

**Soft-World International Corporation and  
Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2020 and 2019 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Soft-World International Corporation

### **Opinion**

We have audited the accompanying consolidated financial statements of Soft-World International Corporation (the "Corporation") and its subsidiaries (collectively known as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2020 is described as follows.

#### **Revenue Recognition - MyCard transactions**

The Corporation is an agent in its exclusive card (MyCard) transactions. Net service revenue is recognized at the time customers use MyCard in exchange for game points. Please refer to Notes 4 and 23 to the consolidated financial statements for more details. We considered the risk of material misstatement of the recognition of revenue as the risk of incorrect calculation of the aforementioned game points and the amount needed to be transferred to the related game operators. Therefore, we focused on the accuracy of revenue recognized from MyCard transactions.

The main audit procedures performed by us included the following:

1. We understood and tested the operating effectiveness of the internal controls 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 process by which MyCard points which are deposited, exchanged and consumed. We also verified the amount from MyCard points exchanged and needed to be transferred to the related game operators, and confirmed that the net service revenue amounts had been recorded appropriately.

### **Other Matter**

We have also audited the parent company only financial statements of the Corporation as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 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 Chen-Li Chen and Jia-Ling Chiang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 17, 2021

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated 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 consolidated financial statements shall prevail.*

# SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 5,074,336	37	\$ 5,001,765	39
Notes receivable (Note 7)	4,025	-	4,071	-
Accounts receivable, net (Notes 7 and 31)	574,498	4	352,614	3
Other receivables (Notes 7 and 31)	1,745,983	13	1,879,244	15
Current tax assets (Note 25)	6,747	-	7,441	-
Inventories (Note 8)	41,326	-	27,939	-
Other financial assets - current (Notes 9 and 32)	4,442,006	32	3,589,585	28
Other current assets	200,023	2	301,797	2
Total current assets	<u>12,088,944</u>	<u>88</u>	<u>11,164,456</u>	<u>87</u>
<b>NONCURRENT ASSETS</b>				
Financial assets at fair value through profit or loss (Note 10)	103,050	1	-	-
Financial assets at fair value through other comprehensive income - noncurrent (Note 11)	402,774	3	444,658	4
Investments accounted for using the equity method (Note 13)	38,641	-	47,477	-
Property, plant and equipment (Notes 14 and 32)	386,835	3	400,700	3
Right-of-use assets (Note 15)	54,283	1	49,794	1
Investment properties (Note 16)	42,219	-	45,740	-
Goodwill	457,621	4	457,621	4
Other intangible assets (Note 17)	26,578	-	33,273	-
Deferred tax assets (Note 25)	36,040	-	56,534	1
Prepayments for equipment	-	-	1,777	-
Refundable deposits	28,219	-	24,768	-
Net defined benefit assets (Note 21)	21,611	-	20,571	-
Other financial assets - noncurrent (Note 9)	25,389	-	18,595	-
Other noncurrent assets	1,562	-	2,715	-
Total noncurrent assets	<u>1,624,822</u>	<u>12</u>	<u>1,604,223</u>	<u>13</u>
<b>TOTAL</b>	<u>\$ 13,713,766</u>	<u>100</u>	<u>\$ 12,768,679</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Contract liabilities - current (Note 23)	\$ 202,293	2	\$ 348,260	3
Notes payable (Notes 18 and 31)	7,616	-	14,609	-
Accounts payable (Notes 18 and 31)	500,894	4	276,324	2
Other payables (Notes 19 and 31)	2,891,250	21	2,918,342	23
Current tax liabilities (Note 25)	68,098	1	64,771	-
Lease liabilities - current (Note 15)	35,951	-	26,608	-
Other financial liabilities - current (Note 20)	2,207,710	16	1,745,827	14
Other current liabilities	30,424	-	34,429	-
Total current liabilities	<u>5,944,236</u>	<u>44</u>	<u>5,429,170</u>	<u>42</u>
<b>NONCURRENT LIABILITIES</b>				
Deferred tax liabilities (Note 25)	123,820	1	56,021	-
Lease liabilities - noncurrent (Note 15)	18,534	-	23,141	-
Net defined benefit liabilities (Note 21)	83,638	-	81,969	1
Guarantee deposits received	84,143	1	73,984	1
Total noncurrent liabilities	<u>310,135</u>	<u>2</u>	<u>235,115</u>	<u>2</u>
Total liabilities	<u>6,254,371</u>	<u>46</u>	<u>5,664,285</u>	<u>44</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 22)</b>				
Share capital	1,274,743	9	1,274,743	10
Capital surplus	1,781,028	13	1,753,876	14
Retained earnings				
Legal reserve	1,037,835	8	976,777	8
Special reserve	30,984	-	120,524	1
Unappropriated earnings	2,630,355	19	2,169,340	17
Total retained earnings	3,699,174	27	3,266,641	26
Other equity	71,683	1	127,806	1
Treasury shares	(510,393)	(4)	(449,303)	(4)
Total equity attributable to owners of the Corporation	6,316,235	46	5,973,763	47
<b>NON-CONTROLLING INTERESTS (Note 22)</b>	1,143,160	8	1,130,631	9
Total equity	<u>7,459,395</u>	<u>54</u>	<u>7,104,394</u>	<u>56</u>
<b>TOTAL</b>	<u>\$ 13,713,766</u>	<u>100</u>	<u>\$ 12,768,679</u>	<u>100</u>

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

# SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 23 and 31)	\$ 7,268,092	100	\$ 5,828,654	100
OPERATING COSTS (Notes 8, 24 and 31)	<u>3,529,205</u>	<u>49</u>	<u>2,647,559</u>	<u>45</u>
GROSS PROFIT	<u>3,738,887</u>	<u>51</u>	<u>3,181,095</u>	<u>55</u>
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	1,903,295	26	1,615,076	28
General and administrative expenses	343,985	5	349,864	6
Research and development expenses	383,230	5	417,410	7
Expected credit loss (Note 7)	<u>860</u>	<u>-</u>	<u>41,217</u>	<u>1</u>
Total operating expenses	<u>2,631,370</u>	<u>36</u>	<u>2,423,567</u>	<u>42</u>
OPERATING INCOME	<u>1,107,517</u>	<u>15</u>	<u>757,528</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 24)	39,284	-	42,132	1
Other income (Note 24)	55,293	1	51,935	1
Other gains and losses (Note 24)	48,180	1	(5,742)	-
Finance costs (Note 24)	(1,900)	-	(2,555)	-
Share of loss of associates accounted for using the equity method (Note 13)	<u>(3,156)</u>	<u>-</u>	<u>(10,576)</u>	<u>-</u>
Total non-operating income and expenses	<u>137,701</u>	<u>2</u>	<u>75,194</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	1,245,218	17	832,722	15
INCOME TAX EXPENSE (Note 25)	<u>247,951</u>	<u>3</u>	<u>166,779</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>997,267</u>	<u>14</u>	<u>665,943</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 21)	(2,366)	-	156	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income (Note 22)	(41,884)	(1)	(21,335)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 25)	<u>473</u>	<u>-</u>	<u>(31)</u>	<u>-</u>
	<u>(43,777)</u>	<u>(1)</u>	<u>(21,210)</u>	<u>-</u>

(Continued)

# SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 22)	\$ (25,394)	-	\$ (25,832)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 25)	<u>4,386</u>	<u>-</u>	<u>3,237</u>	<u>-</u>
	<u>(21,008)</u>	<u>-</u>	<u>(22,595)</u>	<u>(1)</u>
Other comprehensive loss for the year, net of income tax	<u>(64,785)</u>	<u>(1)</u>	<u>(43,805)</u>	<u>(1)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 932,482</u>	<u>13</u>	<u>\$ 622,138</u>	<u>11</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Corporation	\$ 943,767	13	\$ 610,580	10
Non-controlling interests	<u>53,500</u>	<u>1</u>	<u>55,363</u>	<u>1</u>
	<u>\$ 997,267</u>	<u>14</u>	<u>\$ 665,943</u>	<u>11</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Corporation	\$ 886,307	12	\$ 574,999	10
Non-controlling interests	<u>46,175</u>	<u>1</u>	<u>47,139</u>	<u>1</u>
	<u>\$ 932,482</u>	<u>13</u>	<u>\$ 622,138</u>	<u>11</u>
<b>EARNINGS PER SHARE (Note 26)</b>				
Basic	<u>\$ 7.76</u>		<u>\$ 5.00</u>	
Diluted	<u>\$ 7.72</u>		<u>\$ 4.98</u>	

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

(Concluded)

# SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation											
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Other Equity		Treasury shares	Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Subtotal				
BALANCE AT JANUARY 1, 2019	\$ 1,274,743	\$ 1,744,934	\$ 930,645	\$ 25,117	\$ 1,981,052	\$ (11,367)	\$ 174,445	\$ 163,078	\$ (449,303)	\$ 5,670,266	\$ 1,079,456	\$ 6,749,722
Appropriation of 2018 earnings (Note 22)	-	-	46,132	-	(46,132)	-	-	-	-	-	-	-
Legal reserve	-	-	46,132	-	(46,132)	-	-	-	-	-	-	-
Special reserve	-	-	-	95,407	(95,407)	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(280,444)	-	-	-	-	(280,444)	-	(280,444)
	-	-	46,132	95,407	(421,983)	-	-	-	-	(280,444)	-	(280,444)
Cash dividends distributed by subsidiaries (Note 22)	-	-	-	-	-	-	-	-	-	-	(4,897)	(4,897)
Net profit in 2019	-	-	-	-	610,580	-	-	-	-	610,580	55,363	665,943
Other comprehensive loss in 2019, net of income tax	-	-	-	-	(309)	(17,734)	(17,538)	(35,272)	-	(35,581)	(8,224)	(43,805)
Total comprehensive income (loss) in 2019	-	-	-	-	610,271	(17,734)	(17,538)	(35,272)	-	574,999	47,139	622,138
Adjustments of capital surplus for the Corporation's cash dividends received by subsidiaries	-	11,726	-	-	-	-	-	-	-	11,726	-	11,726
Changes in percentage of ownership interests in subsidiaries	-	(2,784)	-	-	-	-	-	-	-	(2,784)	2,784	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	6,149	6,149
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	1,130,631	7,104,394
Appropriation of 2019 earnings (Note 22)	-	-	61,058	-	(61,058)	-	-	-	-	-	-	-
Legal reserve	-	-	61,058	-	(61,058)	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(509,897)	-	-	-	-	(509,897)	-	(509,897)
Reversal of special reserve	-	-	-	(89,540)	89,540	-	-	-	-	-	-	-
	-	-	61,058	(89,540)	(481,415)	-	-	-	-	(509,897)	-	(509,897)
Cash dividends distributed by the subsidiaries (Note 22)	-	-	-	-	-	-	-	-	-	-	(10,642)	(10,642)
Net profit in 2020	-	-	-	-	943,767	-	-	-	-	943,767	53,500	997,267
Other comprehensive loss in 2020, net of income tax	-	-	-	-	(1,337)	(18,929)	(37,194)	(56,123)	-	(57,460)	(7,325)	(64,785)
Total comprehensive income (loss) in 2020	-	-	-	-	942,430	(18,929)	(37,194)	(56,123)	-	886,307	46,175	932,482
Purchase of treasury shares (Note 22)	-	-	-	-	-	-	-	-	(43,492)	(43,492)	-	(43,492)
Purchase of the Corporation's shares by subsidiaries (Note 22)	-	-	-	-	-	-	-	-	(17,598)	(17,598)	(11,496)	(29,094)
Adjustments of capital surplus for Corporation's cash dividends received by subsidiaries	-	21,960	-	-	-	-	-	-	-	21,960	-	21,960
Difference between consideration and carrying amount of subsidiaries acquired or disposed of (Note 12)	-	(171)	-	-	-	-	-	-	-	(171)	-	(171)
Changes in percentage of ownership interests in subsidiaries	-	5,363	-	-	-	-	-	-	-	5,363	(5,363)	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(6,145)	(6,145)
BALANCE AT DECEMBER 31, 2020	\$ 1,274,743	\$ 1,781,028	\$ 1,037,835	\$ 30,984	\$ 2,630,355	\$ (48,030)	\$ 119,713	\$ 71,683	\$ (510,393)	\$ 6,316,235	\$ 1,143,160	\$ 7,459,395

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



# SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,245,218	\$ 832,722
Adjustments for:		
Income and expenses		
Depreciation expenses	69,892	65,630
Amortization expenses	48,061	61,436
Expected credit loss recognized on accounts receivable	860	41,217
Gain on financial assets at fair value through profit or loss	(44,190)	-
Finance costs	1,900	2,555
Interest income	(39,284)	(42,132)
Dividend income	(2,977)	(2,934)
Share of loss of associates accounted for using the equity method	3,156	10,576
Gain (loss) on disposal of investments	(15,781)	197
Others	2,643	2,885
Changes in operating assets and liabilities		
Notes receivable	46	4,089
Accounts receivable	(195,246)	42,337
Other receivables	136,108	141,679
Inventories	(11,995)	9,450
Other current assets	103,741	(40,622)
Contract liabilities	(146,025)	20,568
Notes payable	(6,993)	(8,554)
Accounts payable	223,590	(45,344)
Other payables	(37,165)	(234,113)
Other financial liabilities	461,883	331,239
Other current liabilities	(4,089)	(5,310)
Net defined benefit liabilities	(1,737)	(10,890)
Cash generated from operations	<u>1,791,616</u>	<u>1,176,681</u>
Interest received	36,018	40,130
Dividends received	2,977	14,660
Interest paid	(1,900)	(2,962)
Income tax paid	<u>(150,778)</u>	<u>(177,848)</u>
Net cash generated from operating activities	<u>1,677,933</u>	<u>1,050,661</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through profit or loss	-	(1,588)
Purchase of financial assets at fair value through other comprehensive income	(58,860)	-
Acquisition of investments accounted for using equity method	-	(2,275)
Net cash inflow on acquisition of subsidiaries	3,183	-
Proceeds from disposal of subsidiaries	2,513	-
Payments for property, plant and equipment	(19,838)	(10,755)
Proceeds from disposal of property, plant and equipment	7,745	2,347
Increase in refundable deposits	(3,451)	(9,196)

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# SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Acquisition of intangible assets	\$ (43,842)	\$ (33,477)
Proceeds from disposal of intangible assets	2,476	90
Increase in other financial assets	(859,215)	(635,115)
Increase in other noncurrent assets	<u>(85)</u>	<u>(532)</u>
Net cash used in investing activities	<u>(969,374)</u>	<u>(690,501)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term borrowings	-	(105,059)
Increase in guarantee deposits received	9,460	29,958
Repayment of the principal portion of lease liabilities	(38,439)	(34,731)
Cash dividends distributed	(487,937)	(280,444)
Payments to acquire treasury shares	(43,492)	-
Acquisition of the parent company's shares held by subsidiaries	(17,598)	-
Disposal of ownership interests in subsidiaries without losing control	3,891	-
Changes in non-controlling interests	<u>(42,488)</u>	<u>4,036</u>
Net cash used in financing activities	<u>(616,603)</u>	<u>(386,240)</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>(19,385)</u>	<u>(26,556)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	72,571	(52,636)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>5,001,765</u>	<u>5,054,401</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 5,074,336</u>	<u>\$ 5,001,765</u>

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

(Concluded)

# SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 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 consolidated financial statements are presented in the Corporation's functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation's board of directors on March 17, 2021.

### 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, 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 did not have any material impact on the Group's accounting policies:

#### Amendments to IFRS 3 "Definition of a Business"

The Group applies the amendments to IFRS 3 to transactions that occur on or after January 1, 2020. 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 that together significantly contribute to the ability to create outputs. To determine whether an acquired process is substantive, different criteria apply, depending on whether there are outputs at the acquisition date. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether or not an acquired set of activities and assets is a business.

The initial application of the amendments to IFRS 3 did not have a material impact on the Group's financial statements in 2020.

- b. The IFRSs endorsed by the FSC for application starting from 2021

<b>New IFRSs</b>	<b>Effective Date Announced by IASB</b>
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021

As of the date the consolidated financial statements were authorized for issue, the Group assessed that the application of other standards and interpretations would not have a significant impact on the Group’s financial position and financial performance.

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
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, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or

after January 1, 2023.

1) Amendments to IFRS 10 and IAS 28

The amendments stipulate that, when the Group 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 Group 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 Group 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 Group's interest as an unrelated investor in the associate or a joint venture, i.e. the Group's share of the gain or loss is eliminated. Also, when the Group 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 Group's interest as an unrelated investor in the associate or a joint venture, i.e. the Group's share of the gain or loss is eliminated.

2) Amendments to IFRS 3 "Reference to the Conceptual Framework"

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 "Levies" to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

3) Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- a) accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- b) the Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- c) not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) the Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) the Group chose the accounting policy from options permitted by the standards;
- c) the accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;
- d) the accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or

- e) the accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group'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 consolidated 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 consolidated 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.

##### **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. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e. its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

For details on the percentages of ownership and main operating activities of the subsidiaries, refer to Note 12, Table 7 and Table 8.

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

f. Foreign currencies

In preparing the financial statements of each individual group entity in the Group, transactions in currencies other than the entity'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 purpose of presenting the consolidated financial statements, the functional currencies of the Group (including subsidiaries and associates operating in other countries that use currencies which are different from the currency of the Corporation) 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; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Corporation and non-controlling interests as appropriate).

g. 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.

h. Investments accounted for using the equity method

The Group uses the equity method to account for its investments in associates. An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

Any excess of the cost of acquisition over the Group'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 Group'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 Group 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 Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional 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 had the investee 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 Group'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 Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.



The entire carrying amount of an 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 not allocated to any asset, including goodwill, which forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Group group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group' consolidated financial statements only to the extent that interests in the associate are not related to the Group.

i. Property, plant, and equipment

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

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, such 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.

j. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Freehold investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

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

k. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

1. 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 and accumulated impairment loss. 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.

m. Impairment of property, plant and equipment, right-of-use assets and intangible assets (excluding goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group 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.

1. Financial instruments

Financial assets and financial liabilities are recognized when the Group 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 FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses.

ii 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.

iii Investments in equity instruments at FVTOCI

On initial recognition, the Group 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 Group'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 Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable and other receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable and other receivables. For all other financial instruments, the Group 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 Group 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 Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- i Internal or external information show that the debtor is unlikely to pay its creditors.
- ii When a financial asset is more than 365 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

On derecognition of 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 Group 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.

o. Revenue recognition

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

The Group 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 Group recognizes revenue and in the meantime, the Group also recognizes refund liabilities (classified under other current liabilities) and rights 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 Group 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) Revenue from games operated by the Corporation

Refers to the revenue from game items redeemed by the consumers on the MyCard platform (generally known as 'virtual goods'), where revenue is recognized over time as the virtual goods are

consumed or over the estimated usable period of the goods. If the sales obligations have not been fulfilled, the revenue should be deferred, and recognized under contract liabilities.

### 3) Rendering of services

- a) Sales of 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) Fee income from electronic payments and the third-party payments, is obtained from providing services to customers on online cash flow platforms and is recognized as revenue when cash has been received and the process of gaining profit has been mostly completed.
- c) Other revenue from the rendering of services

Other services refer to the services of advertising design and exhibition marketing 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”.

### 4) Licensing revenue

When the nature of the Group’s promises in granting the licences meets all of the following criteria which means providing the Group with the right to access the intellectual property, the Group 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 Group 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 Group 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 Group’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 Group’s activity will significantly influence customers’ rights.

Revenue is recognized when royalty is received based on customers’ sales.

### p. Leases

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

#### 1) The Group 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 Group as lessee

The Group 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 consolidated 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 Group 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 Group 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 consolidated balance sheets.

q. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group'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.

#### s. Taxation

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

##### 1) Current tax

According to the Income Tax Act, an additional tax on unappropriated earnings 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 and loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and loss carryforwards can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences associated with such investments and interests 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 Group 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 a business combination or the acquisition of a subsidiary, the tax effect is included in the accounting for business combination or investments in the subsidiary.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the economic implications of the COVID-19 when making its critical accounting 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

#### a. Assessment of goodwill from business combinations

Determining whether goodwill from the subsidiary, Neweb Technologies, is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

#### b. Income taxes

As of December 31, 2020 and 2019, the carrying amount of deferred tax assets in relation to unused tax losses and temporary differences were \$447,904 thousand and \$538,343 thousand, respectively.

The realizability of deferred tax assets mainly depends on whether sufficient future profit or taxable temporary differences will be available. In cases where the actual future profit generated is more than expected, material deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a recognition takes place.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Cash on hand	\$ 1,716	\$ 1,780
Bank deposits	2,807,676	2,478,230
Cash equivalents		
Time deposits with original maturities of less than 3 months	<u>2,264,944</u>	<u>2,521,755</u>
	<u>\$ 5,074,336</u>	<u>\$ 5,001,765</u>

## 7. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Notes receivable		
Operating	\$ <u>4,025</u>	\$ <u>4,071</u>
Accounts receivable (including related parties)		
Operating - at amortized cost		
Gross carrying amount	\$ 578,019	\$ 382,221
Less: Allowance for impairment loss	<u>(3,521)</u>	<u>(29,607)</u>
	<u>\$ 574,498</u>	<u>\$ 352,614</u>
Other receivables (including related parties)		
Receivables for receipts under custody	\$ 1,609,987	\$ 1,846,545
Less: Allowance for impairment loss - receivables for receipts under custody	<u>(66,627)</u>	<u>(62,164)</u>
	<u>1,543,360</u>	<u>1,784,381</u>
Others	237,658	122,190
Less: Allowance for impairment loss - others	<u>(35,035)</u>	<u>(27,327)</u>
	<u>202,623</u>	<u>94,863</u>
	<u>\$ 1,745,983</u>	<u>\$ 1,879,244</u>

### a. Notes receivable

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

### b. Accounts receivable

The average credit period is 30 to 120 days. The Group 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 Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved annually.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions. The loss allowance is further distinguished according to the Group's different customer segments based on the aging of accounts receivable or past due status.

The Group writes off an account 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 accounts receivable are past due. For accounts receivable that have been written off, the Group 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:

December 31, 2020

	Up to 90 Days	91 to 180 Days	181 to 365 Days	More than 1 year	Total
<u>Customer segment A</u>					
Expected credit loss rate (%)	-	0-3	15-30	100	
Gross carrying amount	\$ 511,596	\$ 806	\$ 722	\$ 324	\$ 513,448
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(6)</u>	<u>(108)</u>	<u>(324)</u>	<u>(438)</u>
Amortized cost	<u>\$ 511,596</u>	<u>\$ 800</u>	<u>\$ 614</u>	<u>\$ -</u>	<u>\$ 513,010</u>

	Not past due	Past due 1-90 Days	Past due 91-180 Days	Past due 181-270 Days	Past due 270 Days	Total
<u>Customer segment B</u>						
Expected credit loss rate (%)	-	0-7	0-10	0-50	0-100	
Gross carrying amount	\$ 53,131	\$ 3,186	\$ 1,675	\$ 1,786	\$ 4,793	\$ 64,571
Loss allowance (lifetime ECLs)	<u>(182)</u>	<u>-</u>	<u>(3)</u>	<u>(76)</u>	<u>(2,822)</u>	<u>(3,083)</u>
Amortized cost	<u>\$ 52,949</u>	<u>\$ 3,186</u>	<u>\$ 1,672</u>	<u>\$ 1,710</u>	<u>\$ 1,971</u>	<u>\$ 61,488</u>

December 31, 2019

	Customers Without Signs of Default				Customers With Signs of Default	Total
	Up to 90 Days	91 to 180 Days	181 to 365 Days	More than 1 year	Less than 90 Days	
<u>Customer segment A</u>						
Expected credit loss rate (%)	-	0-3	15-30	100	100	
Gross carrying amount	\$ 282,228	\$ 1,635	\$ 2,610	\$ 1,192	\$ 25,790	\$ 313,455
Loss allowance (lifetime ECLs)	<u>-</u>	<u>-</u>	<u>(45)</u>	<u>(978)</u>	<u>(25,790)</u>	<u>(26,813)</u>
Amortized cost	<u>\$ 282,228</u>	<u>\$ 1,635</u>	<u>\$ 2,565</u>	<u>\$ 214</u>	<u>\$ -</u>	<u>\$ 286,642</u>

	Not past due	Past due 1-90 Days	Past due 91-180 Days	Past due 181-270 Days	Past due 270 Days	Total
<u>Customer segment B</u>						
Expected credit loss rate (%)	-	0-7	0-10	0-50	0-100	
Gross carrying amount	\$ 46,671	\$ 1,760	\$ 2,352	\$ 2,496	\$ 15,487	\$ 68,766
Loss allowance (lifetime ECLs)	<u>(179)</u>	<u>-</u>	<u>(4)</u>	<u>(55)</u>	<u>(2,556)</u>	<u>(2,794)</u>
Amortized cost	<u>\$ 46,492</u>	<u>\$ 1,760</u>	<u>\$ 2,348</u>	<u>\$ 2,441</u>	<u>\$ 12,931</u>	<u>\$ 65,972</u>

Of the accounts receivable that were past due as of December 31, 2020 and 2019, \$7,441 thousand and \$18,173 thousand were respectively due to the agreements signed between the Group and its counterparties. Set-off clauses are written into the agreements to reduce the Group's risk from the lenders' breach of contracts by giving them the right to offset the liabilities payable to the counterparties when credit events occur.

c. Other receivables

Receipts under custody receivables are from the sale of the Corporation's exclusive card (MyCard). The Corporation sold MyCard to customers by cooperative channels (see Note 23), and the average credit period of receivables for channels was 30 to 120 days.

The following table details the loss allowance of receipts under custody receivables for MyCard:

December 31, 2020

	<b>Up to 90 Days</b>	<b>91 to 180 Days</b>	<b>181 to 365 Days</b>	<b>More than 1 year</b>	<b>Total</b>
Expected credit loss rate (%)	-	3	30	100	
Gross carrying amount	\$ 1,485,229	\$ 45,018	\$ 24,699	\$ 55,041	\$ 1,609,987
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(1,384)</u>	<u>(10,202)</u>	<u>(55,041)</u>	<u>(66,627)</u>
Amortized cost	<u>\$ 1,485,229</u>	<u>\$ 43,634</u>	<u>\$ 14,497</u>	<u>\$ -</u>	<u>\$ 1,543,360</u>

December 31, 2019

	<b>Up to 90 Days</b>	<b>91 to 180 Days</b>	<b>181 to 365 Days</b>	<b>More than 1 year</b>	<b>Total</b>
Expected credit loss rate (%)	-	3	30	100	
Gross carrying amount	\$ 1,720,382	\$ 48,675	\$ 26,150	\$ 51,338	\$ 1,846,545
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(1,466)</u>	<u>(9,360)</u>	<u>(51,338)</u>	<u>(62,164)</u>
Amortized cost	<u>\$ 1,720,382</u>	<u>\$ 47,209</u>	<u>\$ 16,790</u>	<u>\$ -</u>	<u>\$ 1,784,381</u>

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

	<b>For the Year Ended December 31, 2020</b>		
	<b>Accounts Receivable</b>	<b>Other Receivables</b>	<b>Total</b>
Balance at January 1	\$ 29,607	\$ 89,491	\$ 119,098
Add: Impairment losses recognized (reversed) in accounts receivable and other receivables	(25,167)	26,027	860
Less: Amounts written off	(922)	(14,101)	(15,023)
Foreign exchange gains and losses	<u>3</u>	<u>245</u>	<u>248</u>
Balance at December 31	<u>\$ 3,521</u>	<u>\$ 101,662</u>	<u>\$ 105,183</u>

	<b>For the Year Ended December 31, 2019</b>		
	<b>Accounts Receivable</b>	<b>Other Receivables</b>	<b>Total</b>
Balance at January 1	\$ 10,607	\$ 91,628	\$ 102,235
Add: Impairment losses recognized in accounts receivable and other receivables	26,263	14,954	41,217
Less: Amounts written off	(7,256)	(16,464)	(23,720)
Foreign exchange gains and losses	<u>(7)</u>	<u>(627)</u>	<u>(634)</u>
Balance at December 31	<u>\$ 29,607</u>	<u>\$ 89,491</u>	<u>\$ 119,098</u>

## 8. INVENTORIES

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Raw materials	\$ -	\$ 109
Finished goods	154	174
Merchandise	<u>41,172</u>	<u>27,656</u>
	<u>\$ 41,326</u>	<u>\$ 27,939</u>

## 9. OTHER FINANCIAL ASSETS

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Pledged demand deposits (Note 32)	\$ -	\$ 352
Pledged time deposits (Note 32)	37,000	37,000
Restricted trust deposits	667,546	855,477
Restricted bank deposits	25,389	18,595
Time deposits with original maturities of more than 3 months	<u>3,737,460</u>	<u>2,696,756</u>
	<u>\$ 4,467,395</u>	<u>\$ 3,608,180</u>
Current	\$ 4,442,006	\$ 3,589,585
Noncurrent	<u>25,389</u>	<u>18,595</u>
	<u>\$ 4,467,395</u>	<u>\$ 3,608,180</u>

The Group applied business trust to pledge the temporary receipts from third-party and electronic payments. For the proxy receipts and store-value received, the Group assigned a dedicated bank account as a trust account that was included in "Other financial assets - restricted trust deposits".

**10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS - NONCURRENT -  
DECEMBER 31, 2020**

	<b>Amount</b>
<u>Mandatorily classified as at FVTPL</u>	
Foreign listed shares	<u>\$ 103,050</u>

**11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME -  
NONCURRENT**

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
Listed shares	\$ 127,962	\$ 130,995
Emerging market shares	28,156	34,554
Private - placement shares of listed companies	230,540	261,189
Domestic unlisted shares	<u>16,116</u>	<u>17,920</u>
	<u>\$ 402,774</u>	<u>\$ 444,658</u>

**12. SUBSIDIARIES**

a. Subsidiaries included in the consolidated financial statements

The subsidiaries included in the consolidated financial statements are as follows:

Investor	Investee	Nature of Activities	<u>Proportion of Ownership (%)</u>		Remark
			<u>December 31</u>		
			<b>2020</b>	<b>2019</b>	
The Corporation	Chinese Gamer International Corporation (Chinese Gamer)	Online game service	49	49	Note 1
	Soft-World Technology Pte. Ltd.	Trading of game software	100	100	
	Game Flier International Corporation	Online game service	98	98	
	Global Concept Corporation (Global Concept)	Investment related business	100	100	
	Game First International Corporation	Online game service	70	70	
	Efun International Co., Ltd. (Efun)	Investment related business	-	-	Note 2
	Zealot Digital International Corporation	Development and sales of game software	99	99	
	Zealot Digital Pte. Ltd. (Zealot)	Development and sales of game software	-	100	Note 3
	Soft-World International (Hong Kong) Corporation (Soft-World (Hong Kong))	Trading of game software	100	100	
	Dynasty International Information Co., Ltd.	Design, development and trading of computer software	86	86	
	Jihih Long Venture Capital Corporation (Zhi Long)	Investment related business	13	13	
	Sofaman Corporation (Sofaman)	Development and sales of game software	60	60	Note 4
	Re: Ad Media Corporation (Re: Ad)	Investment related business	-	-	Note 2
	Interactive Entertainment Technology Co., Ltd (Interactive Entertainment)	Investment related business	80	80	
	Fast Distributed Cloud Computing Co., Ltd (Fast Distributed Cloud)	Retail, wholesale and service of information software	90	100	Note 5
	Neweb Technologies Corporation Ltd. (Neweb Technologies)	Information software wholesale and retail and electronic data supply services	50	50	Note 6

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2020	2019	
Chinesegamer International Corporation	Efun International Corporation (Efun)	Information software and data processing services	80	80	Note 7
	Long Xiang Investment Co., Ltd. (Long Xiang Investment)	Investment related business	44	44	
	CELAD Game Corporation (Celad)	Online game service	32	32	Note 8
	Re: Ad Media (Taiwan) Corporation (Re: Ad Media (Taiwan))	General advertising service	-	-	Note 7
	We Can Financial Technology Co., Ltd. (We Can)	Development of financial system and equipment, etc.	51	38	Note 9
	Taichigamer (B.V.I) Co., Ltd. (Taichigamer)	Investment related business	100	100	
	Walkfun International Corporation (Walkfun)	Network authentication, data processing services and electronic information providing services	100	100	
	CELAD Game Corporation (Celad)	Online game service	68	50	Note 10
	Super Game Corporation (Super Game)	Online game service	88	50	Note 10
	Jhih Long Venture Capital Corporation (Jhih Long)	Investment related business	13	13	
	Star Diamond Universal Corporation (Star Diamond)	Investment related business	100	100	
	Fun Bear Corporation (Fun Bear)	Online game service	100	50	Note 10
	Game Topia Co., Ltd. (Game Topia)	Online game service	65	50	Note 10
	Oriental Dragon Digital Co., Ltd. (Oriental Dragon)	Online game service	100	53	Note 10
	Taichigamer	Long Xiang Investment Co., Ltd. (Long Xiang Investment)	Investment related business	30	30
Transasiagamer (B.V.I) Co., Ltd. (Transasiagamer)		Investment related business	100	100	
Transasiagamer	You Long Online (Beijing) Technology Corporation (You Long Beijing Online)	Online game service	100	100	
Star Diamond	Dragon Gamer (Hong Kong) Co., Ltd. (Dragon Gamer)	Online game service	100	100	
Game Topia	Game Topia (Hong Kong) Technology Corporation (Hong Kong Game Topia)	Information service industry	100	100	
Game Flier	Soft-Orient Corporation (Soft-Orient)	Investment related business	100	100	
	Game Flier (Malaysia) Sdn. Bhd. (Malaysia Game Flier)	Game software development, manufacturing and selling	-	100	Note 3
	Mobile Flier International Corporation (Mobile Flier)	Development of smart mobile games	-	100	Note 3
Global Concept	Value Central Corporation (Value Central)	Investment related business	100	100	
	Gamers Grande Corporation (Gamers Grande)	Investment related business	100	100	
Value Central	Picked United Development Ltd (Picked United Development)	Acquisition and authorization of game software	100	100	
Gamers Grande	Game Flier (Beijing) Sdn. Bhd. (Beijing Game Flier)	Information processing and supply services	100	100	
Game First	Compete ! Games Interactive Entertainment Corporation	Agent and operation of sports type of games	100	100	
Soft - World (Hong Kong)	Soft-World International (Guangzhou) Corporation (Soft-World (Guangzhou))	Design, development, production and sales of computer hardware and software	-	100	Note 11
Interactive Entertainment	Interactive Entertainment Technologies Corporation (Interactive Entertainment)	Wholesale and service of information software	100	100	
Neweb Technologies	ezPay Taiwan Co., Ltd. (ezPay)	Third party payment service	100	100	
	Newebpay Corporation. (Newebpay)	Electronic data supply service	100	100	
Efun International Corporation	CService Technology Co., Ltd.	Information software	100	100	
	Re: Ad Media Corporation. (Re: Ad)	General advertising service	100	100	Note 7
Long Xiang Investment	Jhih Long Venture Capital Corporation (Jhih Long)	Investment related business	74	74	

(Concluded)

- 1) A subsidiary with material non-controlling interests, listed on the mainboard of the Taipei Exchange. Since the Corporation can direct the company's relevant activities due to its holding of an absolute majority of the company's voting rights, the company is recognized as a subsidiary.

- 2) Completed liquidation procedures in 2019.
  - 3) Completed liquidation procedures in 2020.
  - 4) Sofaman has ceased operations and is currently closed.
  - 5) The Corporation sold some of its shares held of Fast Distributed Cloud for \$3,771 thousand, leading to a decrease in its shareholding ratio from 100% to 90%. The difference between the consideration received and the carrying amount of the subsidiaries' net assets during actual disposal was recorded as capital surplus of \$218 thousand.
  - 6) In September 2020, Neweb Technologies carried out a capital reduction for offsetting its accumulated deficits of \$359,414 thousand.
  - 7) In May 2019, Efun International Corporation issued new shares for \$26,000 thousand in exchange for the Corporation's 51% equity in the subsidiary, Re: Ad Media (Taiwan), and the remaining outstanding shares of Re: Ad Media (Taiwan). As a result, Re: Ad Media (Taiwan) became Efun International Corporation's 100%-owned subsidiary, and the Corporation's ownership percentage of Efun International Corporation decreased from 89% to 80%.
  - 8) In June 2019, CELAD implemented a capital increase in cash and issued shares, for which the Corporation subscribed for \$7,500 thousand. However, since the shares were not acquired based on the Corporation's original shareholding percentage, the ownership percentage increased from 25% to 32%.
  - 9) The Corporation acquired the shares of We Can for \$1,710 thousand and \$2,275 thousand in the first quarter of 2020 and 2019, respectively. The Corporation obtained control over the investee since March 2020, and the investee had been included in the consolidated financial statements since then. For the related information, refer to Note 27: Business Combinations. In addition, the Corporation disposed of We Can's shares in May 2020, resulting in the decrease of the shareholding ratio from 52% to 51%. The disposal price was \$120 thousand, and 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 of \$47 thousand.
  - 10) The subsidiaries of Chinese Gamer acquired the equity of non-controlling interests for \$31,806 thousand in 2020. The net asset book value of the subsidiary shall be recognized as non-controlling interests of \$30,485 thousand based on the calculation of the relative changes in equity.
  - 11) Soft-World (Hong Kong) disposed of Soft-World (Guangzhou) in 2020. Please refer to Note 28: Disposal of subsidiaries for the details.
- b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	<b>Proportion of Ownership and Voting Rights Held by Non-controlling Interests (%)</b>	
	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Chinese Gamer International Corporation (%)	51	51

For information on the main operating locations and countries of incorporation of the subsidiaries, refer to Table 7.



Name of Subsidiary	Profit Allocated to Non-controlling Interests		Non-controlling Interests	
	For the Year Ended December 31		December 31	
	2020	2019	2020	2019
Chinese Gamer International Corporation	\$ 6,499	\$ 43,509	\$ 593,795	\$ 585,872

The summarized financial information below represents amounts before intragroup eliminations.

Chinese Gamer International Corporation and Chinese Gamer International Corporation's subsidiaries

	December 31	
	2020	2019
Current assets	\$ 927,287	\$ 991,823
Noncurrent assets	461,172	481,199
Current liabilities	(100,674)	(157,721)
Noncurrent liabilities	<u>(14,278)</u>	<u>(23,690)</u>
Equity	<u>\$ 1,273,507</u>	<u>\$ 1,291,611</u>
Equity attributable to:		
The Corporation	\$ 649,274	\$ 647,127
Non-controlling interests of Chinese Gamer International Corporation	593,795	585,872
Non-controlling interests of Chinese Gamer International Corporation's subsidiaries	<u>30,438</u>	<u>58,612</u>
	<u>\$ 1,273,507</u>	<u>\$ 1,291,611</u>
Revenue	<u>\$ 458,040</u>	<u>\$ 662,928</u>
Profit for the year	\$ 13,529	\$ 83,747
Other comprehensive loss for the year	<u>(8,209)</u>	<u>(14,308)</u>
Total comprehensive income for the year	<u>\$ 5,320</u>	<u>\$ 69,439</u>
Profit (loss) attributable to:		
The Corporation	\$ (5,447)	\$ 35,340
Non-controlling interests of Chinese Gamer International Corporation	6,499	43,509
Non-controlling interests of Chinese Gamer International Corporation's subsidiaries	<u>12,476</u>	<u>4,898</u>
	<u>\$ 13,528</u>	<u>\$ 83,747</u>
Comprehensive income (loss) attributable to:		
The Corporation	\$ (9,179)	\$ 28,472
Non-controlling interests of Chinese Gamer International Corporation	2,436	36,323

(Continued)

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
Non-controlling interests of Chinese Gamer International Corporation's subsidiaries	\$ 12,063	\$ 4,644
	<u>\$ 5,320</u>	<u>\$ 69,439</u>
Cash flow		
Operating activities	\$ (16,392)	\$ 106,071
Investing activities	(66,665)	(23,130)
Financing activities	<u>(10,408)</u>	<u>(11,223)</u>
Net cash inflow (outflow)	<u>\$ (93,465)</u>	<u>\$ 71,718</u>

(Concluded)

### 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
Investments in associates - associates that are not individually material	<u>\$ 38,641</u>	<u>\$ 47,477</u>

Aggregate information of associates that are not individually material:

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
The Group's share of:		
Total loss and other comprehensive loss for the year	<u>\$ (3,156)</u>	<u>\$ (10,576)</u>

### 14. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2020

	<b>Land</b>	<b>Buildings</b>	<b>Equipment</b>	<b>Miscellaneous Equipment</b>	<b>Others</b>	<b>Total</b>
<u>Cost</u>						
Balance at January 1, 2020	\$ 215,321	\$ 220,605	\$ 254,562	\$ 32,198	\$ 19,688	\$ 742,374
Acquisitions through business combinations	-	-	2,470	14,239	1,232	17,941
Additions	-	-	9,176	8,230	3,699	21,105
Disposals	-	-	(16,373)	(27,451)	(1,398)	(45,222)
Disposal of subsidiaries	-	(20,363)	-	-	-	(20,363)
Effect of foreign currency exchange differences	-	191	1,487	27	(130)	1,575
Balance at December 31, 2020	<u>\$ 215,321</u>	<u>\$ 200,433</u>	<u>\$ 251,322</u>	<u>\$ 27,243</u>	<u>\$ 23,091</u>	<u>\$ 717,410</u>

(Continued)

	Land	Buildings	Equipment	Miscellaneous Equipment	Others	Total
<u>Accumulated depreciation</u>						
Balance at January 1, 2020	\$ -	\$ 82,390	\$ 230,126	\$ 13,765	\$ 15,393	\$ 341,674
Acquisitions through business combinations	-	-	1,313	14,239	698	16,250
Disposals	-	-	(15,727)	(20,935)	(1,398)	(38,060)
Depreciation expense	-	4,960	14,780	6,185	1,844	27,769
Disposal of subsidiaries	-	(18,327)	-	-	-	(18,327)
Effect of foreign currency exchange differences	-	164	1,350	(153)	(92)	1,269
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 69,187</u>	<u>\$ 231,842</u>	<u>\$ 13,101</u>	<u>\$ 16,445</u>	<u>\$ 330,575</u>
Carrying amounts at December 31, 2020	<u>\$ 215,321</u>	<u>\$ 131,246</u>	<u>\$ 19,480</u>	<u>\$ 14,142</u>	<u>\$ 6,646</u>	<u>\$ 386,835</u>

(Concluded)

For the year ended December 31, 2019

	Land	Buildings	Equipment	Miscellaneous Equipment	Others	Total
<u>Cost</u>						
Balance at January 1, 2019	\$ 215,321	\$ 222,882	\$ 282,142	\$ 32,102	\$ 20,937	\$ 773,384
Additions	-	-	5,159	253	2,557	7,969
Disposals	-	-	(28,578)	(84)	(3,581)	(32,243)
Transfers to investment properties	-	(823)	-	-	-	(823)
Effect of foreign currency exchange differences	-	(1,454)	(4,161)	(73)	(225)	(5,913)
Balance at December 31, 2019	<u>\$ 215,321</u>	<u>\$ 220,605</u>	<u>\$ 254,562</u>	<u>\$ 32,198</u>	<u>\$ 19,688</u>	<u>\$ 742,374</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2019	\$ -	\$ 79,049	\$ 247,873	\$ 7,609	\$ 15,568	\$ 350,099
Additions	-	-	(28,165)	(82)	(2,163)	(30,410)
Disposals	-	5,014	14,250	6,305	2,143	27,712
Transfers to investment properties	-	(562)	-	-	-	(562)
Effect of foreign currency exchange differences	-	(1,111)	(3,832)	(67)	(155)	(5,165)
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 82,390</u>	<u>\$ 230,126</u>	<u>\$ 13,765</u>	<u>\$ 15,393</u>	<u>\$ 341,674</u>
Carrying amounts at December 31, 2019	<u>\$ 215,321</u>	<u>\$ 138,215</u>	<u>\$ 24,436</u>	<u>\$ 18,433</u>	<u>\$ 4,295</u>	<u>\$ 400,700</u>

The reconciliation of additions and the payments from the statements of cash flows of the above items of property, plant and equipment is as follows:

**For the Year Ended December 31**  
**2020**                      **2019**

Investing activities impacting cash and non-cash items at the same time

Additions in property, plant and equipment	\$ 21,105	\$ 7,969
Increase (decrease) in prepayments for equipment	(1,777)	1,016
Decrease in payables for equipment	<u>510</u>	<u>1,770</u>
Cash payments for purchasing property, plant and equipment	<u>\$ 19,838</u>	<u>\$ 10,755</u>

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	20-55 years
Equipment	2-10 years
Miscellaneous Equipment	3-5 years
Others	3-6 years

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Carrying amount		
Buildings	<u>\$ 54,283</u>	<u>\$ 49,794</u>
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Additions to right-of-use assets	<u>\$ 44,652</u>	<u>\$ 47,247</u>
Depreciation of right-of-use assets		
Buildings	<u>\$ 38,737</u>	<u>\$ 34,404</u>

### b. Lease liabilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Carrying amount		
Current	<u>\$ 35,951</u>	<u>\$ 26,608</u>
Noncurrent	<u>\$ 18,534</u>	<u>\$ 23,141</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Buildings (%)	1.95-2.63	2.11-2.63

### c. Material lease activities and terms

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

### d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Expenses relating to short-term leases	<u>\$ 7,418</u>	<u>\$ 9,456</u>
Expenses relating to low-value asset leases	<u>\$ 3,168</u>	<u>\$ 2,791</u>
Total cash outflow for leases	<u>\$ 50,382</u>	<u>\$ 48,112</u>

The Group 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.

## 16. INVESTMENT PROPERTIES

For the year ended December 31, 2020

	<b>Buildings</b>
Cost	
Balance at January 1, 2020	\$ 99,850
Effect of foreign currency exchange differences	<u>(367)</u>
Balance at December 31, 2020	<u>\$ 99,483</u>
Accumulated depreciation	
Balance at January 1, 2020	\$ 54,110
Depreciation expenses	3,386
Effect of foreign currency exchange differences	<u>(232)</u>
Balance at December 31, 2020	<u>\$ 57,264</u>
Carrying amount at December 31, 2020	<u>\$ 42,219</u>

For the year ended December 31, 2019

	<b>Buildings</b>
Cost	
Balance at January 1, 2019	\$ 102,506
Transfers from property, plant and equipment	823
Effect of foreign currency exchange differences	<u>(3,479)</u>
Balance at December 31, 2019	<u>\$ 99,850</u>
Accumulated depreciation	
Balance at January 1, 2019	\$ 51,881
Transfers from property, plant and equipment	562
Depreciation expenses	3,514
Effect of foreign currency exchange differences	<u>(1,847)</u>
Balance at December 31, 2019	<u>\$ 54,110</u>
Carrying amount at December 31, 2019	<u>\$ 45,740</u>

The investment properties were leased out for 1 to 3 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods. However, under equal terms, the Group has the priority right of lease.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Year 1	\$ 21,302	\$ 17,024
Year 2	15,370	10,758
Year 3	<u>6,545</u>	<u>2,507</u>
	<u>\$ 43,217</u>	<u>\$ 30,289</u>

Investment properties are depreciated using the straight-line method over their estimated useful lives which average 20 to 30 years.

The fair value of investment properties as of December 31, 2020 and 2019 was \$600,000 thousand and \$500,000 thousand, respectively. Management of the Group had assessed and determined the fair value based on market prices of similar properties in the vicinity.

## 17. OTHER INTANGIBLE ASSETS

For the year ended December 31, 2020

	<b>Computer Software</b>	<b>Copyright and Royalty for Game Software</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2020	\$ 101,779	\$ 5,776	\$ 107,555
Additions	12,290	31,552	43,842
Disposals	(3,734)	-	(3,734)
Write-off	(59,158)	(16,420)	(75,578)
Effect of foreign currency exchange differences	<u>19</u>	<u>-</u>	<u>19</u>
Balance at December 31, 2020	<u>\$ 51,196</u>	<u>\$ 20,908</u>	<u>\$ 72,104</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2020	\$ 72,456	\$ 1,826	\$ 74,282
Amortization expenses	25,049	23,012	48,061
Disposals	(1,258)	-	(1,258)
Write-off	(59,158)	(16,420)	(75,578)
Effect of foreign currency exchange differences	<u>19</u>	<u>-</u>	<u>19</u>
Balance at December 31, 2020	<u>\$ 37,108</u>	<u>\$ 8,418</u>	<u>\$ 45,526</u>
Carrying amount at December 31, 2020	<u>\$ 14,088</u>	<u>\$ 12,490</u>	<u>\$ 26,578</u>

For the year ended December 31, 2019

	<b>Computer Software</b>	<b>Copyright and Royalty for Game Software</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2019	\$ 191,062	\$ 25,558	\$ 216,620
Additions	19,317	14,160	33,477
Disposals	(104)	-	(104)
Write-off	(108,451)	(33,942)	(142,393)
Effect of foreign currency exchange differences	<u>(45)</u>	<u>-</u>	<u>(45)</u>
Balance at December 31, 2019	<u>\$ 101,779</u>	<u>\$ 5,776</u>	<u>\$ 107,555</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2019	\$ 144,308	\$ 10,992	\$ 155,300
Amortization expenses	36,660	24,776	61,436
Disposals	(16)	-	(16)
Write-off	(108,451)	(33,942)	(142,393)
Effect of foreign currency exchange differences	<u>(45)</u>	<u>-</u>	<u>(45)</u>
Balance at December 31, 2019	<u>\$ 72,456</u>	<u>\$ 1,826</u>	<u>\$ 74,282</u>
Carrying amount at December 31, 2019	<u>\$ 29,323</u>	<u>\$ 3,950</u>	<u>\$ 33,273</u>

The above intangible assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Computer software	1-10 years
Copyright and royalty for game software	1-3 years

## 18. NOTES PAYABLE AND ACCOUNTS PAYABLE

The Group's notes payable and accounts payable are generated from operating activities. The average credit period on purchases of goods is around 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms, and therefore there was no interest charged on the outstanding balance.

## 19. OTHER PAYABLES

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
Payables for receipts under custody	\$ 2,105,890	\$ 2,252,968
Payables for circulation	144,179	157,526
Payables for salaries or bonuses	179,298	141,636
Payables for agency transactions	161,850	114,812
Payables for compensation of employees, board of directors and supervisors	77,994	52,846
Payables for annual leave	23,012	21,212

(Continued)

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Payables for royalty	\$ 9,333	\$ 10,058
Others	<u>189,694</u>	<u>167,284</u>
	<u>\$ 2,891,250</u>	<u>\$ 2,918,342</u>

(Concluded)

Payables for receipts under custody are receipts needed to be transferred to the game operators as the Group provides services for the usage of MyCard online platform and from the sale of points.

## 20. OTHER FINANCIAL LIABILITIES - CURRENT

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Temporary receipts from the sale of MyCard	\$ 797,522	\$ 714,624
Temporary receipts from third-party payments and electronic payments	<u>1,410,188</u>	<u>1,031,203</u>
	<u>\$ 2,207,710</u>	<u>\$ 1,745,827</u>

## 21. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

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

Foreign subsidiaries in the Group are required to make contributions to the central provident fund of the country of operations and retirement insurance for being a part of the state-managed retirement benefit plan. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

### b. Defined benefit plan

The defined benefit plans adopted by the Corporation and its domestic subsidiaries are in accordance with the Labor Standards Law of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation and domestic subsidiaries of the Group contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group 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 Group 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 Group has no right to influence the investment policy and strategy.



The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Present value of defined benefit obligation	\$ 161,325	\$ 161,673
Fair value of plan assets	<u>(99,190)</u>	<u>(100,159)</u>
Deficit	62,135	61,514
Net defined benefit assets	21,611	20,571
Other payables	<u>(108)</u>	<u>(116)</u>
Net defined benefit liabilities	<u><u>\$ 83,638</u></u>	<u><u>\$ 81,969</u></u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2019	<u>\$ 161,719</u>	<u>\$ (89,139)</u>	<u>\$ 72,580</u>
Service cost			
Current service cost	1,013	-	1,013
Gain on settlement	(946)	-	(946)
Interest expense (income)	<u>1,991</u>	<u>(1,150)</u>	<u>841</u>
Recognized in profit or loss	<u>2,058</u>	<u>(1,150)</u>	<u>908</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,955)	(2,955)
Actuarial loss - changes in demographic assumptions	2,860	-	2,860
Actuarial loss - changes in financial assumptions	7,810	-	7,810
Actuarial gain - experience adjustments	<u>(7,871)</u>	<u>-</u>	<u>(7,871)</u>
Recognized in other comprehensive income (loss)	<u>2,799</u>	<u>(2,955)</u>	<u>(156)</u>
Contributions from the employer	<u>-</u>	<u>(11,818)</u>	<u>(11,818)</u>
Benefits paid	<u>(4,903)</u>	<u>4,903</u>	<u>-</u>
Balance at December 31, 2019	<u>161,673</u>	<u>(100,159)</u>	<u>61,514</u>
Service cost			
Current service cost	1,045	-	1,045
Interest expense (income)	<u>1,409</u>	<u>(910)</u>	<u>499</u>
Recognized in profit or loss	<u>2,454</u>	<u>(910)</u>	<u>1,544</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,010)	(3,010)

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Actuarial loss - changes in demographic assumptions	\$ 799	\$ -	\$ 799
Actuarial loss - changes in financial assumptions	7,481	-	7,481
Actuarial gain - experience adjustments	<u>(2,904)</u>	<u>-</u>	<u>(2,904)</u>
Recognized in other comprehensive income (loss)	<u>5,376</u>	<u>(3,010)</u>	<u>2,366</u>
Contributions from the employer	<u>-</u>	<u>(1,555)</u>	<u>(1,555)</u>
Benefits paid			
Paid from plan assets	(6,444)	6,444	-
Paid from company assets	<u>(1,734)</u>	<u>-</u>	<u>(1,734)</u>
	<u>(8,178)</u>	<u>6,444</u>	<u>(1,734)</u>
Balance at December 31, 2020	<u>\$ 161,325</u>	<u>\$ (99,190)</u>	<u>\$ 62,135</u> (Concluded)

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

1) Investment risk

The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau 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 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 plans' 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 obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rate(s)	0.500	0.750-1.000
Expected rate(s) of salary increase	2.250-3.000	2.250-3.000

If possible reasonable changes 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:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rate(s)		
Increase 0.25%	<u>\$ (4,424)</u>	<u>\$ (5,312)</u>
Decrease 0.25%	<u>\$ 5,270</u>	<u>\$ 4,556</u>
Expected rate(s) of salary increase		
Increase 0.25%	<u>\$ 5,095</u>	<u>\$ 4,395</u>
Decrease 0.25%	<u>\$ (4,283)</u>	<u>\$ (5,184)</u>

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Expected contributions to the plans for the next year	<u>\$ 1,785</u>	<u>\$ 2,620</u>
Average duration of the defined benefit obligation (in years)	9.61-19.10	10.50-19.80

## 22. EQUITY

### a. Ordinary share capital

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Number of shares authorized (in thousands)	<u>180,000</u>	<u>180,000</u>
Shares authorized	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>
Number of shares issued and fully paid (in thousands)	<u>127,474</u>	<u>127,474</u>
Shares issued	<u>\$ 1,274,743</u>	<u>\$ 1,274,743</u>

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

### b. Capital surplus

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
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	81,770	59,810

(Continued)

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	\$ 59,180	\$ 59,351
<u>May be used to offset deficits only (see 2 below)</u>		
Changes in percentage of ownership interests in subsidiaries	157,390	152,027
Changes in percentage of ownership interests in associates	<u>6,955</u>	<u>6,955</u>
	<u>\$ 1,781,028</u>	<u>\$ 1,753,876</u>
		(Concluded)

- 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 24(g) 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 the industry in order to pursue sustainable operations and long-term benefits for 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 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 2019 and 2018, which were proposed and approved in the shareholders' meetings on June 18, 2020 and 2019, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Legal reserve	\$ 61,058	\$ 46,132		
(Reversal of) Special reserve	(89,540)	95,407		
Cash dividends	<u>509,897</u>	<u>280,444</u>	<u>\$ 4.00</u>	<u>\$ 2.20</u>
	<u>\$ 481,415</u>	<u>\$ 421,983</u>		

The appropriation of earnings for 2020, which had been proposed by the board of directors on March 17, 2021, is as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 94,243	
Reversal of special reserve	(5,867)	
Cash dividends	<u>761,480</u>	<u>\$ 6.00</u>
	<u>\$ 849,856</u>	

The appropriation of earnings for 2020 are subject to the resolution of the shareholders in the shareholders' meeting to be held in June 2021.

d. Special reserve

Upon initial application of IFRSs, the amount of cumulative translation adjustments transferred to retained earnings was \$25,117 thousand, and the Group had set aside an equal amount of special reserve. In June 2020 and 2019, the shareholders approved the recognition of the difference between the market price (lower than the carrying amount) and the carrying amount of the shares of the Corporation held by its subsidiaries at the end of 2019 of \$89,540 thousand as reversal of special reserve and at the end of 2018 of \$95,407 thousand as special reserve, respectively, which was calculated based on the Corporation's combined shareholding ratio. Should the market price increase in the future, the increase can be subsequently reversed.

e. Other equity items

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance, beginning of year	\$ (29,101)	\$ (11,367)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(23,315)	(20,971)
Related income tax arising from exchange differences	<u>4,386</u>	<u>3,237</u>
Balance, end of year	<u>\$ (48,030)</u>	<u>\$ (29,101)</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance, beginning of year	\$ 156,907	\$ 174,445
Recognized for the year		
Unrealized gain (loss) - equity instruments	<u>(37,194)</u>	<u>(17,538)</u>
Balance, end of year	<u>\$ 119,713</u>	<u>\$ 156,907</u>

f. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance, beginning of year	\$ 1,130,631	\$ 1,079,456
Share in profit for the period	53,500	55,363
Other comprehensive income (loss) for the year		
Exchange differences on translating the financial statements of foreign operations	(2,079)	(4,861)
Unrealized gain on financial assets at FVTOCI	(4,690)	(3,797)
Actuarial loss on defined benefit plans	(556)	434
Cash dividends distributed by subsidiaries	(10,642)	(4,897)
Shares held by the subsidiaries considered as treasury shares	(11,496)	-
Employees of subsidiaries exercise share options	11,456	-
Acquisition of non-controlling interests in Chinese Gamer's subsidiaries (Note 12)	(30,485)	
Increase in non-controlling interests	<u>7,521</u>	<u>8,933</u>
Balance, end of year	<u>\$ 1,143,160</u>	<u>\$ 1,130,631</u>

g. Treasury shares

Purpose of Treasury Shares	<b>Thousand Shares</b>			<b>December 31</b>	
	<b>Beginning of the Year</b>	<b>Addition</b>	<b>Reduction</b>	<b>Thousand Shares</b>	<b>Book Value</b>
For the year ended December 31, 2020					
Shares of the Corporation held by subsidiaries	<u>5,330</u>	<u>245</u>	<u>-</u>	<u>5,575</u>	<u>\$ 466,901</u>
Transfer shares to employees	<u>-</u>	<u>561</u>	<u>-</u>	<u>561</u>	<u>\$ 43,492</u>
For the year ended December 31, 2019					
Shares of the Corporation held by subsidiaries	<u>5,330</u>	<u>-</u>	<u>-</u>	<u>5,330</u>	<u>\$ 449,303</u>

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

As of December 31, 2020 and 2019, the market value of the treasury shares calculated based on the combined shareholding percentage was \$590,987 thousand and \$443,436 thousand, respectively.

## 23. REVENUE

### a. Revenue from contracts with customers

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Rendering of services	\$ 4,789,479	\$ 4,150,710
Sale of goods	1,206,256	594,997
Operation of games	1,001,017	816,049
Licensing revenue	<u>271,340</u>	<u>266,898</u>
	<u>\$ 7,268,092</u>	<u>\$ 5,828,654</u>

#### 1) Rendering of services

Revenue from the rendering of services includes revenue from services rendered for the usage of the MyCard online platform and sale of points, fee income from electronic and third-party payment 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) Fee income of electronic and third-party payments result from providing online cash flow platform services. The Group will transfer the payments which are collected from consumers through its cash flow platform to the retailers after deducting the agreed fee.
- c) Other service revenue results from providing the advertising design services and exhibition marketing, 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 Group'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) Revenue from games operated by the Group

Revenue from games operated by the Group is recognized over the period in which virtual goods are consumed or over the estimated usable period of the virtual goods based on consumers' redemption of the virtual goods of games operated by the Group on the online platform.

#### 4) Licensing revenue

The Group 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 customers' sales

agreed in the contract.

b. Contract balances

	<b>December 31, 2020</b>	<b>December 31, 2019</b>	<b>January 1, 2019</b>
Notes receivable, accounts receivable, and other receivables (receivables under custody) (including related parties) (Note 7)	<u>\$ 2,121,883</u>	<u>\$ 2,141,066</u>	<u>\$ 2,406,583</u>
Contract liabilities			
Advance receipts of services	\$ 20,358	\$ 97,692	\$ 145,157
Royalty fee for games	114,847	119,304	114,317
Others	<u>67,088</u>	<u>131,264</u>	<u>68,218</u>
	<u>\$ 202,293</u>	<u>\$ 348,260</u>	<u>\$ 327,692</u>

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

c. Disaggregation of revenue

Refer to Note 36 for information about the disaggregation of revenue.

## 24. PROFIT BEFORE INCOME TAX

a. Interest income

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Bank deposits	\$ 39,256	\$ 42,106
Others	<u>28</u>	<u>26</u>
	<u>\$ 39,284</u>	<u>\$ 42,132</u>

b. Other income

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Rental income	\$ 24,034	\$ 28,626
Others	<u>31,259</u>	<u>23,309</u>
	<u>\$ 55,293</u>	<u>\$ 51,935</u>



c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Net foreign exchange gains (loss)	\$ (1,523)	\$ 3,562
Gain on disposal of property, plant and equipment	583	514
Gain (loss) on disposal of investments	15,781	(197)
Financial assets designated as at FVTPL	44,190	-
Loss on miscellaneous disbursements	<u>(10,851)</u>	<u>(9,621)</u>
	<u>\$ 48,180</u>	<u>\$ (5,742)</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Interest on bank loan	\$ 543	\$ 1,045
Interest on lease liabilities	1,357	1,134
Others	<u>-</u>	<u>376</u>
	<u>\$ 1,900</u>	<u>\$ 2,555</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Property, plant and equipment	\$ 27,769	\$ 27,712
Right-of-use assets	38,737	34,404
Investment properties	3,386	3,514
Other intangible assets	<u>48,061</u>	<u>61,436</u>
	<u>\$ 117,953</u>	<u>\$ 127,066</u>
 An analysis of depreciation by function		
Operating costs	\$ 385	\$ 330
Operating expenses	66,121	61,786
Non-operating expenses	<u>3,386</u>	<u>3,514</u>
	<u>\$ 69,892</u>	<u>\$ 65,630</u>
 An analysis of amortization by function		
Operating costs	\$ 23,026	\$ 24,784
Operating expenses	<u>25,035</u>	<u>36,652</u>
	<u>\$ 48,061</u>	<u>\$ 61,436</u>

f. Employee benefits

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Short-term employee benefits	\$ 1,054,080	\$ 1,005,497
Post-employment benefits		
Defined contribution plans	40,022	39,414
Defined benefit plans (Note 21)	<u>1,544</u>	<u>908</u>
	<u>41,566</u>	<u>40,322</u>
Employee benefits expense	<u>\$ 1,095,646</u>	<u>\$ 1,045,819</u>
An analysis by function		
Operating costs	\$ 10,280	\$ 27,614
Operating expenses	<u>1,085,366</u>	<u>1,018,205</u>
	<u>\$ 1,095,646</u>	<u>\$ 1,045,819</u>

g. 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 employees' compensation and the remuneration of directors and supervisors for the years ended December 31, 2020 and 2019, which were approved by the Corporation's board of directors on March 17, 2021 and March 25, 2020, respectively, are as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Accrual rate		
Employees' compensation (%)	5	5
Remuneration of directors and supervisors (%)	1	1
Amount		
Employees' compensation	\$ 59,461	\$ 39,778
Remuneration of directors and supervisors	11,892	7,956

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

For the years ended December 31, 2019 and 2018, there is no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

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.

h. Gains (losses) on foreign currency exchange

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Foreign exchange gains	\$ 14,682	\$ 16,755
Foreign exchange losses	<u>(16,205)</u>	<u>(13,193)</u>
Net gain (loss)	<u>\$ (1,523)</u>	<u>\$ 3,562</u>

## 25. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Current tax		
In respect of the current year	\$ 131,936	\$ 132,673
Income tax on unappropriated earnings	7,055	1,866
Adjustments for prior years	<u>15,808</u>	<u>4,726</u>
	<u>154,799</u>	<u>139,265</u>
Deferred tax		
In respect of the current year	<u>93,152</u>	<u>27,514</u>
Income tax expense recognized in profit or loss	<u>\$ 247,951</u>	<u>\$ 166,779</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Profit before income tax	<u>\$1,245,218</u>	<u>\$ 832,722</u>
Income tax expense calculated at the statutory rate	\$ 303,699	\$ 185,555
Nondeductible (deductible) expenses (gain) in determining taxable income	(46,829)	110
Tax-exempt income	(13,520)	(14,184)
Realized investment losses	(14,836)	-
Income tax on unappropriated earnings	7,055	1,866
Unrecognized loss carryforwards	6,136	(14,895)
Unrecognized temporary differences	(12,283)	(2,241)
Adjustments for prior years' tax	15,808	4,726
Others	<u>2,721</u>	<u>5,842</u>
Income tax expense recognized in profit or loss	<u>\$ 247,951</u>	<u>\$ 166,779</u>

The applicable tax rate used by the Group in accordance with the Income Tax Act of the ROC is 20%. The applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other entities in the Group operating in other jurisdictions are based on the tax laws in those jurisdictions.

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
In respect of the current period		
Remeasurement of defined benefit plans	\$ 473	\$ (31)
Translation of foreign operations	<u>4,386</u>	<u>3,237</u>
	<u>\$ 4,859</u>	<u>\$ 3,206</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Current tax assets		
Tax refund receivable	<u>\$ 6,747</u>	<u>\$ 7,441</u>
Current tax liabilities		
Income tax payable	<u>\$ 68,098</u>	<u>\$ 64,771</u>

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2020

	<b>Balance, Beginning of Year</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Balance, End of Year</b>
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligations	\$ 17,581	\$ (260)	\$ 581	\$ 17,902
Loss on inventories	11,454	(2,202)	-	9,252
Bad debts over limits	18,732	(18,712)	-	20
Exchange differences on translating the financial statements of foreign operations	-	-	231	231
Others	<u>8,767</u>	<u>(132)</u>	<u>-</u>	<u>8,635</u>
	<u>\$ 56,534</u>	<u>\$ (21,306)</u>	<u>\$ 812</u>	<u>\$ 36,040</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized gain from foreign investments accounted for using the equity method	\$ 35,351	\$ 58,696	\$ -	\$ 94,047
Exchange differences on translating the financial statements of foreign operations	4,155	-	(4,155)	-

(Continued)

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Defined benefit obligation	\$ 5,337	\$ 88	\$ 108	\$ 5,533
Financial assets at fair value through profit/loss	-	8,838	-	8,838
Others	<u>11,178</u>	<u>4,224</u>	<u>-</u>	<u>15,402</u>
	<u>\$ 56,021</u>	<u>\$ 71,846</u>	<u>\$ (4,047)</u>	<u>\$ 123,820</u> (Concluded)

For the year ended December 31, 2019

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligations	\$ 19,729	\$ (2,194)	\$ 46	\$ 17,581
Loss on inventories	11,522	(68)	-	11,454
Bad debts over limits	11,605	7,127	-	18,732
Others	<u>9,314</u>	<u>(547)</u>	<u>-</u>	<u>8,767</u>
	<u>\$ 52,170</u>	<u>\$ 4,318</u>	<u>\$ 46</u>	<u>\$ 56,534</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized gain from foreign investments accounted for using the equity method	\$ 14,315	\$ 21,036	\$ -	\$ 35,351
Exchange differences on translating the financial statements of foreign operations	7,392	-	(3,237)	4,155
Defined benefit obligation	4,969	291	77	5,337
Others	<u>673</u>	<u>10,505</u>	<u>-</u>	<u>11,178</u>
	<u>\$ 27,349</u>	<u>\$ 31,832</u>	<u>\$ (3,160)</u>	<u>\$ 56,021</u>

e. Deferred tax assets that have not been recognized in the consolidated balance sheets

	<u>December 31</u>	
	2020	2019
Loss carryforwards		
Expiry in 2020	\$ -	\$ 107,936
Expiry in 2021	98,882	98,882
Expiry in 2022	103,224	103,224
Expiry in 2023	234,530	234,812
Expiry in 2024	171,771	176,496
Expiry in 2025	293,145	315,432
		(Continued)

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Expiry in 2026	\$ 232,344	\$ 231,457
Expiry in 2027	249,937	234,992
Expiry in 2028	236,063	281,089
Expiry in 2029	117,314	104,870
Expiry in 2030	150,842	-
Without deduction time limit	<u>10,042</u>	<u>430,524</u>
	<u>\$ 1,898,094</u>	<u>\$ 2,319,714</u>
Deductible temporary differences	<u>\$ 342,932</u>	<u>\$ 434,015</u> (Concluded)

f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2020 comprised:

<b>Unused Amount</b>	<b>Expiry Year</b>
\$ 98,882	2021
103,224	2022
234,530	2023
171,771	2024
293,145	2025
232,344	2026
249,937	2027
236,063	2028
117,314	2029
150,842	2030
<u>10,042</u>	Without deduction time limit
<u>\$ 1,898,094</u>	

g. Income tax assessments

The income tax returns of the Corporation through 2018 and of its domestic subsidiaries from 2018-2019 have been assessed by the tax authorities.

## 26. EARNINGS PER SHARE

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

a. Net profit for the year

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Net profit attributable to owners of the Corporation	<u>\$ 943,767</u>	<u>\$ 610,580</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	121,610	122,145
Add: Employees' compensation issued	<u>697</u>	<u>572</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>122,307</u>	<u>122,717</u>

Since the Group offered to settle the compensation or bonuses paid to employees in cash or shares, the Group assumed that the entire amount of the compensation or bonuses 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.

## 27. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	<b>Principal Activity</b>	<b>Date of Acquisition</b>	<b>Proportion of Voting Equity Interests Acquired (%)</b>
We Can Financial Technology Co., Ltd.	Development of financial system and equipment, etc.	March 26, 2020	52

In order to integrate resources and expand business scale, the Corporation acquired We Can Financial Technology Co., Ltd. of \$1,710 thousand and 14% ownership and obtained the control of its operation.

b. Assets acquired and liabilities assumed at the date of acquisition

	<b>Amount</b>
Current assets	
Cash	\$ 4,893
Accounts receivable	1,474
Others	1,967
Noncurrent assets	
Property, plant and equipment	1,691
Current liabilities	
Accounts payable and other payables	(1,873)
Others	(142)
Noncurrent liabilities	
Guarantee deposits received	<u>(699)</u>
	<u>\$ 7,311</u>

c. Goodwill recognized on acquisition

	<b>Amount</b>
Consideration transferred	\$ 1,710
Add: Shareholding acquired	5,680
Non-controlling interests	3,505
Less: Fair value of identifiable net assets acquired	<u>(7,311)</u>
Goodwill recognized on acquisition	<u>\$ 3,584</u>

d. Net cash inflow on acquisition of subsidiaries

	<b>Amount</b>
Balance of cash acquired	\$ 4,893
Less: Consideration paid in cash	<u>(1,710)</u>
	<u>\$ 3,183</u>

e. Impact of acquisition on the results of the Group

The results of the acquiree since the acquisition date included in the consolidated statements of comprehensive income were as follows:

	<b>April 1 to December 31, 2020</b>
Revenue	<u>\$ 6,352</u>
Loss	<u>\$ (339)</u>

Had these business combinations been in effect at the beginning of the annual reporting period, the Group's revenue from continuing operations would have been \$7,270,206 thousand, and the profit from continuing operations would have been \$997,934 thousand for the year ended December 31, 2020. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2020, nor is it intended to be a projection of future results.

## 28. DISPOSAL OF SUBSIDIARIES

In December 2020, the Group disposed of 100% of its shareholding in its subsidiary, Soft-World (Guangzhou), and lost control over it.

a. Consideration received from disposal

	<b>Amount</b>
Consideration received in cash and cash equivalents	\$ 11,080
Sales proceeds receivable (classified under other receivables)	<u>25,853</u>
Total consideration received	<u>\$ 36,933</u>



b. Analysis of assets and liabilities on the date control was lost

	<b>Amount</b>
Current assets	
Cash and cash equivalents	\$ 8,567
Non-current assets	
Property, plant and equipment	2,036
Current liabilities	
Other payables	<u>(346)</u>
Net assets disposed of	<u>\$ 10,257</u>

c. Gain on disposal of subsidiary

	<b>Amount</b>
Consideration received	\$ 36,933
Costs of disposal	(10,036)
Net assets disposed of	(10,257)
Exchange differences on translation of foreign currency	<u>89</u>
Gain on disposal	<u>\$ 16,729</u>

d. Net cash inflow on disposal of subsidiary

	<b>Amount</b>
Consideration received	\$ 36,933
Less: Sales proceeds receivable as of December 31, 2020	(25,853)
Less: Cash and cash equivalent balances disposed of	<u>(8,567)</u>
	<u>\$ 2,513</u>

## 29. CAPITAL MANAGEMENT

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

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

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

## 30. FINANCIAL INSTRUMENTS

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

The Group's management considers that the carrying amounts of financial instruments that are not measured at fair value 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, 2020

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTPL</u>				
Foreign listed shares	<u>\$ 103,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,050</u>
<u>Financial assets at FVTOCI</u>				
Domestic and foreign listed marketable securities - investments in equity instruments	\$ 127,962	\$ -	\$ -	\$ 127,962
Domestic emerging securities investment in equity instruments	-	28,156	-	28,156
Private - placement shares of domestic listed companies	-	230,540	-	230,540
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>16,116</u>	<u>16,116</u>
	<u>\$ 127,962</u>	<u>\$ 258,696</u>	<u>\$ 16,116</u>	<u>\$ 402,774</u>

December 31, 2019

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTOCI</u>				
Domestic and foreign listed marketable securities - investments in equity instruments	\$ 130,995	\$ -	\$ -	\$ 130,995
Domestic emerging securities investment in equity instruments	-	34,554	-	34,554
Private - placement shares of domestic listed companies	-	261,189	-	261,189
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>17,920</u>	<u>17,920</u>
	<u>\$ 130,995</u>	<u>\$ 295,743</u>	<u>\$ 17,920</u>	<u>\$ 444,658</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2020 and 2019.

2) Reconciliation of Level 3 fair value measurements of financial instruments

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 17,920	\$ 62,842
Recognized in other comprehensive income (loss)	(386)	(46,510)
Purchases	-	1,588
Transfers out of Level 3	<u>(1,418)</u>	<u>-</u>
Balance at December 31	<u>\$ 16,116</u>	<u>\$ 17,920</u>

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Domestic marketable securities (emerging market) - investments in equity instruments	If the emerging market shares are not traded in an active market, the management adopts valuation techniques to establish the fair value of the emerging market shares.
Private - placement shares of domestic listed companies	Fair value is the determined by the management with reference to the price with observable market evidence

4) 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 with reference to observable market prices.

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 11,894,456	\$ 10,870,642
Financial assets at FVTPL	103,050	-
Financial assets at FVTOCI	402,774	444,658
<u>Financial liabilities</u>		
Amortized cost (2)	5,691,613	5,029,086

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

2) The balances include financial liabilities measured at amortized cost, which comprise notes and accounts payable, other payables, other financial liabilities, and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include time deposits, equity investments, accounts receivable and accounts payable. The Group's corporate treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Group 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 Group's risk management committee.

1) Market risk

The Group'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 Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) are set out in Note 34. There is no material impacts on the Group's financial statements.

b) Interest rate risk

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

	<u>December 31</u>	
	2020	2019
Cash flow interest rate risk		
Financial assets	\$ 5,302,433	\$ 5,707,839

In addition, the Group assessed that the fixed-rate time deposits and lease liabilities did not have material fair value risk.

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for 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 Group's pre-tax profit for the years ended December 31, 2020 and 2019 would increase/decrease by \$53,024 thousand and \$57,078 thousand, respectively, which was mainly attributable to the Group's variable-rate bank deposits.

c) Other price risk

The Group was exposed to equity price risk through its investments in domestic and foreign 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 profit for the year ended December 31, 2020 would have increased/decreased by \$1,031 thousand, as a result of the changes in fair value of financial assets at FVTPL.

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the year ended December 31, 2020 and 2019 would have increased/decreased by \$4,028 thousand and \$4,447 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 a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation provided by the Group, could be equal to the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

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

The Group's credit risk is mainly concentrated in the following groups' accounts receivable and other receivables (receivables for receipts under custody):

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Group A	\$ 513,999	\$ 621,052
Group B	<u>222,111</u>	<u>273,605</u>
	<u>\$ 736,110</u>	<u>\$ 894,657</u>

The Group's concentration of credit risk accounted for 34% and 40% of total accounts receivable and other receivables (receivables for receipts under custody) from the above-mentioned groups as of December 31, 2020 and 2019, 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 table for non-derivative financial liabilities

The following table details the Group'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 Group can be required to pay.

	<b>Within 4 Months</b>	<b>At least 5 Months</b>	<b>More than 1 year</b>	<b>Total</b>
<u>December 31, 2020</u>				
Non-interest bearing liabilities	\$ 5,487,939	\$ 119,531	\$ 84,143	\$ 5,691,613
Lease liabilities	<u>12,990</u>	<u>23,809</u>	<u>18,679</u>	<u>55,478</u>
	<u>\$ 5,500,929</u>	<u>\$ 143,340</u>	<u>\$ 102,822</u>	<u>\$ 5,747,091</u>

(Continued)

	<b>Within 4 Months</b>	<b>At least 5 Months</b>	<b>More than 1 year</b>	<b>Total</b>
<u>December 31, 2019</u>				
Non-interest bearing liabilities	\$ 4,877,975	\$ 77,127	\$ 73,984	\$ 5,029,086
Lease liabilities	<u>11,574</u>	<u>15,829</u>	<u>23,522</u>	<u>50,925</u>
	<u>\$ 4,889,549</u>	<u>\$ 92,956</u>	<u>\$ 97,506</u>	<u>\$ 5,080,011</u> (Concluded)

### 31. TRANSACTIONS WITH RELATED PARTIES

Details of transactions, balances of accounts, gains and losses between the Corporation and its subsidiaries (the Corporation's related parties) have been eliminated at the time of consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are as follows:

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Taiwan Taomee Co., Ltd. (Taiwan Taomee)	Associates
We Can Financial Technology Co., Ltd. (We can)	Associates (Before March 31, 2020)
Fun Yours Technology Co., Ltd. (Fun Yours)	Related party in substance (The Corporation as legal directors of investee companies)
Asure Corporation (Asure)	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 (Spouse of the Corporation's chairman)
Wang, Li-Chuan	Related party in substance (Second-degree relative of the Corporation's chairman)
Wang, Chun-Hsiung	Related party in substance (Second-degree relative of the Corporation's chairman)

b. Operating Revenue

<u>Line Item</u>	<u>Related Party Category</u>	<u>For the Year Ended December 31</u>	
		<u>2020</u>	<u>2019</u>
Sale of goods	Related party in substance	<u>\$ 61,292</u>	<u>\$ 14,712</u>
Rendering of services	Associates	\$ 8,822	\$ 12,663
	Related party in substance	926	298
		<u>\$ 9,748</u>	<u>\$ 12,961</u>

Except for the revenue from the rendering of advertising design services where similar transactions with unrelated parties are not available for comparison, the selling price for the sale of goods and licences to related parties was not significantly different from that of normal customers. 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 of goods

Related party type	For the Year Ended December 31	
	2020	2019
Associates	\$ 69	\$ 621
Related party in substance	<u>6,436</u>	<u>18,152</u>
	<u>\$ 6,505</u>	<u>\$ 18,773</u>

The Group 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 Group 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 from related parties

Line Item	Related Party Category	December 31	
		2020	2019
Accounts receivable	Associates	\$ 1,314	\$ 2,716
	Related party in substance	57	12
		<u>1,371</u>	<u>2,728</u>
Other receivables	Associates	\$ -	\$ 178
	Related party in substance	32,238	28,822
		<u>\$ 32,238</u>	<u>\$ 29,000</u>

Other receivables are mainly the Corporation's sale of its exclusive MyCard through its related parties.

The outstanding receivables were unsecured, and there was no allowance for impairment loss under the item of receivables from related parties.

e. Payables to related parties

Line Item	Related Party Category	December 31	
		2020	2019
Notes payable	Associates	\$ -	\$ 1,826
	Related party in substance	600	689
		<u>\$ 600</u>	<u>\$ 2,515</u>
Accounts payable	Associates	\$ -	\$ 164
	Related party in substance	3	795
		<u>\$ 3</u>	<u>\$ 959</u>

(Continued)

Line Item	Related Party Category	December 31	
		2020	2019
Other payables	Associates	\$ 6,263	\$ 2,709
	Related party in substance	44	-
		<u>          </u>	<u>          </u>
		<u>\$ 6,307</u>	<u>\$ 2,709</u>
			(Concluded)

The outstanding payables to related parties were unsecured.

f. Others

Fees such as commission and miscellaneous fees which the Group paid to related parties were recognized under operating expenses based on their nature:

Related Party Category	For the Year Ended December 31	
	2020	2019
Associates	\$ -	\$ 180
Related party in substance	<u>162,742</u>	<u>117,074</u>
	<u>\$ 162,742</u>	<u>\$ 117,254</u>

g. Remuneration 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	
	2020	2019
Short-term employee benefits	\$ 54,432	\$ 42,212
Post-employment benefits	<u>177</u>	<u>216</u>
	<u>\$ 54,609</u>	<u>\$ 42,428</u>

### 32. ASSETS PLEDGED AS COLLATERAL OR SECURITY

The following assets were provided as collateral for the letter of performance bonds for the electric cash flow company, the letter of performance bond for points and collateral for third-party payment providers:

	For the Year Ended December 31	
	2020	2019
Other financial assets - current		
Pledged demand deposits	\$ -	\$ 352
Pledged time deposits	<u>37,000</u>	<u>37,000</u>
	<u>37,000</u>	<u>37,352</u>

(Continued)



	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Property, plant and equipment		
Land	\$ 109,463	\$ 109,463
Buildings	<u>82,258</u>	<u>84,620</u>
	<u>191,721</u>	<u>194,083</u>
	<u>\$ 228,721</u>	<u>\$ 231,435</u>
		(Concluded)

### 33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As disclosed in Note 32, the Group provided demand deposits, time deposits and property, plant, and equipment as collateral for performance guarantees of unused MyCard points and the payment by third party payment service company. As of December 31, 2020 and 2019, the credit line committed by banks was \$800,000 thousand and \$806,000 thousand, respectively.

### 33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>		<b>Carrying Amount (In Thousands of New Taiwan Dollars)</b>
<u>December 31, 2020</u>				
Financial assets				
Monetary items				
USD	\$ 8,246	28.480	(USD:NTD)	\$ 234,843
HKD	9,830	3.673	(HKD:NTD)	36,104
Non-monetary items				
Financial assets at fair value through profit or loss				
HKD	28,056	3.673	(HKD:NTD)	103,050
Financial assets at fair value through other comprehensive income				
HKD	354	3.673	(HKD:NTD)	1,300
Financial liabilities				
Monetary items				
USD	1,628	28.480	(USD:NTD)	46,370
HKD	2,778	3.673	(HKD:NTD)	10,203

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
December 31, 2019				
Financial assets				
Monetary items				
USD	\$ 5,470	29.980	(USD:NTD)	\$ 163,998
HKD	9,109	3.849	(HKD:NTD)	35,059
Non-monetary items				
Financial assets at fair value through other comprehensive income				
HKD	456	3.849	(HKD:NTD)	1,755
Financial liabilities				
Monetary items				
USD	1,582	29.980	(USD:NTD)	47,439
HKD	4,510	3.849	(HKD:NTD)	17,359
(Concluded)				

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange gains and losses were a loss of \$1,523 thousand and a gain of \$3,562 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 of the entities in the Group.

### 34. 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: Table 4

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5
  - 9) Trading in derivative instruments: None
  - 10) Intercompany relationships and significant intercompany transactions: Table 6
  - 11) Information on investees: Table 7
- 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 8
  - 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
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 9

### **35. SEGMENT INFORMATION**

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on each operating entity and the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as follows:

- Soft-World International Corporation (the Corporation), Soft-World (Hong Kong) International Corporation and its subsidiaries (Soft Word (Hong Kong)) - Production and agents of computer game software and publishing of computer game magazines.
- Chinese Gamer International Corporation and its subsidiaries (Chinese Gamer) - Development of computer software and providing online game services.

- Game Flier International Corporation (Game Flier), Game First and its subsidiaries (Game First) - Agent of computer game and providing online game services.
- Neweb Technologies and its subsidiary (Neweb Technologies) - Data Processing, data software and third-party payment services.
- Efun Corporation and its subsidiary (Efun) – General advertising and advertisement data processing services.
- Others - operating segments are the subsidiaries in the Group, for related information, refer to Note 12 since the subsidiaries do not meet the threshold and thus are not recognized as reportable segments.

### Segment revenues and operating results

- a. The following is an analysis of the Group's revenues and results of operations by reportable segment.

#### For the year ended December 31, 2020

	Soft-World and Soft-World (Hong Kong)	Chinese Gamer	Game Flier and Game First	Neweb Technologies	Efun	Others	Adjustment and Elimination	Total
Revenue from external customers	\$ 2,487,462	\$ 458,038	\$ 1,598,704	\$ 937,187	\$ 1,371,577	\$ 415,124	\$ -	\$ 7,268,092
Inter-segment revenue	<u>301,620</u>	<u>2</u>	<u>6,127</u>	<u>8,294</u>	<u>100,954</u>	<u>61,678</u>	<u>(478,675)</u>	<u>-</u>
Total revenue	<u>\$ 2,789,082</u>	<u>\$ 458,040</u>	<u>\$ 1,604,831</u>	<u>\$ 945,481</u>	<u>\$ 1,472,531</u>	<u>\$ 476,802</u>	<u>\$ (478,675)</u>	<u>\$ 7,268,092</u>
Segment profit (loss)	<u>\$ 741,708</u>	<u>\$ (9,977)</u>	<u>\$ 168,690</u>	<u>\$ 22,817</u>	<u>\$ 126,453</u>	<u>\$ 68,089</u>	<u>\$ (10,263)</u>	\$ 1,107,517
Interest income								39,284
Other income								55,293
Other gain and loss								48,180
Finance costs								(1,900)
Share of loss of associates accounted for using the equity method								<u>(3,156)</u>
Segment profit before tax								<u>\$ 1,245,218</u>
Segment assets	<u>\$ 7,384,589</u>	<u>\$ 1,019,101</u>	<u>\$ 1,498,473</u>	<u>\$ 2,608,810</u>	<u>\$ 813,148</u>	<u>\$ 592,793</u>	<u>\$ (203,148)</u>	<u>\$ 13,713,766</u>
Segment liabilities	<u>\$ 3,875,825</u>	<u>\$ 114,954</u>	<u>\$ 275,391</u>	<u>\$ 1,712,996</u>	<u>\$ 482,833</u>	<u>\$ 82,671</u>	<u>\$ (290,299)</u>	<u>\$ 6,254,371</u>

#### For the year ended December 31, 2019

	Soft-World and Soft-World (Hong Kong)	Chinese Gamer	Game Flier and Game First	Neweb Technologies	Efun	Others	Adjustment and Elimination	Total
Revenue from external customers	\$ 2,240,773	\$ 657,977	\$ 775,259	\$ 800,543	\$ 999,345	\$ 354,757	\$ -	\$ 5,828,654
Inter-segment revenue	<u>181,305</u>	<u>4,951</u>	<u>8,999</u>	<u>2,404</u>	<u>16,191</u>	<u>61,375</u>	<u>(275,225)</u>	<u>-</u>
Total revenue	<u>\$ 2,422,078</u>	<u>\$ 662,928</u>	<u>\$ 784,258</u>	<u>\$ 802,947</u>	<u>\$ 1,015,536</u>	<u>\$ 416,132</u>	<u>\$ (275,225)</u>	<u>\$ 5,828,654</u>
Segment profit (loss)	<u>\$ 598,164</u>	<u>\$ 77,250</u>	<u>\$ 12,568</u>	<u>\$ (13,305)</u>	<u>\$ 53,766</u>	<u>\$ 30,126</u>	<u>\$ (1,041)</u>	\$ 757,528
Interest income								42,132
Other income								51,935
Other gain and loss								(5,742)
Finance costs								(2,555)
Share of loss of associates accounted for using the equity method								<u>(10,576)</u>
Segment profit before tax								<u>\$ 832,722</u>
Segment assets	<u>\$ 7,361,759</u>	<u>\$ 1,112,236</u>	<u>\$ 1,342,928</u>	<u>\$ 2,145,345</u>	<u>\$ 455,936</u>	<u>\$ 567,281</u>	<u>\$ (216,806)</u>	<u>\$ 12,768,679</u>
Segment liabilities	<u>\$ 3,955,637</u>	<u>\$ 181,446</u>	<u>\$ 238,051</u>	<u>\$ 1,272,588</u>	<u>\$ 277,942</u>	<u>\$ 92,577</u>	<u>\$ (303,956)</u>	<u>\$ 5,664,285</u>

The above reporting revenue is generated from the transactions with external customers.

Segment profit represents the profit before tax earned by each segment without non-operating income and loss. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

- b. Revenue from major products and services: Note 23
- c. Geographical information

The Group operates in two principal geographical areas - Taiwan (ROC) and China.

The Group's revenue from external customers by location of operations and information about its noncurrent assets by location of assets are detailed below:

	<b>Revenue from External Customers</b>		<b>Non-current Assets</b>	
	<b>For the Year Ended December 31</b>		<b>December 31</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Taiwan (ROC)	\$ 6,145,150	\$ 4,640,260	\$ 447,688	\$ 462,737
China	717,930	820,077	52,396	58,495
Others	<u>405,012</u>	<u>368,317</u>	<u>11,393</u>	<u>12,767</u>
	<u>\$ 7,268,092</u>	<u>\$ 5,828,654</u>	<u>\$ 511,477</u>	<u>\$ 533,999</u>

Noncurrent assets exclude financial instruments, goodwill, deferred tax assets and net defined benefit assets, etc.

- d. Information about major customers

There was no single customer contributing 10% or more to the Group's revenue in 2020 and 2019.

**SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES**

**FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(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			
1	Efun International Corporation	Re: Ad Media (Taiwan) Corporation	Other receivables - related parties	Yes	\$ 20,000	\$ -	\$ -	2.63	The need for short-term financing	\$ -	Operating capital	\$ -	None	\$ -	\$ 49,547	\$ 132,126	Note
2	Game Flier International Corporation	Neweb Technologies Co., Ltd.	Other receivables - related parties - others	Yes	100,000	-	-	2.48	The need for short-term financing	-	Operating capital	-	None	-	132,546	353,457	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 SUBSIDIARIES**

**ENDORSEMENTS/GUARANTEES PROVIDED**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

**(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.	Subsidiary	\$ 1,263,247	\$ 460,000	\$ 280,000	\$ 135,000	\$ 35,000	4.00	\$ 3,158,118	Y	N	N	Note

Note: 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.

## SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2020

(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, 2020				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	510,189	\$ 51,784	1	\$ 51,784	
	Softstar Entertainment Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	2,560,285	146,192	4	146,192	
	China Communications Media Group Co.,Ltd	-	Financial assets at fair value through other comprehensive income - noncurrent	270,351	1,446	1	1,446	
	Fun Yours Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	2,045,366	50,930	12	50,930	
	Kuobrothers Corporation	-	Financial assets at fair value through other comprehensive income - noncurrent	531,289	20,189	2	20,189	
	Gameone Holdings Limited.	-	Financial assets at fair value through other comprehensive income - noncurrent	1,200,000	1,300	1	1,300	
	Mobix Corporation	-	Financial assets at fair value through other comprehensive income - noncurrent	103,207	3,209	1	3,209	
Archosaur Games Inc.			Financial assets at fair value through profit or loss - noncurrent	1,336,000	103,050	-	103,050	
					<u>\$ 378,100</u>		<u>\$ 378,100</u>	
Game Flier International Corporation	Stock							
	Softstar Entertainment Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	1,472,164	<u>\$ 84,348</u>	3	<u>\$ 84,348</u>	
Jhieh Long Venture Capital Corporation	Stock							
	9Splay Entertainment Technology Co., LTD	-	Financial assets at fair value through other comprehensive income - noncurrent	956,919	\$ 24,947	3	\$ 24,947	
	Soft-World International Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	8,913,000	746,408	7	746,408	Note
					<u>\$ 771,355</u>		<u>\$ 771,355</u>	

(Continued)



Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	December 31, 2020				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	\$ 2,313	-	\$ 2,313	
	Taiwan Smart Card Co.	-	Financial assets at fair value through other comprehensive income - noncurrent	3,140,671	16,116	20	16,116	
					<u>\$ 18,429</u>		<u>\$ 18,429</u>	

(Concluded)

Note: The Corporation's shares held by its subsidiaries were considered treasury shares. For related information, refer to Note 22.

**SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Corporation	Game Flier International Corporation	Subsidiary	Rendering of services	\$ 132,310	5	Net 2 months from the end of the month of when invoice is issued	\$ -	-	\$ 11,198	13	Note
	Game First International Corporation	Subsidiary	Rendering of services	132,877	5	Net 2 months from the end of the month of when invoice is issued	-	-	14,523	17	Note

Note: Eliminated when preparing the consolidated financial statements.

**SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2020  
(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	\$ 144,734	-	\$ -	-	\$ 55,117	\$ -

Note: Eliminated when preparing the consolidated financial statements.

## SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2020  
 (In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transaction Details			% of Total Operating Revenues (Assets)
				Financial Statement Accounts	Amount	Payment Terms	
0	The Corporation	Chinese Gamer International Corporation	Parent to subsidiary	Operating revenue	\$ 30,955	No similar transactions with unrelated parties	-
0	The Corporation	Chinese Gamer International Corporation	Parent to subsidiary	Accounts receivable	3,920	None	-
0	The Corporation	Game Flier International Corporation	Parent to subsidiary	Operating revenue	132,310	No similar transactions with unrelated parties	2.00
0	The Corporation	Game Flier International Corporation	Parent to subsidiary	Accounts receivable	11,198	None	-
0	The Corporation	Game Flier International Corporation	Parent to subsidiary	Other receivables	3,105	Receipts under custody receivable and payables for receipts under custody, etc.	-
0	The Corporation	Game First International Corporation	Parent to subsidiary	Operating revenue	132,877	No similar transactions with unrelated parties	2.00
0	The Corporation	Game First International Corporation	Parent to subsidiary	Accounts receivable	14,523	None	-
0	The Corporation	Fast Distributed Cloud Computing Co., Ltd.	Parent to subsidiary	Other receivables	1,489	Receipts under custody receivable and payables for receipts under custody, etc.	-
0	The Corporation	Soft-World International (Hong Kong) Corporation	Parent to subsidiary	Other receivables	21,508	Receipts under custody receivable and payables for receipts under custody, etc.	-
0	The Corporation	Efun International Corporation	Parent to subsidiary	Operating revenue	4,935	No similar transactions with unrelated parties	-
1	Chinese Gamer International Corporation	The Corporation	Subsidiary to parent	Accounts receivable	21,484	None	-
2	Game Flier International Corporation	The Corporation	Subsidiary to parent	Operating revenue	5,181	No similar transactions with unrelated parties	-
2	Game Flier International Corporation	The Corporation	Subsidiary to parent	Accounts receivable	54,921	None	-
2	Game Flier International Corporation	Efun International Corporation	Subsidiary to subsidiary	Other receivables	2,100	Receipts under custody receivable and payables for receipts under custody, etc.	-
3	Game First International Corporation	The Corporation	Subsidiary to parent	Operating revenue	2,231	No similar transactions with unrelated parties	-
3	Game First International Corporation	The Corporation	Subsidiary to parent	Accounts receivable	144,734	None	1.00
3	Game First International Corporation	Game Flier International Corporation	Subsidiary to subsidiary	Operating revenue	2,702	No similar transactions with unrelated parties	-
4	Zealot Digital International Corporation	The Corporation	Subsidiary to parent	Operating revenue	11,307	No similar transactions with unrelated parties	-

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			% of Total Operating Revenues (Assets)
				Financial Statement Accounts	Amount	Payment Terms	
4	Zealot Digital International Corporation	The Corporation	Subsidiary to parent	Accounts receivable	\$ 5,489	None	-
4	Zealot Digital International Corporation	Chinese Gamer International Corporation	Subsidiary to subsidiary	Operating revenue	4,073	No similar transactions with unrelated parties	-
5	Fast Distributed Cloud Computing Co.,Ltd.	The Corporation	Subsidiary to parent	Operating revenue	3,204	No similar transactions with unrelated parties	-
5	Fast Distributed Cloud Computing Co.,Ltd.	The Corporation	Subsidiary to parent	Accounts receivable	1,288	None	-
5	Fast Distributed Cloud Computing Co.,Ltd.	Chinese Gamer International Corporation	Subsidiary to subsidiary	Operating revenue	2,267	No similar transactions with unrelated parties	-
5	Fast Distributed Cloud Computing Co.,Ltd.	Game Flier International Corporation	Subsidiary to subsidiary	Operating revenue	10,956	No similar transactions with unrelated parties	-
6	Efun International Corporation	The Corporation	Subsidiary to parent	Operating revenue	8,536	No similar transactions with unrelated parties	-
6	Efun International Corporation	The Corporation	Subsidiary to parent	Accounts receivable	3,325	None	-
6	Efun International Corporation	Game Flier International Corporation	Subsidiary to subsidiary	Operating revenue	50,308	No similar transactions with unrelated parties	1.00
6	Efun International Corporation	Game Flier International Corporation	Subsidiary to subsidiary	Accounts receivable	9,345	None	-
6	Efun International Corporation	Game First International Corporation	Subsidiary to subsidiary	Operating revenue	1,213	No similar transactions with unrelated parties	-
6	Efun International Corporation	Game First International Corporation	Subsidiary to subsidiary	Accounts receivable	1,766	None	-
7	Re:Ad Media (Taiwan) Corporation	The Corporation	Subsidiary to parent	Operating revenue	7,216	No similar transactions with unrelated parties	-
7	Re:Ad Media (Taiwan) Corporation	Game Flier International Corporation	Subsidiary to subsidiary	Operating revenue	33,219	No similar transactions with unrelated parties	-
7	Re:Ad Media (Taiwan) Corporation	Game Flier International Corporation	Subsidiary to subsidiary	Accounts receivable	2,118	None	-
7	Re:Ad Media (Taiwan) Corporation	Game First International Corporation	Subsidiary to subsidiary	Accounts receivable	1,343	None	-
8	Interactive Entertainment Technologies Corporation	Game Flier International Corporation	Subsidiary to subsidiary	Operating revenue	3,654	No similar transactions with unrelated parties	-
9	Neweb Technologies Co., Ltd.	The Corporation	Subsidiary to parent	Operating revenue	4,081	No similar transactions with unrelated parties	-
9	Neweb Technologies Co., Ltd.	We Can Financial Technology Co., Ltd.	Subsidiary to subsidiary	Operating revenue	4,191	No similar transactions with unrelated parties	-
9	Neweb Technologies Co., Ltd.	We Can Financial Technology Co., Ltd.	Subsidiary to subsidiary	Other receivables	1,388	Receipts under custody receivable and payables for receipts under custody, etc.	-
10	Dynasty International Information Corporation	The Corporation	Subsidiary to parent	Operating revenue	3,050	No similar transactions with unrelated parties	-

(Concluded)

## SOFT-WORLD INTERNATIONAL CORPORATION AND INVESTEEES

## INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2020

(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, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	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	\$ 522,559	\$ 1,053	\$ (5,447)	Subsidiary (Note 5)
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	8,959	390,000	100.00	8,215	2,750	2,750	Subsidiary (Note 5)
The Corporation	Game Flier International Corporation	Republic of China	Electronic data information providing service, etc.	218,017	217,945	28,332,800	98.00	870,565	167,233	164,757	Subsidiary (Note 5)
The Corporation	Global Concept Corporation	Samoa	Investment company	295,068	295,068	9,631,253	100.00	276,231	26,318	26,318	Subsidiary (Note 5)
The Corporation	Game First International Corporation	Republic of China	Online game service	27,813	27,813	16,684,063	70.00	237,608	(3,303)	(2,312)	Subsidiary (Note 5)
The Corporation	Zealot Digital International Corporation	Republic of China	Electronic data information providing service, etc.	50,874	50,874	8,904,162	99.00	69,999	(1,206)	(1,194)	Subsidiary (Note 5)
The Corporation	Zealot Digital Pte. Ltd.	Singapore	Development and sale of game software, etc.	-	261,882	-	-	-	(175)	(175)	Subsidiary (Note 2)
The Corporation	Soft-World International (Hong Kong) Corporation	Hong Kong	Trading of game software	88,858	88,858	3,883,558	100.00	544,769	33,896	33,896	Subsidiary (Note 5)
The Corporation	Dynasty International Information Corporation	Republic of China	Development, design, trading of computer software,	14,667	14,667	1,460,610	86.00	17,022	2,196	1,088	Subsidiary (Note 5)
The Corporation	Jhieh Long Venture Capital Corporation	Republic of China	Investment company	100,000	100,000	10,182,500	13.00	7,895	35,258	20	Subsidiary (Note 5)
The Corporation	Sofaman Corporation	Republic of China	Development and sale of game software	9,366	9,366	936,600	60.00	462	(33)	(20)	Subsidiary (Note 5)
The Corporation	Interactive Entertainment Technology Co., Ltd.	Samoa	Investment company	15,485	15,485	480,000	80.00	17,344	2,105	1,684	Subsidiary (Note 5)
The Corporation	Fast Distributed Cloud Computing Co., Ltd.	Republic of China	Retail sale, wholesale and service for information software, etc.	13,812	17,583	2,135,628	90.00	38,988	10,373	10,030	Subsidiary (Note 5)
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	38,104,043	50.00	451,849	24,715	12,466	Subsidiary (Note 5)
The Corporation	Efun International Corporation	Republic of China	Information software, data processing service and general advertising service, etc.	91,364	91,364	16,016,347	80.00	264,351	102,313	81,888	Subsidiary (Note 5)
The Corporation	Long Xiang Investment Corporation	Republic of China	Investment company	250,000	250,000	25,000,000	44.00	20,478	25,357	(259)	Subsidiary (Note 5)
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	17,500	1,750,000	32.00	345	3,552	1,130	Subsidiary (Note 5)

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of shares	(%)	Carrying Amount			
The Corporation	We Can Financial Technology Co., Ltd.	Republic of China	Development of financial system and equipment, etc.	\$ 27,824	\$ 26,234	5,106,000	51.00	\$ 3,561	\$ (1,263)	\$ (522)	Subsidiary (Note 3)
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	11,594	(1,425)	(673)	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	222,287	30,266	30,266	Subsidiary (Note 5)
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	19,492	3,108	3,108	Subsidiary (Note 5)
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.	27,620	27,500	3,750,000	68.00	739	3,552	1,832	Subsidiary (Note 5)
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.	5,771	5,000	880,000	88.00	1,752	(61)	(36)	Subsidiary (Note 5)
Chinese Gamer International Corporation	Jih Long Venture Capital Corporation	Republic of China	Investment company	100,000	100,000	10,182,500	13.00	131,188	35,258	4,601	Subsidiary (Note 5)
Chinese Gamer International Corporation	Star Diamond Universal Corporation	British Virgin Islands	Business related investee	82,772	82,772	52,000	100.00	73,627	(9,002)	(9,002)	Subsidiary (Note 5)
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.	16,552	8,000	1,600,000	100.00	18,011	6,802	3,653	Subsidiary (Note 5)
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.	30,994	20,000	3,784,063	65.00	43,138	7,952	4,601	Subsidiary (Note 5)
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.	19,369	8,000	1,520,000	100.00	23,429	7,521	3,779	Subsidiary (Note 5)
Chinese Gamer International Corporation	Long Xiang Investment Corporation	Republic of China	Investment company	168,000	168,000	16,800,000	30.00	220,304	25,357	7,501	Subsidiary (Note 5)
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	216,084	30,416	30,416	Subsidiary (Note 5)
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	191,947	31,162	31,162	Subsidiary (Note 5)

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of shares	(%)	Carrying Amount			
Star Diamond Universal Corporation	Dragon Gamer (Hong Kong) Co., Ltd.	Hong Kong	Online game service	\$ 82,772	\$ 82,772	260,000	100.00	\$ 73,627	\$ (9,002)	\$ (9,002)	Subsidiary (Note 5)
Game Topia. Co. Ltd.	Game Topia (Hong Kong) Technology Corporation	Hong Kong	Information software service	987	987	3,300	100.00	32,150	13,234	13,234	Subsidiary (Note 5)
Game Flier International Corporation	Soft-Orient Corporation	Samoa	Business related investee	254,872	254,872	7,784,134	100.00	15,791	47	47	Subsidiary (Note 5)
Game Flier International Corporation	Game Flier (Malaysia) Sdn. Bhd.	Malaysia	Development, manufacture and sale of game software	-	100,595	-	-	-	(42)	(42)	Subsidiary (Note 2)
Game Flier International Corporation	Mobile Flier International Corporation	Republic of China	Agents and operation of smartphone games	-	28,000	-	-	-	(251)	(251)	Subsidiary (Note 2)
Global Concept Corporation	Value Central Corporation	Samoa	Investment company	45,452	45,452	1,450,000	100.00	18,568	(334)	(334)	Subsidiary (Note 5)
Global Concept Corporation	Gamers Grande Corporation	Malaysia	Business related investee	179,788	179,788	6,453,621	100.00	190,627	19,439	19,439	Subsidiary (Note 5)
Global Concept Corporation	Playgame Sdn. Bhd.	Malaysia	Investment company	56,074	56,074	30,250	30.00	25,400	(4,764)	(2,105)	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	15,078	(129)	(129)	Subsidiary (Note 5)
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	8,393	(26)	(26)	Subsidiary (Note 5)
Jhih Long Venture Capital Corporation	SkyTouch Co., Ltd.	Republic of China	Manufacture of computers and accessories	20,002	20,002	673,915	31.00	1,647	(92)	(29)	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	20,537	2,195	2,195	Subsidiary (Note 5)
Neweb Technologies Co., Ltd.	Newebpay Corporation	Republic of China	Electronic data providing services	28,369	28,369	1,484,733	100.00	239,281	8,378	8,378	Subsidiary (Note 5)
Neweb Technologies Co., Ltd.	ezPay Co., Ltd.	Republic of China	Third party payment service	966,748	966,748	61,400,000	100.00	502,319	(78,616)	(78,616)	Subsidiary (Note 5)
Neweb Technologies Co., Ltd.	CService Technology Co., Ltd.	Republic of China	Information software	5,000	5,000	500,000	100.00	4,823	21	21	Subsidiary (Note 5)
Efun International Corporation	Re: Ad Media (Taiwan) Corporation	Republic of China	General advertising service	26,000	26,000	3,125,000	100.00	58,417	28,414	28,414	Subsidiary (Note 5)
Long Xiang Investment Corporation	Jhih Long Venture Capital Corporation	Republic of China	Investment company	566,000	566,000	57,632,950	74.00	596,301	35,258	26,055	Subsidiary (Note 5)

(Concluded)

Note 1: Investment accounted for using the equity method.

Note 2: The company had completed liquidation for the year ended December 31, 2020.

Note 3: Share of loss of associates accounted for using the equity method \$349 thousand in the first quarter. Refer to Notes 12 and 27 in the consolidated financial statements, We Can Financial Technology Co., Ltd. had been included in the consolidated financial statements since March 31, 2020.

Note 4: For investees in mainland China, refer to Table 8.

Note 5: Eliminated when preparing the consolidated financial statements.



**TABLE 8**

**SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(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, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outward	Inward							
Lingo Soft (Beijing) Technology Co., Ltd.	Data processing services	\$ 13,386	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	619	-	619	-	-	Notes 3 and 9
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	19,652	100.00	19,652	190,222	-	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	4,272	2	3,722	-	-	3,722	-	1.00	-	1,446	-	
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	54,713	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.	2,847	2	75	-	-	75	-	-	-	-	-	Note 6

Investee Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2020	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	\$ 3,789,741
Game Flier International Corporation (Note 8)	102,636	102,636	530,185

(Continued)

Note 1: Calculated by the spot exchange rates of USD and CNY at the end of the period, which was 28.48 and 4.377, 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, 2020, 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, 2020.

Note 7: The amount of accumulated outward remittance for investments from Taiwan as of December 31, 2020 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, 2020 and investment amount authorized by the Investment Commission, MOEA are both USD2,554,848.

Note 9: The Corporation indirectly holds investments in mainland China, Soft-World International (Guangzhou) Corporation, through Soft-World International (Hong Kong) Corporation. The Corporation had disposed all of its equity of Soft-World International (Guangzhou) Corporation in December 2020. The related amount had not been remitted to Taiwan as of December 31, 2020.

(Concluded)

**TABLE 9****SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2020**

Name of The Shareholder	Shares	
	Number of Shares Owned	Percentage of Ownership (%)
Wang, Chun-Po	21,594,350	16.94
Xingtian Technologies Corporation Investment Account in Custody of KGI Commercial Bank Co., Ltd.	12,013,000	9.42
Jhih Long Venture Capital Corporation	8,913,000	6.99
Taiwan Branch, Belize Yiqiao Development Co., Ltd.	6,880,000	5.39

Note 1: Major shareholders in the Table above are shareholders owning 5% or more of the Corporation's common and preferred stocks (only ones that have completed dematerialized registration and delivery) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter. The amount of capital in the consolidated financial statements may differ from the Corporation's actual number of stocks that have completed dematerialized registration and delivery due to different calculation bases.

Note 2: Where the stocks are entrusted by shareholders, information is disclosed by the individual account of settlor who has segregated trust accounts opened by trustees. As for shareholders filing shareholdings of insiders with 10% or more of the Corporation's stocks pursuant to the securities and exchange laws and regulations, the number of stocks owned shall be ones owned by the persons plus ones entrusted where the shareholders have the power to decide how to utilize the trust property. Please access the Market Observation Post System website for information on insiders' shareholding filings.