None
Re: Ad (Taiwan) Media Corporation	1,275,000	21,241	-	1,995	1,275,000	23,236	-	-	-	-	-	-
Joy Children Technology Co., Ltd.	2,051,153	13,880	-	-	-	1,613	2,051,153	32	12,267	5.98	12,267	None
Ijoing, Inc.	160,000	84	1,440,000	-	1,600,000	84	-	-	-	-	-	-
We Can Financial Technology Co., Ltd.	3,131,000	7,684	650,000	2,275	-	3,929	3,781,000	38	6,030	1.59	6,030	None
		3,016,016		233,058		127,972			3,121,102		$ 6,311,126	
Add: Credit balance of long-term investments offset by prepayments of long-term investments		6,946		-		6,946			-			
Credit balance of long-term investments reclassified to other liabilities		5,187		-	-	4,402			785			
		$ 3,028,149		$ 233,058		$ 139,320			$ 3,121,887			

Note 1: Includes the increase in investment costs of $16,474 thousand, acquisition of equity by exchange of shares of $23,236 thousand, share of profit of subsidiaries and associates accounted for using the equity method of $164,472 thousand, increase in net equity accounted for using the equity method of $257 thousand, increase in exchange differences on translation of foreign operations of $883 thousand, adjustment to capital surplus arising from dividends paid to subsidiaries of $11,726 thousand, increase in share of other comprehensive income (loss) of subsidiaries accounted for using the equity method of $1,322 thousand, unrealized gain from financial assets of $7,742 thousand, and prepayments of long-term investments reclassified to long-term investments of $6,946 thousand.

Note 2: Includes the decrease in investment costs of $28,125 thousand, decrease in equity due to exchange of shares of $23,236 thousand, cash dividends received from investee companies of $5,666 thousand, share of loss of subsidiaries and associates accounted for using the equity method of $38,976 thousand, decrease in net equity accounted for using the equity method of $3,041 thousand, decrease in exchange differences on translating foreign operations of $21,854 thousand, decrease in share of other comprehensive income (loss) of subsidiaries accounted for using the equity method of $543 thousand, and decrease in unrealized loss from financial assets of $6,531 thousand, credit balance of long-term investments offset by prepayments of long-term investments of $6,946 thousand, and decrease in the credit balance of long-term investments reclassified to other liabilities of $4,402 thousand.

Note 3: Fair value was the closing price of stocks at the end of 2019. Net asset value was calculated based on the investees' financial statements and the Corporation's ownership percentage.

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF NOTES PAYABLE
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Name of Suppliers	Amount
Related parties	
Game First	$ 42,371
Others (Note)	2,515
	44,886
Unrelated parties	
Company A	2,000
Individual B	1,733
Individual C	734
Individual D	634
Company E	589
Company F	509
Others (Note)	2,623
	8,822
	$ 53,708

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

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Name of Suppliers	Amount
Related parties	
Game First	$ 50,000
Game Flier	9,440
Others (Note)	795
	60,235
Unrelated parties	
Company A	13,329
Company B	3,538
Company C	2,094
Company D	1,940
Company E	1,736
Others (Note)	6,241
	28,878
	$ 89,113

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, 2019
(In Thousands of New Taiwan Dollars)

Name of Suppliers	Amount
Related parties	
Game First	$ 59,317
Game Flier	51,429
Chinese Gamer	27,610
Others (Note 1)	4,931
	143,287
Unrelated parties (Note 2)	
Company A	183,010
Company B	140,053
Others (Note 1)	2,242,320
	2,565,383
	$ 2,708,670

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

Note 2: Refer to Note 16.

STATEMENT 11

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Quantity (Pieces)	Amount
Rendering of services		
Revenue from MyCard services	-	$ 1,946,544
Others (Note)	-	201,247
		2,147,791
Sale of goods - recharge cards and product packages	1,196,903	211,155
Licensing revenue	-	8,115
Subtotal		2,367,061
Less: Sales return	305,568	31,473
Total		$ 2,335,588

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, 2019
(In Thousands of New Taiwan Dollars)

Item	Amount
Cost of goods produced	
Raw materials used	
Add: Raw material purchased	$ 531
Less: Sale of raw materials	(12)
Raw material, end of year	(109)
	410
Direct labor	8,123
Manufacturing expenses	21,794
Manufacturing cost	30,327
Add: Finished goods, beginning of year	493
Inventory write-downs reversed	655
Less: Finished goods, end of year	(157)
Disposal	(579)
Others	(14,204)
	16,535
Cost of goods purchased	
Merchandise, beginning of year	24,886
Add: Merchandise purchased	152,326
Less: Merchandise, end of year	(22,303)
Disposal	(190)
Inventory write-downs	(1,071)
Others	(50)
	153,598
Other operating costs	157,719
Cost of sale of raw materials	12
Loss on disposal of inventory	769
Loss on write-downs of inventories	416
	$ 329,049

STATEMENT 13

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Circulation	$ 710,872	$ -	$ -	$ 710,872
Salaries	209,048	114,949	10,397	334,394
Service for processing of information	143,283	-	-	143,283
Miscellaneous disbursements	48,435	12,088	8,005	68,528
Insurance	17,194	8,209	1,053	26,456
Amortization	11,754	2,343	20	14,117
Advertising	13,216	721	7	13,944
Pension	8,743	4,686	516	13,945
Others	54,128	46,280	2,257	102,665
	$ 1,216,673	$ 189,276	$ 22,255	1,428,204
Expected credit loss				10,559
				$ 1,438,763

SOFT-WORLD INTERNATIONAL CORPORATION

SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31					
	2019			2018		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits						
Salaries	$ 23,888	$ 327,846	$ 351,734	$ 24,022	$ 294,832	$ 318,854
Labor and health insurance	2,255	26,456	28,711	2,229	24,826	27,055
Pension	1,206	13,945	15,151	1,176	15,585	16,761
Remuneration of directors	-	6,548	6,548	-	5,102	5,102
Others	264	2,623	2,887	286	2,745	3,031
	$ 27,613	$ 377,418	$ 405,031	$ 27,713	$ 343,090	$ 370,803
Depreciation	$ 330	$ 9,842	$ 10,172	$ 265	$ 4,973	$ 5,238
Amortization	-	14,117	14,117	4	23,498	23,502

Note 1: The Corporation’s average number of employees was 424 and 421 for the years ended December 31, 2019 and 2018, respectively, which included 6 non-employee directors for both years.

Note 2: 1) Average employee benefits for the years ended December 31, 2019 and 2018 (Total amount of employee benefits for the year ended December 31 less total amount of remuneration of directors for the year ended December 31/number of employees for the year ended December 31 less number of directors not serving concurrently as employees for the year ended December 31) were $953 thousand and $881 thousand, respectively.

2) Average employee salary expenses for the years ended December 31, 2019 and 2018 (Total amount of salary expenses for the year ended December 31/number of employees for the year ended December 31 less number of directors not serving concurrently as employees for the year ended December 31) were $841 thousand and $768 thousand, respectively.

3) Adjustment for average employee salary expenses (Average employee salary expenses for the current year less average employee salary expenses for the previous year/Average employee salary expenses for the previous year) was 9.5%.