

股票代號：5478



智冠科技股份有限公司

SOFT-WORLD INTERNATIONAL CORPORATION

108年度
年報

刊印日期：中華民國109年4月20日

查詢年報網址：<http://mops.twse.com.tw>

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- V. Name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: None.
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I. A Message to the Shareholders

Thank you for joining us at the 2020 annual general meeting of shareholders.

In response to rapidly changing markets and industrial challenges, Soft-World has continued to evolve services and user base over the years. In addition to focusing on the game industry, we also expanded the Internet service aggressively, including digital marketing and Fintech. Therefore, we have upgraded our market positioning of the gaming company to an all-round internet service corporate group, and expected to adopt a forward-looking business plan to achieve the goal of synergy and sustainable operation. For the 2019 fiscal year, Soft-World's consolidated revenue reached NT\$5.829 billion. The overall increased profitability is mainly benefited from the business adjustment and operating growth of subsidiaries. The consolidated net income after taxes attributable to shareholders is NT\$611 million, a year-on-year increase of 32.35% for an EPS of NT\$5.00.

Comprehensive deployment of the industrial value chain – strengthening by ongoing R&D and agency products

Soft-World's game distribution business has been growing steadily throughout 2019. In order to expand the company's capabilities and influence, we mainly not only operate "MyCard", the prepaid system for purchasing game credits and digital products, but also provide integrated marketing services, including exclusive dominated channels (e-PLAY), MyCard Bonus APP, interactive audio-video advertising platform, design and planning of exhibitions and events, and multimedia channel of games. Hence, Soft-World offers partners worldwide with the comprehensive resources required for game publication and boosts the operating performance in Taiwan, Hong Kong and Macao markets.

The Company's research and development subsidiary, Chinese Gamer International Corp., has focused on reproducing its classic online games to mobile games since 2018. TS M has successfully been so popular that it was also distributed to Southeast Asia in last year. To be more specific, it was launched in Thailand in May and Vietnam in November to expand services for players overseas, and TS M reached the achievement of top-grossing games on Google Play and App Store, in both countries. Additionally, the Chinese and English versions of Love Box M launched in May 2019 also attract previous players to renew their past gaming experience. Moreover, the incoming masterpiece of mobile game this year, Huang Yi M, incorporates Master Huang Yi's strong intellectual property from his series of literature into the game to recreate the core gameplay of the previous version, Huang Yi Online. In order to bring the fully upgraded martial experience for players, we have re-made the art design of the game to incorporate the innovative elements of mobile games. Looking forward to the future, Chinese Gamer will take its advantages of developing large-scale MMORPG so that it can launch the reproduction of intellectual properties from online games to mobile games step by step and bring out products meeting the expectations of players more.

The Company's game agency subsidiary, Game Flier International Corp., imported HTML5 cross-platform games in 2019 for the first time. Girls & Creatures and Eternal Scarlet were launched in July and December respectively. Both of them successfully satisfied various players by Japanese style idle gameplay and achieved outstanding results. Besides, another two major games also reached great achievement after entering the market in February this year. On one hand, The Legend of Three Kingdoms M, a MMORPG national war mobile game released jointly with UserJoy Technology Co., Ltd., achieved the best-selling in domestic mobile game ranking on Google Play and App Store because it completely remained the classic gameplay of The Legend of Three Kingdoms Online and adopted its accumulated user base for the past 15 years. On the other hand, GuJian Online, another popular game in martial field, relied on its

well-known intellectual property, rich game content and exquisite art presentation to catch the eyes of heavy core players, and has successfully explored the online game market.

Game First International Corp. has maintained a good partnership with Blizzard Entertainment in terms of distribution. In recent years, the company has also transformed itself into providing 24-hour game customer services and been recognized by many well-known domestic and international mobile game companies. In terms of social media, e-sports and game marketing, Game First executed the localized marketing for two Korean mobile games in 2019, and held several popular game contests, such as Identity V, PUBG and Overwatch, to expanding dimensions to its operation.

Zealot Digital International Corp. and Soft-World Music Production Center have developed the business of game art and music multimedia production, and accelerated the production capacity through optimizing management and production process. In addition, Soft-World has rich intellectual property resources and continues to expand crossover applications in games, comics and animations, films and branded merchandise.

Implement data science and AI analytics to strengthen digital advertising technology

Both of subsidiary, EFUN International Corp. and Re:Ad Media Corp., focus on the development of online advertising marketing, introducing new media technology and expanding services. They have obtained the distribution rights of advertising from various international media platforms, such as Google, Facebook, YouTube, Yahoo, LINE, Apple Search Ads and TikTok. Specifically, the companies specialize in digital advertising and strategic planning of comprehensive media marketing. Among the domestic online advertising service providers, Efun and Re:Ad Media cover the widest range of industries, and being the leading brands in the gaming and entertainment categories. They have successfully created the best advertising and marketing benefits for hundreds of companies. Moreover, Efun has begun to develop data science actively and integrate AI analytics and big data in 2019 in order to grasp various marketing indicators precisely and understand market trends quickly. By this way, the company creates more possibilities for advertising operations so that it has won recognition of “Google Premier Partner Awards 2019 – App Excellence award”. Efun will continue to improve its digital advertising technology to expand the market scale of digital advertisement.

Expand offline payment to fully promote the payment integration in brick-and-mortar stores

Neweb Technologies Co., Ltd. has been committed in the infrastructure construction of payment for many years. After the strategic expansion through merger and acquisition, it has successfully achieved the leading position in the market of third-party payment. The volume of online transactions through third-party payment has grown steadily in 2019. Neweb also continues to develop some integrated and value-added applications, such as electronic receipts and invoices, to serve merchants in various fields. At the same time, it also actively arranges the offline payment field by introducing an integrated payment system accepting credit cards, electronic stored value card, mobile scan payment, Alipay and WeChat Pay. The integrated payment system enables third-party payment and cross-border payment to develop from online malls and platform operators to the offline markets, and the services can meet the huge demand of mobile payment and diverse methods of collection for brick-and-mortar stores. Neweb will keep striving for both third-party payment and electronic payment fields and committing to the vertical and horizontal integration of financial services. The operating strategy in four areas, payment, financing, value-added service and integration, will enable the company to realize its vision of diverse and open financing internet and build a comprehensive mobile payment ecosystem.

Here, I would like to give thanks for the incessant efforts of all employees and the full support and trust of shareholders, directors, and supervisors. Below is the results of our operations in 2019 and the business outlook for 2020.

I. The 2019 Business results

(I) 2019 Business Plan Result

The 2019 final account book was audited by Deloitte Taiwan. In 2019, the net consolidated revenue was NT\$5,828,654 thousand; the net consolidated profit after tax attributed to owners of this parent was NT\$611 million; and the EPS was NT\$5.00.

(II) Budget execution in 2019

We did not disclose any financial forecast for 2019, and there is thus no budget performance.

(III) Financial income and expenditure, and profitability analysis in 2019

1. Financial Revenue and Expenditure

Unit: NTD thousands

Item	2019	2018	Increase (decrease) in amount	increase / decrease %
Operating revenue	5,828,654	5,552,667	275,987	4.97
Gross profit	3,181,095	3,101,350	79,745	2.57
Operating expenses	2,423,567	2,515,524	(91,957)	(3.66)
Net income	757,528	585,826	171,702	29.31
Net profit before taxation	832,722	652,880	179,842	27.55
Net income in current year	665,943	472,019	193,924	41.08
Net profit attributable to the Company	610,580	461,322	149,258	32.35
Net gain attributable to non-controlling interest	55,363	10,697	44,666	417.56

2. Profitability analysis

Item	2019	2018	
Return on assets %	5.31	4.00	
Return on shareholders' equity (%)	9.61	7.17	
As a percentage of paid up capital (%)	Net income	59.43	45.96
	Net profit before taxation	65.32	51.22
Net profit margin (%)	11.43	8.50	
After tax EPS (NT\$) (Note)	5.00	3.70	

(IV) Research and development

As a game development specialist, we mass produce games we develop and actively engage in the production of music and sound effects for games. In 2019, the consolidated R&D expenses were NT\$417,410 thousand.

II. Summary of business plan 109

(I) Operating approaches and important production-marketing strategies

1. MyCard is the gay payment brand with highest market share and most extensive channel coverage in Taiwan, Hong Kong and China. It can be used for up to 2,400 games and digital content products. Besides expanding the value-added application of point, we provide all-in-one integrated marketing services for physical and virtual channels. We aim to help domestic and international game operators quickly grasp the key to marketing and create the best performance in release and promotion.
2. We focus on developing classic endgame mobile games and continue to introduce new diverse products:
Mainstream gameplay has changed these two years. Gamers begin to seek in-depth experiences. Chinese Gamer released numerous famous online games with plentiful IP contents and gameplay styles and it has a long-term customer base. This year Chinese Gamer released a main hit, Huang Yi M Online. It has the chance to demonstrate its strength in development of major games and create an advantageous MMORPG mobile game. Gameflier collaborated with USERJOY, a major domestic gaming company, to release various new games, including The Legend of Three Kingdoms M and GuJian Online, a contract endgame. These games contribute to sales growth.
3. We invested in upgrade development of game arts and composed specialized music: Zealot Digital made an all-out effort to transform itself into game art design. It integrated resources from the Soft World Music Production Center to develop a specialized creation field. It provides a complete art multimedia production chain to domestic and international game developers with years of experience in industrial experience and creativity. Zealot Digital has long-term collaboration with numerous Japanese, Korean and Chinese game companies, enhancing operating motivation.
4. Vitalize IP resources and cultivate multiple licensing opportunities
Soft World has deep roots in gaming. It owns hundreds of diverse, abundant IP creative assets, including games based on Chinese chivalry and light novels, and classic standalone games. In addition to independent game development by our subsidiaries, we signed IP licensing and collaboration contracts with many Chinese game developers to develop various types of mobile games to accelerate mass production and share profit; combine IP and brand energy; and engage in cross-sector collaboration with animation, TV and branded goods to create multiple business opportunities for licensing.
5. We have been ploughing into the market of online advertising and marketing, and introducing data science and AI analysis to enhance performance.
Digital advertising market in Taiwan has been growing. EFUN and Re:Ad Media, our subsidiaries, have collaborated on advertising agency with multiple global media platforms. This year they developed “AdHero,” a digital advertising technology platform, integrating for core applications, data science, AI, creativity analysis and information security. This platform increases advertising performance and maximizes marketing benefits for corporate brands.
6. We opened up offline channels and stimulated our growth in agency collection and payment and e-payment:
Our subsidiary Neweb created a layout of complete cash flow service gradually. It continues to expand the business of online collection and payment and sets up the goal for offline payment development. This year we actively promote ezAIO, an all-in-one integrated collection service for physical stores. ezAIO provides payment programs integrating cash flow, POS, account and management system. We actively set up more locations for collaboration with physical stores. With the introduction of ezAIO, an e-purse, we entered the field of consumption application of payment market, boosted the business and membership of mobile payment, and built a complete mobile payment

ecosphere.

(II) Expected sales volume and its basis

Our revenue sources include various types of game software (mobile/online/web/single user/Html 5), software magazines, royalty, processing, advertising, cloud technology service, fintech payment, event planning and implementation. In 2020, we will launch more types of new games and fintech payment applications and services. As we did not make any financial forecast for 2018, no sales statistics are available.

III. Future development strategy of the Company

- (1) Consolidate capacity for the R&D and mass production of games and license independently developed products worldwide.
- (2) Enhance competitiveness for game operations and consolidate market share in Taiwan, Hong Kong, and Macau.
- (3) Strengthen the utility of digital content platforms and develop innovative service mechanisms.
- (4) Develop multifaceted marketing channels and platforms for web content and expand sales locations in Asia.
- (5) Diversify IP licensing and applications and expand to China and overseas markets.
- (6) Deepen development in internet advertising and marketing and expand the scope of global digital advertising services.
- (7) Promote the fintech business fully to cultivate Taiwan, think globally, and develop ourselves towards multinational e-finance.
- (8) Invest in potential and innovate teams of mobile application development and foster the development of digital content and cultural and creative industries.

IV. Impacts of the external competitive environment, regulatory environment, and the overall business environment

Global gaming market develops rapidly. Gaming products are diverse and competitive. The overall business environment is complicated. Soft World uses a flexible business style to make deployment in many ways. The penetration of mobile device is high. Mobile game is still the main product trend in the next several years. Besides solidifying the development of all gaming fields, we built a complete industrial service chain consisting of channel, IP, R&D, agency, arts and music. In addition, we continue to develop specialized services, reinforce competitive advantage, and enhance core technology. Based on our experiences in gaming business, we entered two key sectors, online advertising marketing and financial technology. We actively develop numerous innovative application services, expand the service customer base and market, and develop diversified management of IoT service group. In addition, we pay high attention to the global 5G network and cloud game, and gear ourselves to the industrial development trend.

As to the potential legislations and legal changes at present and in the future, we will constantly keep track of them, update our regulations, and ensure compliance to protect the biggest interest of shareholders. When assessing investments and operational policies, we consider the status of industry and observe the macroeconomic trend to carefully access and select the optimal strategies.

We wish you all shareholders,

Health and prosperity in the future.

Wang Chun Po, the Chairman and President

Accounting Supervisor Ya Chuan Huang

II. Company Profile

I. Date of foundation: July 15, 1983

II. Company History:

(I) Mergers and acquisitions of company, direct investment or reorganization of affiliates in the most recent year to the date this report was printed:

1. Merger and acquisition activities: NA
2. Reinvested affiliate: NA.
3. Re-organization activities: NA

(II) Massive transfer or conversion of shares by directors, supervisors or dominant shareholders with over 10% of the stakes in the previous year and by the date of publication of this report: NA

(III) Management changes; significant changes in operations and business contents; and other important events that may affect the rights and interests of shareholders and their influence on the company in the previous year and by the date of publication of this report: NA

(IV) Other information:

Year	Important events
1983	Established Soft-World International Corporation.
1986	Signed agency contract for the Chinese version of single-player PC game <i>Heavy Crack</i> with SSI of the USA.
1989	Published <i>SoftWorld</i> magazine.
1990	Organized the 1 st Golden Diskette Award Leisure Software Design Competition to discover domestic talented PC game designers.
1991	Published the first independently developed single-player PC game <i>Romance of the Three Kingdoms</i> .
1993	Published the first independently developed single-player PC game <i>The Smiling, Proud Wanderer</i> adapted from the novel by novelist Jin Yong.
1997	Published the first independently developed single-player PC game <i>Pili Phantom Arrow</i> based on the Taiwanese puppetry show.
1999	Published the independently developed single-player PC game <i>Play Through</i> adapted from the same-name novel by novelist Yee Wong.
2000	Established Chinese Gamer International Corporation to start independent online game development in Taiwan and launched the first MMORPG <i>Romance of Three Kingdoms Online</i> .
2001	Listed on TPEX (stock code: 5478) at an IPO price of NT\$100/share to become Taiwan's first listed game developer, with a market worth of up to NT\$28.33 billion. Chinese Gamer International launched the independently developed online game <i>Heroes of Jin Yong</i> .
2002	Established Gameflier International Corporation to enter the game agency business and launched <i>Ragnarok Online</i> independently developed game by Gravity of South Korea. The MMORPG created a record of up to 350,000 players online at the same time.
2003	Published the first 5-in-1 GTC "e-Play Card" in the game world.
	Chinese Gamer International launched the independently developed online game <i>TS Online</i> .
2005	Chinese Gamer International was listed on TPEX (stock code: 3083) at an IPO price of NT\$100/share, with a market worth of up to NT\$43.17 billion.
	Gameflier International launched <i>Nobunaga's Ambition Online</i> independently developed game by Koei of Japan.

Year	Important events
	Established Game First International Corporation and launched <i>World of Warcraft</i> , an internationally famous online game by Blizzard of the USA.
	Chinese Gamer International launched the independently developed online game <i>Wonderland Online</i> .
2006	Gameflier International launched <i>Ghost Online</i> , the first free-to-play leisure game, to enter the free-to-play online game market.
	Chinese Gamer International launched the independently developed 3D online game <i>Huang Yi Online</i> .
	Established “MyCard platform” and published the MyCard universal GTC.
	Gameflier International launched <i>Perfect world Online</i> , an independently developed game by Perfect World Co., Ltd. of China.
2007	Gameflier International launched <i>The Romance of the Three Kingdoms Web</i> , the first independently developed web game.
2008	Established Zealot Digital International Corporation to focus on game engine R&D.
	Gameflier International launched <i>Dragon Oath</i> , an independently developed game by Sohu, Inc. of China.
	Chinese Gamer International launched the independently developed online game <i>Wu-Lin Heroes Online</i> .
2009	Chinese Gamer International launched the independently developed online game <i>Chinese Hero Online</i> adapted from famous Hong Kong comics.
2010	Gameflier International launched <i>Monster Hunter</i> of Capcom, Japan.
	Launched the “e-PLAY platform”.
	Game First International signed an exclusive distribution contract for distributing the Traditional Chinese version of <i>StarCraft II: Wings of Liberty</i> in Taiwan, Hong Kong, and Macau with Blizzard Entertainment of the USA.
	Established “Kaohsiung Music Center” as the largest digital synchronous studio in Southeast Asia.
	Chinese Gamer International launched the independently developed online game <i>Legends of Emperor Online</i> adapted from famous Hong Kong comics.
2011	Allied with Facebook to designate MyCard as the appointed cashflow partner in Asia Pacific.
	Won the “Best ROE” at the 51 st Golden Laureate Award organized by Taipei Exchange.
	Established Fast Distributed Cloud Computing Co., Ltd. to enter the IT resource management and cloud computing service markets.
2012	Game First International signed an exclusive distribution contract for distributing the Traditional Chinese version of <i>Diablo III</i> in Taiwan, Hong Kong, and Macau with Blizzard Entertainment of the USA.
2013	Game First International signed an exclusive distribution contract for distributing the Traditional Chinese version of <i>StarCraft II: Heart of the Swarm</i> in Taiwan, Hong Kong, and Macau with Blizzard Entertainment of the USA.
	Zealot Digital International launched the independently developed game <i>Pili Shen Zhou Online</i> .
	Established Pay2go Technology Corporation to enter the third-party payment business.
	Acquired a cooperation license for LINE Corporation in Taiwan.
	Gameflier International launched <i>Dragon Nest Online</i> by Eyedentity Games of South Korea.
2014	Gameflier International launched the mobile game <i>Devil Maker</i> by PALMPLE of South Korea.

Year	Important events
	Game First International signed an exclusive distribution contract for distributing <i>Diablo III: Reaper of Souls</i> in Taiwan, Hong Kong, and Macau with Blizzard Entertainment of the USA.
	Zealot Digital International launched the independently developed game <i>Authentic Heroes of Gu Long Online</i> .
	Zealot Digital International launched the mobile game <i>Pili Heroes</i> co-developed with Dream ² of China in Taiwan, Hong Kong, and Macau.
2015	Gameflieger International launched the mobile game <i>One Hundred Thousand Bad Jokes</i> independently developed game by Linekong Interactive Group Co., Ltd. of China.
	Established Smartparth Digital Tech Corporation, a subsidiary for collection transfer.
	Established subsidiary Re:Ad Media Corporation through joint venture with Wisebirds of South Korea.
2016	Game First International signed an exclusive distribution contract for distributing the Windows PC version of <i>Overwatch</i> in Taiwan, Hong Kong, and Macau with Blizzard Entertainment of the USA.
	Gameflieger International launched the online game <i>Shushan Online</i> independently developed game by Loong Entertainment of China.
	Zealot Digital International launched the independently developed AR mobile game <i>My Hero Go</i> .
2017	Pay2go e-Wallet app went live to start the e-payment business.
2018	Stock-for-stock merger between subsidiaries Pay2go Technology Corporation and Smartparth Digital Tech Corporation with Neweb Technologies Co., Ltd. of Chander Electronics Corporation, the first large-scale merger of two leading OTC-listed companies in Taiwan's mobile payment industry.
	Chinese Gamer International launched the independently developed mobile game <i>TS M</i> .
	After merging with Pay2go Technology and Smartparth Digital Tech, Neweb Technologies continued operations in the name of Pay2Go, which was then renamed "ezPay Corporation."
	Neweb Technologies merged with Smartparth Digital Tech and continued operations in the name of Neweb Technologies.
2019	Chinese Gamer created <i>TS Online M</i> and authorized it to ASIASOFT, a Southeast Asian operator, to release it in Thailand and Vietnam, in order to reach international gamers.
	Chinese Gamer International launched the independently developed mobile game <i>Love Box M</i> .
	ezPay launched ezAIO, an all-in-one integrated collection service for physical stores.
	EFUN received the "2019 Google Premier Partner Awards Application Excellence Award".
2020	EFUN developed "AdHero," a digital advertising technology platform, and introduced data science and AI analysis application.
	Gameflieger acted as an agency of Aurogon Info&Tech (Shanghai), a subsidiary of Wangyuan Shengtang, to release their game, <i>GuJian Online</i> .
	Gameflieger collaborated with USERJOY to release <i>The Legend of Three Kingdoms M</i> , a mobile game created by USERJOY.

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III. Future development strategy of the Company

- (1) Consolidate capacity for the R&D and mass production of games and license independently developed products worldwide.
- (2) Enhance competitiveness for game operations and consolidate market share in Taiwan, Hong Kong, and Macau.
- (3) Strengthen the utility of digital content platforms and develop innovative service mechanisms.
- (4) Develop multifaceted marketing channels and platforms for web content and expand sales locations in Asia.
- (5) Diversify IP licensing and applications and expand to China and overseas markets.
- (6) Deepen development in internet advertising and marketing and expand the scope of global digital advertising services.
- (7) Promote the fintech business fully to cultivate Taiwan, think globally, and develop ourselves towards multinational e-finance.
- (8) Invest in potential and innovate teams of mobile application development and foster the development of digital content and cultural and creative industries.

IV. Impacts of the external competitive environment, regulatory environment, and the overall business environment

Global gaming market develops rapidly. Gaming products are diverse and competitive. The overall business environment is complicated. Soft World uses a flexible business style to make deployment in many ways. The penetration of mobile device is high. Mobile game is still the main product trend in the next several years. Besides solidifying the development of all gaming fields, we built a complete industrial service chain consisting of channel, IP, R&D, agency, arts and music. In addition, we continue to develop specialized services, reinforce competitive advantage, and enhance core technology. Based on our experiences in gaming business, we entered two key sectors, online advertising marketing and financial technology. We actively develop numerous innovative application services, expand the service customer base and market, and develop diversified management of IoT service group. In addition, we pay high attention to the global 5G network and cloud game, and gear ourselves to the industrial development trend.

As to the potential legislations and legal changes at present and in the future, we will constantly keep track of them, update our regulations, and ensure compliance to protect the biggest interest of shareholders. When assessing investments and operational policies, we consider the status of industry and observe the macroeconomic trend to carefully access and select the optimal strategies.

We wish you all shareholders,

Health and prosperity in the future.

Wang Chun Po, the Chairman and President

Accounting Supervisor Ya Chuan Huang

II. Company Profile

I. Date of foundation: July 15, 1983

II. Company History:

(I) Mergers and acquisitions of company, direct investment or reorganization of affiliates in the most recent year to the date this report was printed:

1. Merger and acquisition activities: NA
2. Reinvested affiliate: NA.
3. Re-organization activities: NA

(II) Massive transfer or conversion of shares by directors, supervisors or dominant shareholders with over 10% of the stakes in the previous year and by the date of publication of this report: NA

(III) Management changes; significant changes in operations and business contents; and other important events that may affect the rights and interests of shareholders and their influence on the company in the previous year and by the date of publication of this report: NA

(IV) Other information:

Year	Important events
1983	Established Soft-World International Corporation.
1986	Signed agency contract for the Chinese version of single-player PC game <i>Heavy Crack</i> with SSI of the USA.
1989	Published <i>SoftWorld</i> magazine.
1990	Organized the 1 st Golden Diskette Award Leisure Software Design Competition to discover domestic talented PC game designers.
1991	Published the first independently developed single-player PC game <i>Romance of the Three Kingdoms</i> .
1993	Published the first independently developed single-player PC game <i>The Smiling, Proud Wanderer</i> adapted from the novel by novelist Jin Yong.
1997	Published the first independently developed single-player PC game <i>Pili Phantom Arrow</i> based on the Taiwanese puppetry show.
1999	Published the independently developed single-player PC game <i>Play Through</i> adapted from the same-name novel by novelist Yee Wong.
2000	Established Chinese Gamer International Corporation to start independent online game development in Taiwan and launched the first MMORPG <i>Romance of Three Kingdoms Online</i> .
2001	Listed on TPEX (stock code: 5478) at an IPO price of NT\$100/share to become Taiwan's first listed game developer, with a market worth of up to NT\$28.33 billion. Chinese Gamer International launched the independently developed online game <i>Heroes of Jin Yong</i> .
2002	Established Gameflieger International Corporation to enter the game agency business and launched <i>Ragnarok Online</i> independently developed game by Gravity of South Korea. The MMORPG created a record of up to 350,000 players online at the same time.
2003	Published the first 5-in-1 GTC "e-Play Card" in the game world. Chinese Gamer International launched the independently developed online game <i>TS Online</i> . Chinese Gamer International was listed on TPEX (stock code: 3083) at an IPO price of NT\$100/share, with a market worth of up to NT\$43.17 billion.
2005	Gameflieger International launched <i>Nobunaga's Ambition Online</i> independently developed game by Koei of Japan. Established Game First International Corporation and launched <i>World of Warcraft</i> , an

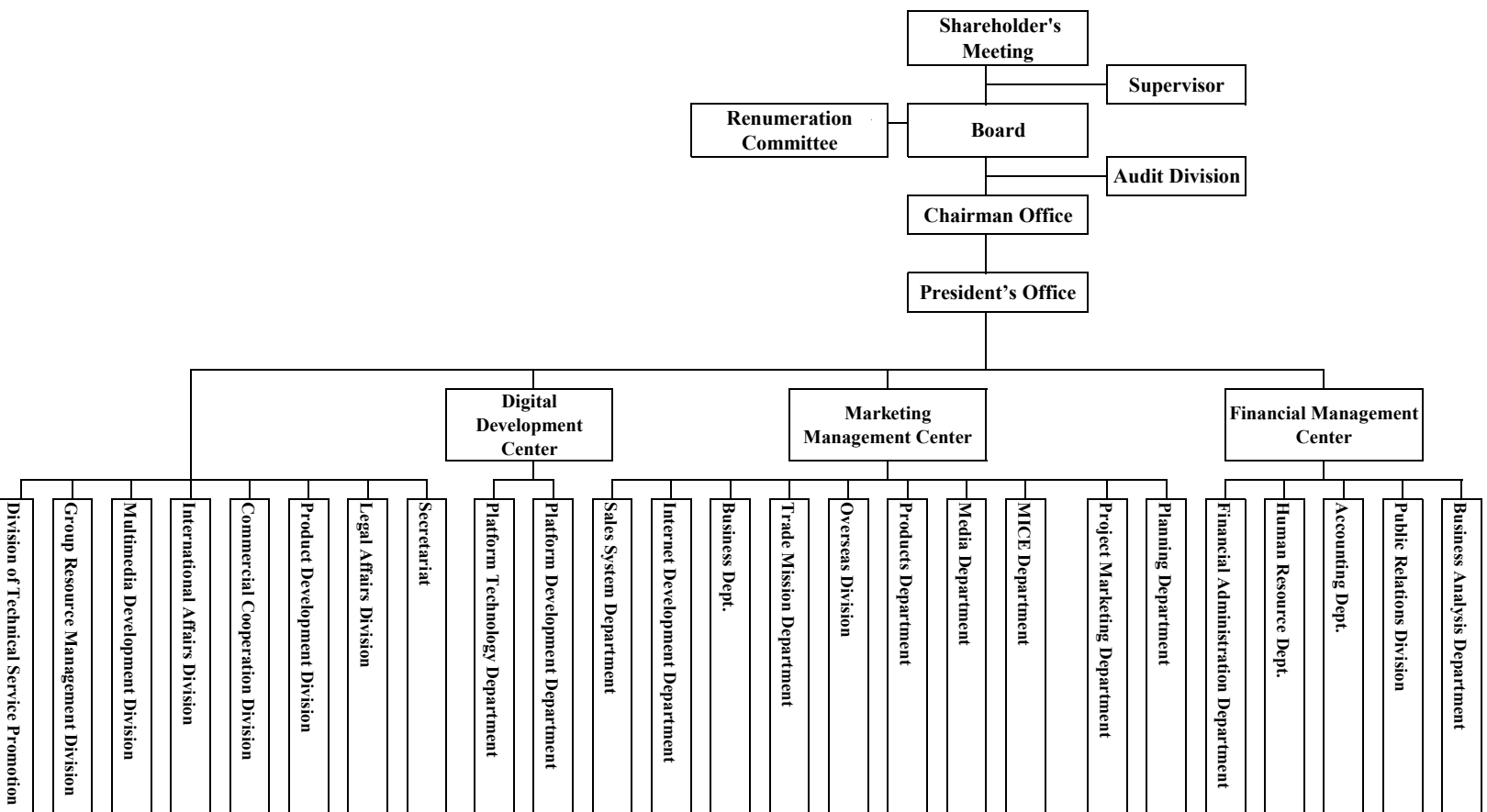
Year	Important events
	internationally famous online game by Blizzard of the USA.
	Chinese Gamer International launched the independently developed online game <i>Wonderland Online</i> .
2006	Gameflier International launched <i>Ghost Online</i> , the first free-to-play leisure game, to enter the free-to-play online game market.
	Chinese Gamer International launched the independently developed 3D online game <i>Huang Yi Online</i> .
	Established “MyCard platform” and published the MyCard universal GTC.
	Gameflier International launched <i>Perfect world Online</i> , an independently developed game by Perfect World Co., Ltd. of China.
2007	Gameflier International launched <i>The Romance of the Three Kingdoms Web</i> , the first independently developed web game.
2008	Established Zealot Digital International Corporation to focus on game engine R&D.
	Gameflier International launched <i>Dragon Oath</i> , an independently developed game by Sohu, Inc. of China.
	Chinese Gamer International launched the independently developed online game <i>Wu-Lin Heroes Online</i> .
2009	Chinese Gamer International launched the independently developed online game <i>Chinese Hero Online</i> adapted from famous Hong Kong comics.
2010	Gameflier International launched <i>Monster Hunter</i> of Capcom, Japan.
	Launched the “e-PLAY platform”.
	Game First International signed an exclusive distribution contract for distributing the Traditional Chinese version of <i>StarCraft II: Wings of Liberty</i> in Taiwan, Hong Kong, and Macau with Blizzard Entertainment of the USA.
	Established “Kaohsiung Music Center” as the largest digital synchronous studio in Southeast Asia.
	Chinese Gamer International launched the independently developed online game <i>Legends of Emperor Online</i> adapted from famous Hong Kong comics.
2011	Allied with Facebook to designate MyCard as the appointed cashflow partner in Asia Pacific.
	Won the “Best ROE” at the 1 st Golden Laureate Award organized by Taipei Exchange.
	Established Fast Distributed Cloud Computing Co., Ltd. to enter the IT resource management and cloud computing service markets.
2012	Game First International signed an exclusive distribution contract for distributing the Traditional Chinese version of <i>Diablo III</i> in Taiwan, Hong Kong, and Macau with Blizzard Entertainment of the USA.
2013	Game First International signed an exclusive distribution contract for distributing the Traditional Chinese version of <i>StarCraft II: Heart of the Swarm</i> in Taiwan, Hong Kong, and Macau with Blizzard Entertainment of the USA.
	Zealot Digital International launched the independently developed game <i>Pili Shen Zhou Online</i> .
	Established Pay2go Technology Corporation to enter the third-party payment business.
	Acquired a cooperation license for LINE Corporation in Taiwan.
	Gameflier International launched <i>Dragon Nest Online</i> by Eyedentity Games of South Korea.
2014	Gameflier International launched the mobile game <i>Devil Maker</i> by PALMPLE of South Korea.
	Game First International signed an exclusive distribution contract for distributing

Year	Important events
	<i>Diablo III: Reaper of Souls</i> in Taiwan, Hong Kong, and Macau with Blizzard Entertainment of the USA.
	Zealot Digital International launched the independently developed game <i>Authentic Heroes of Gu Long Online</i> .
	Zealot Digital International launched the mobile game <i>Pili Heroes</i> co-developed with Dream ² of China in Taiwan, Hong Kong, and Macau.
2015	Gameflier International launched the mobile game <i>One Hundred Thousand Bad Jokes</i> independently developed game by Linekong Interactive Group Co., Ltd. of China.
	Established Smartparth Digital Tech Corporation, a subsidiary for collection transfer.
	Established subsidiary Re:Ad Media Corporation through joint venture with Wisebirds of South Korea.
2016	Game First International signed an exclusive distribution contract for distributing the Windows PC version of <i>Overwatch</i> in Taiwan, Hong Kong, and Macau with Blizzard Entertainment of the USA.
	Gameflier International launched the online game <i>Shushan Online</i> independently developed game by Loong Entertainment of China.
	Zealot Digital International launched the independently developed AR mobile game <i>My Hero Go</i> .
2017	Pay2go e-Wallet app went live to start the e-payment business.
2018	Stock-for-stock merger between subsidiaries Pay2go Technology Corporation and Smartparth Digital Tech Corporation with Neweb Technologies Co., Ltd. of Chander Electronics Corporation, the first large-scale merger of two leading OTC-listed companies in Taiwan's mobile payment industry.
	Chinese Gamer International launched the independently developed mobile game <i>TS M</i> .
	After merging with Pay2go Technology and Smartparth Digital Tech, Neweb Technologies continued operations in the name of Pay2Go, which was then renamed "ezPay Corporation."
	Neweb Technologies merged with Smartparth Digital Tech and continued operations in the name of Neweb Technologies.
2019	Chinese Gamer created <i>TS Online M</i> and authorized it to ASIASOFT, a Southeast Asian operator, to release it in Thailand and Vietnam, in order to reach international gamers.
	Chinese Gamer International launched the independently developed mobile game <i>Love Box M</i> .
	ezPay launched ezAIO, an all-in-one integrated collection service for physical stores.
	EFUN received the "2019 Google Premier Partner Awards Application Excellence Award".
2020	EFUN developed "AdHero," a digital advertising technology platform, and introduced data science and AI analysis application.
	Gameflier acted as an agency of Aurogon Info&Tech (Shanghai), a subsidiary of Wangyuan Shengtang, to release their game, <i>GuJian Online</i> .
	Gameflier collaborated with USERJOY to release <i>The Legend of Three Kingdoms M</i> , a mobile game created by USERJOY.

III. Corporate Governance

I. Organizational structure

(1) Organization structure



(2) The responsibilities of various divisions:

Department	Main business
Audit Division	<ol style="list-style-type: none"> 1. Assistance in the establishment and revision of the internal control system. 2. Establishment of the annual audit program. 3. Effectiveness audit of the nine cycles in the internal control system and various documented systems. 4. Production of audit reports, timely proposition of improvement recommendations, and periodic reporting to BOD.
Office of the President	<ol style="list-style-type: none"> 1. Administer overall strategic targets and supervise and coordinate all units. 2. Publicize and implement corporate policies and related regulations. 3. Draw up, review, and manage external contracts.
Financial Management Center	<ol style="list-style-type: none"> 1. Bookkeeping. 2. Financial planning and fund management. 3. Personnel affairs and wage management, general affairs, and stock service. 4. Analysis of operating efficiency and operating costs. 5. Media public relations.
Marketing Management Center	<p>Planning Department</p> <ol style="list-style-type: none"> 1. Project marketing and strategic planning and internet campaigning. 2. Contracting out and implementation of event planning projects. 3. Planning, discussion, and implementation cross-sector events. <p>Project Marketing Department</p> <ol style="list-style-type: none"> 1. Production of game marketing projects, websites and webpages, ad banners, and commercial films for subsidiaries of the group. 2. Undertaking marketing campaigns including website design, internet marketing and ad serving, CF making and editing, and outdoor ads. 3. Operations planning, webpage production, color frames, CF making and sales for the triple channel interactive entertainment city. 4. Sales of outdoor video advertisement <p>MICE Department</p> <ol style="list-style-type: none"> 1. Professional department for planning creative events for the group. 2. Planning, design, and implementation of various exhibitions, press conferences, and large events. 3. The services include activity design, various space decoration, corporate image design, gift design and making, HR deployment. <p>Media Department</p> <ol style="list-style-type: none"> 1. Cross-platform digital media content services. 2. Print gaming magazine 3. Video customization team 4. Customized dubbing resource 5. Promotion of advertising business. <p>Products Department</p> <ol style="list-style-type: none"> 1. Visual design planning, strategic topic copy planning. 2. Post-production of handbooks, covers, boxes, posters, and publicity materials. 3. Production and inventory management. 4. Product production. <p>Overseas Division</p> <p>Business cultivation in Southeast Asia.</p> <p>Trade Mission Department</p> <ol style="list-style-type: none"> 1. Handling agent contracts. 2. Handling export sales. <p>Business Dept.</p>

Department	Main business
	<p>1. New product distribution, product check and replenishment, customer order handling and delivery, 2. Customer data processing and receivables management. 3. Domestic customer cultivation and market intelligence collection.</p> <p>Internet Development Department</p> <p>1. MyCard website, APP operations and management. 2. Operation and promotion of MyCard member and membership. 3. Data control and relevant reports of MyCard 4. Development and promotion of online payment mechanisms. 5. Supplier connection management 6. Customer service management 7. Planning for relevant application mechanism</p> <p>Sales System Department</p> <p>1. IT planning and management. 2. Construction and maintenance of IT systems. 3. Construction and management of websites and network systems. 4. Management and maintenance of computer hardware and software. 5. Development and maintenance of financial, accounting, and business information systems.</p>
<p>Digital Development Center</p>	<p>Platform Development Department</p> <p>1. R&D of mobile game platforms such as double MyCard apps and Crazy Game. 2. Testing, operations, promotions and marketing events planning and implementation of platforms.</p> <p>Platform Technology Department</p> <p>Planning, development, construction, and maintenance of the technical affairs of platforms in relation to web and apps.</p>
<p>Legal Affairs Division</p>	<p>Legal consultation and support for subsidiaries within the group.</p>
<p>Product Development Division</p>	<p>Handling collaborative IP development with suppliers.</p>
<p>Commercial Cooperation Division</p>	<p>Cultivation, planning, and analysis of overseas business.</p>
<p>International Affairs Division</p>	<p>Overseas market cultivation.</p>
<p>Multimedia Development Division</p>	<p>Audio service including music production, sound effects, voice, mixing, and tape mastering; and video service including the design, filming, and special effects of all types of videos for subsidiaries within the group and other companies.</p>
<p>Group Resource Management Division</p>	<p>1. Procurement and management of information equipment. 2. Procurement and management of general materials and equipment. 3. Planning and management of group resources utilization.</p>
<p>Division of Technical Service Promotion</p>	<p>Promotion provides technical service and promotion for the “e-commerce industry” with the know-how and problem-solving ability in information service, and closely connects with existing group resources to diversify the scope of services.</p>

II. Background information of Directors, Supervisors, President, Vice Presidents, Assistant Managers, and the heads of various departments and branches:

(1) Directors and Supervisors:

1. Background of Directors and Supervisors

April 19, 2020

Title (Note 1)	Nationality or place of registration	Name	Gender	Election (Appointment) Date	Duration	Inauguration date (Note 2)	During election Status of shareholding		Current shareholding		Current Shares Held by Spouse & Dependents		Shareholding under the title of a third party		Major (academic degree) experience (Note 3)	Current duties in The Company and in other companies	Other Chief, Supervisors or Directors with a Spousal or Other Immediate Relative			Remarks (Note 4)
							Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
Chairman	Taiwan R.O.C.	WANG, CHIN-PO	Male	2018/6/14	3 years	1994/8/15	21,594,350	16.94%	21,594,350	16.94%	3,083,208	2.42%	0	0	Division of Chemical Engineering, National Kaohsiung University of Applied Sciences Chairman, Soft-World Co., Ltd.	Note 5	None	None	None	Note 6
Director	Taiwan R.O.C.	WANG, CHIUNG- FEN	Male	2018/6/14	3 years	2018/6/14	0	0	0	0	0	0	0	0	Bachelor of Law, National Chung Hsing University President, General Law Firm	Note 7	None	None	None	None
Director	Taiwan R.O.C.	CHEN, CHING- JUNG	Male	2018/6/14	3 years	2018/6/14	0	0	0	0	0	0	0	0	Bachelor of Electrical Engineering, Chinese Culture University Chairman, Hengshang Construction Co., Ltd	Note 8	None	None	None	None
Director	Taiwan R.O.C.	SHIH, MING- HAO	Male	2018/6/14	3 years	2018/6/14	11,110	0.01%	11,110	0.01%	149,430	0.12%	0	0	Master of Business Administration, Pennsylvania State University Chairman of Trade-Van Information Co., Ltd. Director of Central Investment Co., Ltd. Director of Chinese Gamer International Corporation Director, ThinFlex Corporation	Note 9	None	None	None	None
Director	Taiwan R.O.C.	WU, AI- YUN	Female	2018/6/14	3 years	2018/6/14	0	0	0	0	0	0	0	0	Bachelor of Accounting, Ming Chuan University Finance Director, Focus Technology Co., Ltd.	Note 10	None	None	None	None
Independent Director	Taiwan R.O.C.	LI, MING- HSIEN	Male	2018/6/14	3 years	2018/6/14	0	0	0	0	0	0	0	0	Master of Accounting, National Chengchi University Adjunct Associate Professor, National Cheng Kung University Director of Greater China, PricewaterhouseCoopers Deputy Director, PwC Taiwan Chief of the Board, PwC Taiwan South Division Hosted Accountant, PwC Taiwan Executive Director, National Federation of CPA Associations of ROC	Note 11	None	None	None	None
Independent Director	Taiwan R.O.C.	LIN, HSUAN- CHU	Male	2018/6/14	3 years	2018/6/14	0	0	0	0	0	0	0	0	PhD in Finance, New Jersey State University Master of Business Administration (MBA), New Jersey State University	Note 12	None	None	None	None

Supervisor	Taiwan R.O.C.	CHIEN, CHIN-CHENG	Male	2018/6/14	3 years	2018/6/14	0	0	0	0	0	0	0	0	0	PhD, Department of Accounting, New Jersey State University Professor, Department of Accountancy and Graduate Institute of Finance, National Cheng Kung University Adjunct Professor, Department of Accountancy and Graduate Institute of Finance, National Cheng Kung University	Note 13	None	None	None	None
Supervisor	Taiwan R.O.C.	CHANG, HUNG-YUAN	Male	2018/6/14	3 years	2009/06/18	0	0	0	0	0	0	0	0	0	Master of Accounting and MBA, St. John's University, New York City, USA Assistant Finance Director and Assistant Director, Interplex Industries Inc., New York, USA General Manager, Suftech Co., Ltd. Director of Accounting Department, Shih Hsin University Director of International Management School, Shih Hsu University Enterprise Management Foundation Director, Soochow University Director of Culture and Education Foundation, Mingdao High School Board Supervisor, Shih Hsin University	Note 14	None	None	None	None

- Note 1: Corporate shareholders should have the name of corporate shareholders and representative illustrated separately (the name of the corporate shareholders should be noted) also, Table 1 should be filled out.
- Note 2: Indicate the date of the first-time elected director or supervisor; also, the period of interruption should be noted.
- Note 3: Previous work experiences relating to their current roles; if the person works in the auditor's firm or in an affiliated company during the aforementioned time period, the job title and responsibilities must be provided.
- Note 4: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto. (For instance, more independent directors shall be added, and over half of directors are not concurrently an employee or manager.)
- Note 5: This Company: President.
Other companies: The Chairman of Chinesegamer International Corp. (legal representative of Soft World), the Chairman of Gameflier International Corporation (legal representative of Soft World), the Chairman of Game First International Corp. (legal representative of Soft World), Zealot Digital International Corp. (legal representative of Soft World), Neweb Technologies Co., Ltd. (legal representative of Neweb), the Chairman of ezPay Co.,Ltd. (legal representative of Neweb), the Director of Neweb Payments Co., Ltd. (legal representative of Neweb Technologies Technology) the Director of Dyansty International Information Co., Ltd. (legal representative of Soft World), the Director of Soft World (Hong Kong) International Corporation Limited (legal representative of Soft World), the Director of Soft-World Technology Pte. Ltd. (legal representative of Soft World), the Chairman of CService Technology Co., Ltd. (legal representative of Neweb), the Chairman of Fast Distributed Cloud Computing (Taiwan) Co., Ltd. (legal representative of Soft World), the Chairman of Joy Children Technology Co., Ltd. (legal representative of Soft World), the Chairman of Compete!Games Interactive Entertainment Corporation (legal representative of Game First), the Chairman of Mobile Flier International Corporation (legal representative of Gameflier), the Chairman of Efun International Corporation (legal representative of Soft World), the Director of ZEALOT DIGITAL PTE.LTD (legal representative of Soft World), the Director of PLAYGAME SDN. BHD (legal representative of Global Concept Corporation), the Chairman of Taiwan Taomee Co., Ltd. (legal representative of PLAYGAME), the Chairman of Re:Ad Media (Taiwan) Corporation (legal representative of Ffun), the Director of Interactive Entertainment Technology Co.,Ltd. and the Chairman of Interactive Entertainment Technology Co., Ltd. (legal representative of Interactive Entertainment Technology)
- Note 6: Our Chairman concurrently serves as the President to enhance operational efficiency and decision execution. To reinforce the independent of the Board, we have actively trained candidates for the President. In addition, the Chairman always closely communicates with all directors on recent operation and plan to implement company governance. We plan to add more independent directors to enhance the function and supervision competency of the Board. We have the following specific measures:
(1) The current directors and supervisors are experts in financial accounting and operational management, respectively. They can perform supervision effectively.

- (2) Every year we arrange directors and supervisors to take professional director courses provided by external institutions, such as Securities & Futures Institute, to enhance the operation of the board.
- (3) Members of the Board discuss on issues thoroughly and make suggestions for reference to implement company governance.
- (4) Over half of directors among the members of the Board are not concurrently serving as employees or managers.

Note 7: The Company: None

Other companies: The managing director of Pu Lo Law Firm, the Chairman of Chin Chih Fu Asset Management Co. Ltd., the Chairman of Taiwan Steel Group United Co., Ltd., the Chairman of Global Material Technology Corp., the Chairman of S-Tech Corp., the Deputy Chairman of Chun Zu Machinery Industry Co. Ltd., the Director of KMC (Kuei Meng) International Inc., the Director of Taiwan Styrene Monomer Corporation, and the Independent Director of Huang Long Development Co., Ltd.

Note 8: The Company: None

Other companies: Chairman, Hengshang Construction & Development Enterprise Corporation; Chairman, Dynasty International Information.

Note 9: The Company: None

Other companies: The partner of Pao Chou PE Fund

Note 10: The Company: None

Other companies: Company Representative, Xingtian Technology Co., Ltd.; Director, Wayi International Digital Entertainment Co., Ltd.; Supervisor, Bonus Winner Online Entertainment Co., Ltd.; Supervisor, JFI Games Inc.

Note 11: The Company: None

Other companies: Adjunct Associate Professor, National Cheng Kung University, Vice Chairman, Zhicheng Associates Accounting Firm.

Note 12: The Company: None

Other companies: Independent Director, Chinesegamer International Corporation; Independent Director, Taiwan Cooperative Bank Co., Ltd.; Independent Director, Taiwan Cooperative Financial Holding Co., Ltd.; Professor, Department of Accountancy and Graduate Institute of Finance, National Cheng Kung University.

Note 13: The Company: None

Other companies: Supervisor, Chinese Gamer Co., Ltd.; Independent Director and Remuneration Committee Member, GMTC Co., Ltd.; Independent Directors and Remuneration Committee Member, Uni-President; Independent Director and Remuneration Committee Member, Taiwan Styrene Monomer Corporation; Independent Director and Remuneration Committee Member, S-Tech Corporation.

Note 14: The Company: None

Other companies: Independent Director, TPK Holding Co., Ltd.; Independent Director, Lu Hai Holding Corporation; Independent Director, Ability Opto-Electronics Technology Co., Ltd; Full-time Professor, Department of Communications Management and Department of Business Administration, Shih Hsin University, Taiwan.

2. Corporate shareholders' main shareholders: None.

Note 1: Fill in the name of respective corporate investors when directors and supervisors are their representatives.

Note 2: Fill out the name of main shareholders (with top ten shareholding rate) and the shareholding ratio of the legal entity shareholder. Fill out Table 2 if the main shareholders are entities.

Note 3: If the legal entity shareholder is not in the company organization, the name and shareholding ratio of the said shareholder shall be disclosed is the name of the investor or donor and the percentage of their fund or donation.

3. Major Shareholders of Major Corporate Shareholder: None.

Note 1: Fill the name of respective corporations when major shareholders in Table 1 are corporate investors.

Note 2: Fill out the name of main shareholders (with top ten shareholding rate) and the shareholding ratio of the legal entity shareholder.

Note 3: If the legal entity shareholder is not in the company organization, the name and shareholding ratio of the said shareholder shall be disclosed is the name of the investor or donor and the percentage of their fund or donation.

4. Background of Directors and Supervisors

April 19, 2020

Condition	Have more than 5 years of experience and the following professional qualifications			Status of independence (note 2)												Number of public companies where the person holds the title as independent director
	Lecturer (or above) of commerce, law, finance, accounting, or any subjects relevant to the company's operations in a public or private tertiary institution	Passed the qualification examination with proper licensing by the national Government Apparatus as court judge, prosecutor, lawyers, certified public accountant or other professional designations required by the business of the Company	Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10	11	12	
Director WANG, CHIN-PO			✓						✓			✓	✓	✓	✓	0
Director WANG, CHIUNG-FEN		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Director CHEN, CHING-JUNG			✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	0
Director SHIH, MING-HAO			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Director WU, AI-YUN			✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	0
Independent director LI, MING-HSIEN	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Independent director LIN, HSUAN-CHU	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Supervisor CHIEN, CHIN-CHENG	✓			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	4
Supervisor CHANG, HUNG-YUAN	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3

Note 1: Adjust the number of columns according to actual needs.

Note 2: place a "✓" in the box below if the Director or Supervisor met the following conditions during the time of active duty and two years prior to the elected date.

- (1) Not an employee of the Company or its affiliates.
- (2) Not a director or supervisor of the Company or its affiliated companies (but if the independent director is appointed in accordance with the law and regulations of the local country, and concurrently serves as such at a public company and its parent or subsidiary or a subsidiary of the same parent, it is not subject to this requirement).
- (3) Does not hold more than 1% of the company's outstanding shares in his/her own name or

- under the name of spouse, underage children, or any other person; nor is any party listed herein one of the ten largest natural person shareholders of the company.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a managerial officer under Subparagraph (1) or any of the persons in Paragraph (2) and (3).
 - (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company or that ranks among the top five in shareholdings or that designates its representative to serve as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act (but if the independent director is appointed in accordance with the law and regulations of the local country, and concurrently serves as such at a public company and its parent or subsidiary or a subsidiary of the same parent, it is not subject to this requirement).
 - (6) A majority of the Company's director seats or voting shares and those of any other company are not controlled by the same person who is a director, supervisor, or employee of that other company (but if the independent director is appointed in accordance with the law and regulations of the local country, and concurrently serves as such at a public company and its parent or subsidiary or a subsidiary of the same parent, it is not subject to this requirement).
 - (7) The chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are not the same person or are not spouses who is a director (or governor), supervisor, or employee of that other company or institution (but if the independent director is appointed in accordance with the law and regulations of the local country, and concurrently serves as such at a public company and its parent or subsidiary or a subsidiary of the same parent, it is not subject to this requirement).
 - (8) Not a director (or governor), supervisor, managerial officer, or a shareholder who holds 5% or more of the issued shares of another company or institution that conducts finance or business transactions with the Company (however, if a specific company or institution holds 20% or more and no more than 50% of the total number of issued shares of the Company and the independent directors appointed in accordance with the Act or the law and regulations of the local country concurrently serve as such at the Company and its parent or subsidiary or a subsidiary of the same parent company, it is not subject to this requirement).
 - (9) Not a professional individual, or an owner, partner, director (or governor), supervisor or officer of a sole proprietorship, partnerships, company, or institution that provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the last 2 years had received cumulative compensation exceeding NT\$500,000, or a spouse thereof. However, this restriction does not apply to a member of the remuneration committee, public tender offer review committee or special committee for merger and acquisition, who exercises powers pursuant to the "Securities and Exchange Act" or to the "Business Mergers and Acquisition Act" or relevant laws and regulations.
 - (10) Not a spouse to or kin at the second pillar under the Civil Code to any other director.
 - (11) Not under any of the categories stated in Article 30 of the Company Act.
 - (12) No Government Apparatus agency, juristic person or its representative is elected under Article 27 of the Company Act.

(II) Information of the President, Vice President, associated director, and supervisor of the various units and branches

April 19, 2020

Title (Note 1)	Nationality	Name	Gender	Election (Appointment) Date	Status of shareholding		Shares Held by Spouse & Dependents		Shareholding under the title of a third party		Major (academic degree) experience (Note 2)	Positions with other companies	Spouse or kin within the second pillar under the Civil Code and who is a manager			Remarks (Note 3)
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
President	Taiwan R.O.C.	WANG, CHIN-PO	Male	1983/7/15	21,594,350	16.94%	3,083,208	2.42%	0	0	Division of Chemical Engineering, National Kaohsiung University of Applied Sciences Chairman and President, Soft-World Co., Ltd.	Other Company: Chairman of Chinese Gamer International Corporation (Institutional representative of Soft-World International Corporation) Chairman of Game Flier International Corporation (Institutional representative of Soft-World International Corporation) Chairman of Game First International Corporation (Institutional representative of Soft-World International Corporation) Chairman of Zealot Digital International Corporation (Institutional representative of Soft-World International Corporation) Director of Dynasty International Information Co., Ltd. (Institutional representative of Soft-World International Corporation) Chairman of Taiwan Taomee Co., Ltd. (Institutional representative of PLAYGAME) Chairman of Joy Children Technology Co., Ltd. (Institutional representative of Soft-World International Corporation) Chairman of Fast Distributed Cloud Computing (Taiwan) Co., Ltd. (Institutional representative of Soft-World International Corporation) Chairman of Efun International Corporation (Institutional representative of Soft-World International Corporation) Chairman of Neweb Technologies Co., Ltd. (Institutional representative of Soft-World International Corporation) Chairman of ezPay Co., Ltd. (Institutional representative of Neweb Technologies Co., Ltd.) Chairman of Neweb Technologies Co., Ltd. (Institutional representative of Neweb Technologies Co., Ltd.) The Chairman of CService Technology Co., Ltd. (legal representative of Neweb) Chairman of Mobile Flier International Corporation (Institutional representative of Game Flier International Corporation) Chairman of Compete!Games interactive entertainment corporation (Institutional representative of Game First International Corporation) Chairman of Re:Ad Media (Taiwan) Corporation (Institutional representative of Efun International Corporation) Chairman of Interactive Entertainment Technology (Taiwan) Co., Ltd. (Institutional representative of Interactive Entertainment) Director of Soft-World (Hong Kong) International Corporation (Institutional representative of Soft-World International Corporation) Director of Interactive Entertainment Technology Co.,Ltd Director of PLAYGAME SDN. BHD (Institutional representative of GLOBAL CONCEPT CORPORATION) Director of SOFT-WORLD TECHNOLOGY PTE . LTD (Institutional representative of Soft-World International Corporation) Director of ZEALOT DIGITAL PTE.LTD (Institutional representative of Soft-World International Corporation)	None	None	None	Note 4
Group President, Financial Management Center	Taiwan R.O.C.	CHUNG, HSING-PO	Male	2004/6/1	256,202	0.20%	0	0	0	0	Department of Journalism & Communication Studies, Shih Hsin University Institute of Business and Management Department of Statistics, National Cheng Kung University Barits Securities Corporation V.P. of the Company	Other Company: Director of Funyours Technology (Institutional representative of Soft-World International Corporation) Director of Neweb Technologies Co., Ltd. (Institutional representative of Soft-World International Corporation) Director and President of ezPay Co., Ltd. (Institutional representative of Neweb Technologies Co., Ltd.) President of Neweb Technologies Co., Ltd. The President of CService Technology Co., Ltd. Chairman and President of We Can Financial Technology Co., Ltd. (Institutional representative of soft world International corporation) Supervisor of Taiwan Taomee Co., Ltd. Supervis of Joy Children Technology Co., Ltd. (Institutional representative of Soft-World International Corporation)	None	None	None	None

Title (Note 1)	Nationality	Name	Gender	Election (Appointment) Date	Status of shareholding		Shares Held by Spouse & Dependents		Shareholding under the title of a third party		Major (academic degree) experience (Note 2)	Positions with other companies	Spouse or kin within the second pillar under the Civil Code and who is a manager			Remarks (Note 3)
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
Chief accountant Assistant VP	Taiwan R.O.C.	Ya Chuan Huang	Female	2000/1/1	112,944	0.09%	0	0	0	0	Accounting Department of Tung Hai University KPMG	None	None	None	None	None
Audit Division Assistant VP	Taiwan R.O.C.	Ming- Fen Huang	Male	2000/7/1	5,000	0	93,986	0.07%	0	0	Graduate Institute of Business Administration, National Chengchi University	Supervisor of Dynasty International Information Co., Ltd. Director of Zealot Digital International Corporation	None	None	None	None

Note 1: Adjust the number of columns according to actual needs.

Note 2: place a "✓" in the box below if the Director or Supervisor met the following conditions during the time of active duty and two years prior to the elected date.

Note 4: Where the general manager and the chairperson of the board of directors or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto. (For instance, more independent directors shall be added, and over half of directors are not concurrently an employee or manager.)

Note 4: Our Chairman concurrently serves as the President to enhance operational efficiency and decision execution. To reinforce the independent of the Board, we have actively trained candidates for the President. In addition, the Chairman always closely communicates with all directors on recent operation and plan to implement company governance. We plan to add more independent directors to enhance the function and supervision competency of the Board. We have the following specific measures:

1. The current directors and supervisors are experts in financial accounting and operational management, respectively. They can perform supervision effectively.
2. Every year we arrange directors and supervisors to take professional director courses provided by external institutions, such as Securities & Futures Institute, to enhance the operation of the board.
3. Members of the Board discuss on issues thoroughly and make suggestions for reference to implement company governance.
4. Over half of directors among the members of the Board are not concurrently serving as employees or managers.

III. Remuneration paid to Directors, Supervisors, the General Manager, and the Vice President in the most recent year:

If any of the following applies to the company, it shall disclose the remuneration paid to each individual director and supervisor:

1. A company that has posted after-tax deficits in the parent company only financial reports or individual financial reports within the three most recent fiscal years shall disclose the name of and the remuneration paid to individual “directors and supervisors”. This requirement, however, shall not apply if the company has posted net income after tax in the parent company only financial report or individual financial report for the most recent fiscal year and such net income after tax is sufficient to offset the accumulated deficits.
2. Disclose the remuneration paid to individual directors when their stakes are insufficient for three consecutive months in the previous year; disclose the remuneration paid to individual supervisors when their stakes are insufficient for three consecutive months in the previous year.
3. Disclose the remuneration paid to individual directors or supervisors with a mortgage ratio exceeding 50% in the month for any directors or supervisors with a mortgage ratio exceeding 50% for three consecutive months in the previous year.
4. Disclose the remuneration paid to individual directors or supervisors when the amount of remuneration for all directors and supervisors of the company in the financial statement exceeds 2% of the net income, and the of remuneration of individual directors or supervisors exceeds NT\$15 million. (Note: The after-tax deficit shall be calculated based on the sum of “director's remuneration” and “supervisor’s remuneration” in the table. The abovementioned remuneration of director and supervisor does not include the remuneration for their concurrent position as an employee.)
5. A company listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEX) is ranked in the lowest tier in the corporate governance evaluation for the most recent fiscal year, or in the most recent fiscal year or up to the date of publication of the annual report for that year, the company's securities have been placed under an altered trading method, suspended from trading, delisted from the TWSE or the TPEX, or the Corporate Governance Evaluation Committee has resolved that the company shall be excluded from evaluation.
6. The average annual salary of the full-time non-supervisory employees in a TWSE or TPEX listed company is less than NT\$500,000.

(I) The remuneration of the general and individual director

The remuneration of the general and individual director:

Unit: NTD thousands

Title	Name	Remuneration to Directors								The sum of A, B, C and D as a percentage of after-tax profit (Note 10)		Remuneration in the capacity as employees								The sum of A, B, C, D, E, F and G in proportion to Earnings (Note 10)		Collect the remuneration from the reinvestment except the subsidiary or the remuneration from the parent company (Note 11).
		Director fees (A) (Note 2)		Pension (B)		Remuneration to directors (C) (Note 3)		Fees for services rendered (Note 4)				Salaries, bonuses, special allowances etc (E) (Note 5)		Pension (F)		Remuneration to employees (G) (Note 6)						
		The Company	All companies mentioned in the financial statements (Note 7)	The Company	All companies mentioned in the financial statements (Note 7)	The Company	All companies mentioned in the financial statements (Note 7)	The Company	All companies mentioned in the financial statements (Note 7)	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements (Note 7)	The Company	All companies mentioned in the financial statements (Note 7)	The Company		All companies mentioned in the financial statements (Note 7)		The Company	All companies mentioned in the financial statements	
		Cash	Stock	Cash	Stock																	
Chairman	WANG, CHIN-PO	0	0	0	0	884	884	35	78	0.15	0.16	2,363	4,028	42	42	496	0	496	0	0.63	0.91	0
Director	WANG, CHIUNG-FEN	0	0	0	0	884	884	35	35	0.15	0.15	0	0	0	0	0	0	0	0	0.15	0.15	0
Director	CHEN, CHING-JUNG	0	0	0	0	884	884	35	35	0.15	0.15	0	0	0	0	0	0	0	0	0.15	0.15	0
Director	SHIH, MING-HAO	0	0	0	0	884	884	25	25	0.15	0.15	0	0	0	0	0	0	0	0	0.15	0.15	0
Director	WU, AI-YUN	0	0	0	0	884	884	35	35	0.15	0.15	0	0	0	0	0	0	0	0	0.15	0.15	0
Independent Director	LI, MING-HSIEN	0	0	0	0	884	884	55	55	0.15	0.15	0	0	0	0	0	0	0	0	0.15	0.15	0
Independent Director	LIN, HSUAN-CHU	0	0	0	0	884	884	55	415	0.15	0.21	0	0	0	0	0	0	0	0	0.15	0.21	0

1. Please state explicitly the remuneration policy, system, standard and structure of independent directors. Please state explicitly the correlation between the remuneration and the function and risk of the independent director, and the time the independent director engaged in, and pay the remuneration. The remuneration of the independent director is based on Article 6 of Remuneration Committee Charter. Article 6 stated that the performance assessments and compensation levels of directors, supervisors, and managerial officers shall take into account the general pay levels in the industry, individual performance assessment results, the time spent by the individual and their responsibilities, their performance in other positions, and the compensation paid to employees holding equivalent positions in recent years. Also to be evaluated are the reasonableness of the correlation between the individual's performance and this Corporation's operational performance and future risk exposure, with respect to the achievement of short-term and long-term business goals and the financial position of this Corporation. We shall make recommendations and submit them to the board of directors for deliberation.

2. Pay for services (such as non-employee consultant) specified in the financial statements provided by directors in the previous year not specified above: None.

- Note 1: The names of directors should be listed separately (the name of corporate shareholders representatives should be listed separately); the name of the general directors and independent directors should also be listed separately, and each payment amount should be disclosed in a summary manner. If the board director is also the President or Vice President of the Company, please fill in this table and table (3-1) or (3-2-1) and (3-2-2).
- Note 2: Refers to Director's remuneration in the latest year (including salaries, work subsidies, severance pay, various bonuses and incentives etc).
- Note 3: Please fill in the amount of remuneration to directors resolved in the most recent board meeting.
- Note 4: Refers to compensations for services rendered (including travel, special allowances, various subsidies, accommodation, corporate vehicle and other items). If houses, cars or other vehicles, or personal allowances were granted, please describe the nature and cost of assets, their rental rates calculated based on actual or fair value, and details on petrol and other subsidies. If personal drivers were allocated, please make a footnote disclosure of the salaries made to these driver, but do not count them as part of the beneficiaries' remuneration.
- Note 5: Remunerations received by directors who have also worked in the capacity as employees (including the position of President, Vice President, managers, and employees), including, salaries, subsidies, severance pay, bonus, awards, traveling subsidy, special subsidy, different forms of subsidies, accommodation, company car, and other supplies in kind. If houses, cars or other vehicles, or personal allowances were granted, please describe the nature and cost of assets, their rental rates calculated based on actual or fair value, and details on petrol and other subsidies. If personal drivers were allocated, please make a footnote disclosure of the salaries made to these driver, but do not count them as part of the beneficiaries' remuneration. The salary expense recognized in accordance with IFRS 2, "Share-Based Payment", including ESO, RS, and participation in subscription of new shares for raising capital, etc.
- Note 6: For the directors who are also employees (including President, Vice President, managers, and staff) of the Company in the most recent year with remuneration received (including stock and cash), the remuneration amount to employees resolved in the board meeting in the most recent year should be disclosed. If the remuneration amount cannot be estimated, the amount to be distributed this year is to be estimated proportionally to the actual amount distributed last year; also, Attachment 1.3 should be filled out.
- Note 7: The disclosure should cover all companies included in the consolidated financial statements (including The Company); present the total amount of remuneration paid by all companies above to The Company's Directors.
- Note 8: The amount of remuneration made by The Company to each Director is disclosed separately in amount ranges.
- Note 9: The total amount of remunerations to each director of the Company under the consolidated financial statement (including the Company) shall be disclosed with the disclosure of the names of the directors falling in relevant brackets.
- Note 10: Corporate earnings shall be the net income after taxation. If IFRS has already been adopted, corporate earnings shall be the net income after taxation of individual entities or individual financial statements.
- Note 11:
- a. In this field, fill out the remuneration the company director collected from the reinvestment except the subsidiary or the parent company. (Fill out "None" if this is not available.)
 - b. When a director receives remuneration from an investee other than a subsidiary or from the parent, the amount of such remuneration shall be combined in column I of the Increments of Remuneration table, and the column shall be renamed "Parent or All Investees."
 - c. Remuneration refers to any returns or the parent, compensation (including remuneration to Employees, Directors and Supervisors), professional fees etc which The Company's Directors have received for serving as directors, supervisors, or managers in invested businesses other than subsidiaries.
- * The basis of remuneration disclosed above is different to the basis required by the income tax law; hence the above table has been prepared solely for information disclosure, and not for tax purposes.

(II) Supervisors' remuneration

Unit: NTD thousands

Title	Name	Remuneration to Supervisors						A. The sum of A, B, and C as a percentage of after-tax net profit (Note 8)		Collect the remuneration from the reinvestment except the subsidiary or the remuneration from the parent company (Note 9).
		Director fees (A) (Note 2)		Remuneration (B) (Note 3)		Fees for services rendered (C) (Note 4)		The Company	All companies mentioned in the financial statements	
		The Company	All companies mentioned in the financial statements (Note 5)	The Company	All companies mentioned in the financial statements (Note 5)	The Company	All companies mentioned in the financial statements (Note 5)			
Supervisor	CHANG, HUNG-YUAN	0	0	884	884	45	45	0.15	0.15	0
Supervisor	CHIEN, CHIN-CHENG	0	0	884	884	45	455	0.15	0.22	0

Note 1: Supervisors' names should be presented separately (for corporate shareholders, state separately the name of the corporate shareholder and its representatives); the amount of benefits and allowances can be presented in aggregate sums.

Note 2: Refers to the remuneration (including salary, job-related allowance, severance pay, various bonuses, incentives, etc.) paid to the supervisors in the latest year.

Note 3: Please fill in the amount of remuneration to supervisors resolved in the most recent board meeting.

Note 4: Refers to compensations for services rendered (including travel, special allowances, various subsidies, accommodation, corporate vehicle and other items). If houses, cars or other vehicles, or personal allowances were granted, please describe the nature and cost of assets, their rental rates calculated based on actual or fair value, and details on petrol and other subsidies. If personal drivers were allocated, please make a footnote disclosure of the salaries made to these driver, but do not count them as part of the beneficiaries' remuneration.

Note 5: The disclosure should cover all companies included in the consolidated financial statements (including The Company); present the total amount of remuneration paid by all companies above to The Company's Supervisors.

Note 6: The amount of remuneration made by The Company to each Supervisor is disclosed separately in amount ranges.

Note 7: The amount of remuneration made by the consolidated entity as a whole (including The Company) to each Supervisor is disclosed separately in amount ranges.

Note 8: Corporate earnings shall be the net income after taxation. If IFRS has already been adopted, corporate earnings shall be the net income after taxation of individual entities or individual financial statements.

Note 9: a. this field must state any form of remuneration the Supervisor has received from The Company's invested businesses other than subsidiaries or from the parent (if not, please fill in "none").

b. When a supervisor receives remuneration from an investee other than a subsidiary or from the parent, the amount of such remuneration shall be combined in column D of the Increments of Remuneration table, and the column shall be renamed "Parent or All Investees."

c. Remuneration refers to any returns or the parent, compensation (including remuneration to employees, directors, and supervisors), professional fees etc which The Company's Supervisors have received for serving as directors, supervisors, or managers in invested businesses other than subsidiaries.

* The basis of remuneration disclosed above is different to the basis required by the income tax law; hence the above table has been prepared solely for information disclosure, and not for tax purposes.

(III) President's and Vice Presidents' remuneration

Unit: NTD thousands

Title	Name	Salary (A) (Note 2)		Pension (B)		Bonuses and allowances etc (C) (Note 3)		Remuneration to the employees (D) (Note 4)				The sum of A, B, C and D as a percentage of after-tax profit (%) (Note 8)		Remuneration received from the invested companies other than the subsidiaries and the parent company (Note 9)
		The Company	All companies mentioned in the financial statements (Note 5)	The Company	All companies mentioned in the financial statements (Note 5)	The Company	All companies mentioned in the financial statements (Note 5)	The Company		All companies shown in the financial report (note 5)		The Company	All companies mentioned in the financial statements (Note 5)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	WANG, CHIN-PO													
Group President, Financial Management Center	CHUNG, HSING- PO	5,987	7,652	212	212	0	0	1,438	0	1,438	0	1.25	1.52	None

Note 1: Disregarding position titles. All such job positions including general manager, vice general managers (e.g., President, Chief Executive Officer (CEO), Superintendent....) shall be disclosed.

Classification of remuneration

The brackets of remunerations to all Presidents and Vice Presidents of the Company	Name of Presidents and Executive Vice Presidents	
	The Company (Note 6)	All companies shown in the financial report (note 7) E
Less than 1,000,000	None	None
1,000,000(inclusive)~2,000,000 (exclusive)	None	None
2,000,000(inclusive)~3,500,000 (exclusive)	WANG, CHIN-PO	None
3,500,000(inclusive)~5,000,000 (exclusive)	CHUNG, HSING- PO	WANG, CHIN-PO/ CHUNG, HSING- PO
5,000,000(inclusive)~10,000,000 (exclusive)	None	None
10,000,000(inclusive)~15,000,000 (exclusive)	None	None
15,000,000(inclusive)~30,000,000 (exclusive)	None	None
30,000,000(inclusive)~50,000,000 (exclusive)	None	None
50,000,000(inclusive)~100,000,000 (exclusive)	None	None
100,000,000 above	None	None
Total	2 persons	2 persons

- Note 1: The names of the President and Vice Presidents should be presented separately; the amount of benefits and allowances can be presented in aggregate sums. If the board director is also the President or Vice President of the Company, please fill in this table and table (1-1) or (1-2).
- Note 2: Refers to salaries, work subsidies, and severance pay made to the General manager and Vice Presidents in the latest year.
- Note 3: Refers to other compensations such as bonuses, incentives, travel allowances, special allowances, various subsidies, accommodation, corporate vehicle or other items made to the President and Vice Presidents. If houses, cars or other vehicles, or personal allowances were granted, please describe the nature and cost of assets, their rental rates calculated based on actual or fair value, and details on petrol and other subsidies. If personal drivers were allocated, please make a footnote disclosure of the salaries made to these drivers, but do not count them as part of the beneficiaries' remuneration. The salary expense recognized in accordance with IFRS 2, "Share-Based Payment", including ESO, RS, and participation in subscription of new shares for raising capital, etc.
- Note 4: Please fill in the remuneration amount to the President and Vice President resolved in the board meeting in the most recent year (including stock and cash). If the remuneration amount cannot be estimated, the amount to be distributed this year is to be estimated proportionally to the actual amount distributed last year; also, Attachment 1.3 should be filled out. Corporate earnings shall be the net income after taxation. If IFRS has already been adopted, corporate earnings shall be the net income after taxation of individual entities or individual financial statements.
- Note 5: The disclosure should cover all companies included in the consolidated financial statements (including The Company); present the total amount of remuneration paid by all companies above to The Company's President/Vice Presidents.
- Note 6: The amount of remuneration made by The Company to its President/Vice Presidents is disclosed separately in amount ranges.
- Note 7: The total remunerations to each President and Vice President of all companies in the consolidated financial statements (including the Company), and disclose the names of these Presidents and Vice Presidents in relevant brackets along the scale of remunerations.
- Note 8: Corporate earnings shall be the net income after taxation. If IFRS has already been adopted, corporate earnings shall be the net income after taxation of individual entities or individual financial statements.
- Note 9: a. this field must state any form of remuneration the President and Vice Presidents has received from The Company's invested businesses other than subsidiaries or from the parent (if not, please fill in "none").
 b. When a president or vice president receives remuneration from an investee other than a subsidiary, the amount of such remuneration shall be combined in column E of the Increments of Remuneration table, and the column shall be renamed "Parent and All Investees."
 c. Remuneration refers to any returns or the parent, compensation (including remuneration to Employees, Directors and Supervisors), professional fees etc which The Company's President/Vice Presidents have received for serving as directors, supervisors, or managers in invested businesses other than subsidiaries.
 * The basis of remuneration disclosed above is different to the basis required by the income tax law; hence the above table has been prepared solely for information disclosure, and not for tax purposes.

Name of the managers received remuneration and the distribution of remuneration

December 31, 2019; Unit: NT\$ thousand

	Title (Note 1)	Name (Note 1)	Stock	Cash	Total	As a percentage of net profit after tax (%)
Manager	President	WANG, CHIN-PO	0	1,835	1,835	0.30
	President, Group Financial Management Center	CHUNG, HSING- PO				
	Chief accountant	YA CHUAN HUANG				
	Corporate Governance Officer	HUANG SU MEI				

- Note 1: The name and job title of each individual should be disclosed; however, the distribution of earnings can be disclosed aggregately.
- Note 2: Please fill in the remuneration amount to the managers resolved in the board meeting in the most recent year (including stock and cash). If the remuneration amount

cannot be estimated, the amount to be distributed this year is to be estimated proportionally to the actual amount distributed last year. Corporate earnings shall be the net income after taxation. If IFRS has already been adopted, corporate earnings shall be the net income after taxation of individual entities or individual financial statements.

Note 3: According to Notice Tai-Cai-Zheng-San-Zi-0920001301 dated 27 March, 2003, the following managerial roles are subject to reporting:

- (1) President or equivalent
- (2) Vice President or equivalent
- (3) Assistant Manager or equivalent
- (4) Head of Finance
- (5) Head of Accounting
- (6) Any other authorized signatories involved in The Company's administrative affairs

Note 4: If the Directors, President, and Vice President have received remuneration (including stock and cash), in addition to filling out Attachment 1.2, this form must be filled out too.

(IV) Individually explain and compare the total remunerations to the directors, supervisors, presidents, and vice presidents of the Company and the companies in the consolidated financial statements in the last 2 years in proportion to the corporate earnings of individual entities or individual financial statements and the analysis and description of the policy, standard, and combination, decision-making procedure of the remunerations, and the association with operation performance and risks of the future.

1. The remuneration paid to directors and supervisors in 2018 and 2019 accounted for 2.88 % and 1.83% of the company's net income respectively. The remuneration paid to directors and supervisors of all companies in 2018 and 2019 accounted for 4.00% and 2.24% of the company's net income respectively. The difference of the ratio in amount issued in these two years is mostly due to the net income in 2019 and the ratio of director and supervisor in 2018. If there is profit in the year, this company shall appropriate not more than 2% as the remuneration (profit sharing) for directors and supervisors. When there is a deficit in the year, this company shall retain the amount for compensation before appropriating the remuneration pro rata for directors and supervisors.
2. The remuneration paid to presidents and vice presidents in 2018 and 2019 accounted for 1.46% and 1.25% of the company's net income respectively. The remuneration paid to directors and supervisors of all companies in 2018 and 2019 accounted for 1.80% and 1.52% of the company's net income respectively.
3. The remuneration for presidents and vice presidents was appropriated and their salaries were adjusted in accordance with the company's regulations. In addition, the amount of profit sharing for employees was assessed carefully in accordance with the actual status of our operational performance.
4. In our procedure for stipulating the remuneration to directors, supervisors, President and Vice President, we perform appraisal based on our "Performance evaluation standard for directors, supervisors, and managers, and the policy, system, standard and structure of remuneration." Besides referring to the overall operation performance, future operational risk in industry and development trend, we offer reasonable remuneration based by referring to personal performance achievement rate and personal contribution to company performance. Relevant performance appraisal and remuneration rationality have been reviewed by the Remuneration Committee and the Board. We always review the remuneration system depending on the actual operation and relevant regulations at the right time to seek balance between corporate sustainable operation and risk control.

IV. Corporate governance:

(I) The operation of the Board of Directors

The Board called 4 (A) meetings in the latest year. The attendance of directors is specified as follows:

Title	Name (Note 1)	Actual number of attendance (B)	Attend through proxy	Attendance rate (%) (B/A) (Note 2)	Remarks
Chairman	WANG, CHIN-PO	4	0	100	None
Director	WANG, CHIUNG-FEN	4	0	100	
Director	CHEN, CHING-JUNG	4	0	100	
Director	SHIH, MING-HAO	3	0	75	
Director	WU, AI-YUN	4	0	100	
Independent director	LI, MING-HSIEN	4	0	100	
Independent director	LIN, HSUAN-CHU	4	0	100	

Board meeting attendance of independent directors in 2019 ☉: Attended in person ☆: Attended through proxies *: Absent

2019	1 st	2 nd	3 rd	4 th	Remarks
LI, MING-HSIEN	☉	☉	☉	☉	None
LIN, HSUAN-CHU	☉	☉	☉	☉	None

Other notes:

I. For the operation of the Board of Directors in any of the following circumstances, please specify the date, term, the contents of the proposals, the opinions of all independent directors, and the process of the opinions proposed by the independent directors:

(I) On issues stated in Article 14-3 of the Securities and Exchange Act

Date and session of board meetings	Agenda	Opinion of independent director	Address of opinions of independent directors
5 th meeting of the 9 th BOD 21 Mar 2019	Proposal to approve the CPA audit fee for 2019.	No objection	Not applicable
	Regulations Governing the Acquisition and Disposal of Assets.		
	Operational Procedures for Loaning Funds		

	to Others		
	Proposal to amend the Regulations for Endorsements and Guarantees.		
6 th meeting of the 9 th BOD 2019/05/13	We plan to endorse and guarantee the contract renewal for our subsidiary “Neweb Technologies Co., Ltd.”	No objection	Not applicable
7 th meeting of the 9 th BOD 2019/08/12	We amended the “Internal Control System” and “Enforcement Rules of Internal Audit.”	No objection	Not applicable
8 th meeting of the 9 th BOD 2019/11/11	The contract renewal for our subsidiary “Neweb Technologies Co., Ltd.”	No objection	Not applicable
	We endorse and guarantee the contract renewal for our subsidiary “Neweb Technologies Co., Ltd.”		
9 th meeting of the 9 th BOD 2020/03/25	Proposal to approve the CPA audit fee for 2020.	No objection	Not applicable
	This is the proposal for switching the certified public accountant for our financial statement.		

All above proposals were passed as all attending directors expressed no objection at the Chairman’s enquiry, and independent directors made no comment.

(II) Except for the aforementioned matters, the resolutions reached by the Board of Directors with the objections or reservations of the independent directors documented or declared in writing: None.

- II. The avoidance of the conflict of interest by the Directors on related motions, specify the names of the Directors, the content of the motions, the principle of the avoidance of the conflict of interest, and the participation in casting the ballots: None.
- III. Listed and OTC companies shall disclose the interval, period, scope, method and content of evaluation, of the self (or peer) evaluation, and fill out Table 2 (2) Board Evaluation: Not applicable for 2019.
- IV. Evaluate goals and status of strengthening the board’s job functions in the past few years.
1. Enhance BOD operating efficiency: On March 25, 2020, BOD passed the proposal to amend the “Procedural Rules for the Meeting of Board of Directors” to reinforce the implementation of the “Rules,” convene board meetings according to the “Rules,” maintain evidence with full-range recording, produce meeting minutes in detail, and keep constant track on the implementation of resolutions made by at the board meeting to demonstrate the efficiency of board meetings.
 2. Enrich the professional knowledge of directors and supervisors: We proactively encourage directors to receive further education. Apart from informing directors and supervisors of the information regarding courses in relation to governance, we hire instructors to give courses for them at the company.
 3. Establish the Remuneration Committee: We have established a remuneration committee. Committee members will assess the fairness of the salary and remuneration for directors and supervisors before submitting to BOD for review.

4. Enhance information transparency: We implement the spokesperson system and instantaneously disclose information that may affect shareholders and stakeholders in real time and update the information on the corporate website.

Note 1: For institutional Directors and Supervisors, disclose the names and the representative of institutional shareholders.

Note 2: The date of resignation must be specified for Directors or Supervisors who had resigned prior to the close of the financial year. The percentage of actual attendance (%) should be calculated based on the number of Board of Directors meeting held during active duty and the number of actual attendance.

Where an election may be held for filling the vacancies of director or supervisor before the end of the fiscal year, list out both the new and the discharged directors and supervisors, and specify if they are the former director or supervisor, or newly elected, re-elected and the date of the election. Their attendance (%) at the Board session shall be calculated on the basis of the actual number of sessions held and the number of sessions they attended.

(II) Implementation of the Audit Committee or supervisors' participating in the operation of the Board of Directors:

1. The state of operations of the audit committee: We did not establish the audit committee. We have two supervisors.
2. Board meeting participation of supervisors: BOD held four board meetings (A) in the previous year, and the attendance of supervisors is as follows:

Title	Name	Actual number of attendance (B)	Attendance rate (%) (B/A) (Note)	Remarks
Supervisor	CHANG, HUNG-YUAN	4	100	None
Supervisor	CHIEN, CHIN-CHENG	4	100	None

Other notes:

The organization of supervisors and their duties:

(I) Communication (e.g. channels and methods of communication) between supervisors and employees and shareholders:

Description: Supervisors of this company are free to check on the company's sales and financial performance and communicate with employees and shareholders by phone, by email, or in person.

(II) Supervisors' communication with Internal Audit Officer and CPAs (for example, the matters, methods, and results of communication regarding the Company's finance, business operation, etc.)

Description: Supervisors of this company are free to communicate with the internal audit chief and accounting chief regarding the company's financial and sales performance and attend board meetings as a guest to listen to the business reports presented by directors and the management and participate in discussion and decision-making.

The internal audit chief shall submit an audit report to the independent directors and supervisors in the next month after completing an audit. The audit chief shall attend board meetings as a guest to present an audit report. Independent directors, supervisors, the internal audit chief, and accountants shall attend at least one regular meeting (or through official letters) each

year to understand the audit planning and the key audit items and the financial status and internal audit control of the group, and independent directors and supervisors may contact the internal control chief and accountants any time.

1. Summary of communication between independent directors and supervisors and the internal audit chief:

Date	Main points of communication	Recommendations and results
2019/03/21	Internal control report on the defects audited between October 2018 and January 2019 and their improvements of abnormal affairs.	No objection.
2019/05/13	Internal control report on the defects audited between February 2019 to March 2019 and their improvements of abnormal affairs.	No objection.
2019/08/12	Internal control report on the defects audited between April 2019 to June 2019 and their improvements of abnormal affairs.	No objection.
2019/11/11	Internal control report on the defects audited between July 2019 to September 2019 and their improvements of abnormal affairs.	No objection.
2019/12/09	I. Effectiveness of the 2019 internal audit program II. Issues for audit plans in 2020.	No objection.

2. Summary of communication between independent directors and supervisors and the accountant:

Date	Main points of communication	Recommendations and results
2019/06/18	Attend the shareholders' meeting.	None.
2019/12/09	I. Scope of audit II. Risk assessment for 2020 III. Auditor independence report	No objection.

II. Where the supervisors shall attend the meetings of the Board as observers, and may have opinions, specify the date of the meeting, the term of the Board, the content of the motions, the resolutions of the Board, and the response to the opinions of the supervisors.

Notes: Not applicable.

Note:

- * The date of resignation must be specified for Supervisors who had resigned prior to the close of the financial year. The percentage of actual attendance (%) should be calculated based on their attendance records during active duty.
- * If a re-election of Supervisors had taken place prior to the close of the financial year, then Supervisors of both the previous and the current term must be listed; the remarks column must address the re-election date and whether the Supervisor was elected in the previous term, the new term, or both. Their attendance (%) to Board session shall be calculated on the basis of the actual number of sessions they attended during the term of office.

(III) How The Company's actual governance differs from The Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and why

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
1. Will the Company based on the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" set up and disclose the Company's corporate governance best-practice principles?	V		The Board decided to establish the "Corporate Governance Best Practice Principles" to build a good corporate governance system. We amended a part of the articles as required by Issue No. 1080341134 of Financial Supervisory Commission with approval of the Board. We disclosed the amended principles on TWSE and our website.	No significant difference
2. Shareholding structure and shareholders' equity (1) Will the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly? (2) Will the Company possess the list of the Company's major shareholders and the list of the ultimate controllers of the major shareholders? (3) Will the Company establish and implement the risk control and firewall mechanisms with the related parties? (4) Will the Company set up internal norms to prohibit insiders from utilizing the undisclosed information to trade securities?	V		(1) Apart from establishing the Rules of Procedure for Shareholders Meetings and hiring a stock transfer agent to handle shareholder service, we have assigned spokespersons, public relations staff, and stock service staff to handle related affairs. In case of legal affairs, we will refer them to the Legal Affairs Division. (2) We have hired a professional stock transfer agent to take care of the changes in the list of shareholders and maintain close contact with major shareholders. (3) Through the internal control system and the subsidiary supervision regulations, we review operations periodically. In addition, the audit unit supervises the effectiveness of implementation regularly. (4) We have established the "Code of Ethical Conduct." Insiders shall abide by laws and regulations in relation to insider trading and shall not engage in securities trade with undisclosed information.	No significant difference
3. The constitution and obligations of the board of directors (1) Will the Board of Directors have diversified policies regulated and implemented substantively according to the composition of the members?	V		(1) Our "Regulations for Directorial and Supervisory Elections" specify the the directorial election and BOD structure shall be considered in accordance with the company's style of operations and the diversity of development needs, including, without limitation, gender, age, nationality, culture, professional background, professional skills, and field experience. BOD appoints employees by talent.	No significant difference

Items for evaluation	Implementation Status										Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies												
	Yes	No	Summary																				
<p>(2) Will the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?</p> <p>(3) Has the Company formulated “The Procedures for the Company’s Board Performance Evaluation” and evaluation method, conducted a performance evaluation annually and regularly, reported the results of the performance evaluation to the Board of Directors, and applied it for reference in determining individual director’s remuneration and nomination for renewal?</p> <p>(4) Will the Company have the independence of the public accountant evaluated regularly?</p>	V	V	V	V	V	V	V	V	V	V	<p>(2) We have established the Remuneration Committee as required by law. We will establish other kinds of functional committees based on business needs.</p> <p>(3) We stipulated the “Rules for Performance Evaluation of the Board” with the approval of the Board. We will evaluate the overall internal performance of the Board at the end of each year. When the Board selects or nominates independent directors, it can refer to the performance evaluation result of a director and report the result to the Board.</p> <p>(4) We hire CPAs from the Taiwan branch of one of the Big Four. BOD assesses the Independence of CPAs every year and requests them to submit a “Statement of Independence.” Currently, all CPAs in service are independent. Please see the CPA Independence Assessment Sheet in Note 1.</p>												
												Type	Name	Gender	Professional competency								
															Operating judgment	Accounting and Financial Analysis	Management	Crisis management	Knowledge of Industry	Understanding of International Markets	Leadership	Decision Making	
												Director	WANG, CHIN-PO	Male	✓		✓	✓	✓	✓	✓	✓	
													WANG, CHIUNG-FEN	Male	✓		✓	✓	✓	✓	✓	✓	
													CHEN, CHING-JUNG	Male	✓	✓	✓	✓	✓	✓	✓	✓	
													SHIH, MING-HAO	Male	✓		✓	✓	✓	✓	✓	✓	
													WU, AI-YUN	Female	✓	✓	✓	✓	✓	✓	✓	✓	
												Independent director	LI, MING-HSIEN	Male	✓	✓	✓	✓	✓	✓	✓	✓	
													LIN, HSUAN-CHU	Male	✓	✓	✓	✓	✓	✓	✓	✓	
												Supervisor	CHANG, HUNG-YUAN	Male	✓	✓	✓	✓	✓	✓	✓	✓	
													CHIEN, CHIN-CHENG	Male	✓	✓	✓	✓	✓	✓	✓	✓	

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
4. Does a TWSE/TPEX Listed company equip an appropriate number of eligible governance personnel and assign the governance office to take charge of company's governance affairs (including, without limitation, providing directors and supervisors with the data required for business operations, assistance for the legal compliance of directors and supervisors, handling affairs related to holding a board meeting or a general meeting of shareholders and producing minutes for board meetings and general meetings of shareholders)?	V		<p>To implement corporate governance and the function of the Board, the Board agrees to hire Huang Su Mei, the Assistant Vice President of Department of financial administration, as the corporate governance officer. Huang has over three years of experience in management work at public companies, including finance, stock affairs and discussion. This is the first term of corporate governance officer. Huang will complete the OJT course of first term in the first year of the term as required by law.</p> <p>The corporate governance officer is primarily responsible for corporate governance matters and servers as the board secretary. The main responsibilities include "carrying out tasks associated with the Board and Shareholders' Meeting according to the law," "creating the meeting minutes of the Board and Shareholders' Meeting," "assisting directors and supervisors with taking office and continuing education," "providing information directors and supervisors needed for operation," "helping directors and supervisors with compliance," and "other tasks stipulated according to the articles of incorporation or contract."</p> <p>The following describes the implementation of company governance matters in 2019:</p> <ol style="list-style-type: none"> 1. Assist directors and supervisors in carrying out their duties, provide them with the required data, and arrange further education for them. 2. We provide information directors and supervisors needed for operation and assist them with compliance. 3. Assist with the procedure of board meetings and meetings of shareholders and the legal compliance of resolutions. <ol style="list-style-type: none"> (1) Report the effectiveness of governance to the BOD, independent directors, and supervisors; confirm the legal compliance and compliance with the governance best practice principles of the convening of meetings of shareholders and board meetings. (2) Assist directors in legal compliance while carrying out their duty and making board resolutions, and remind directors of illegitimate resolutions. (3) Review the material information for disclosures on important resolutions after a board meeting and ensure the legitimacy and accuracy of material information to maintain information symmetry of investors. 	No significant difference

		<p>4. Maintain investor relations: Arrange exchange and communication activities for directors and major shareholders, institutional investors, and general shareholders as necessary for investors to acquire sufficient information to assess the fair value of the enterprise in the capital market and maintain the rights and interests of shareholders.</p> <p>5. Draw up the board meeting agenda and notify directors seven days in advance. Convene the board meeting and supply meeting data. Remind directors of proposals requiring avoidance of the conflict of interest. Complete the meeting minutes within 20 days after the board meeting.</p> <p>6. Complete the advance registration of the date of the meeting of shareholders; and produce the meeting notice, handbook of the meeting of shareholders, and meeting minutes within the regulatory time limits; and complete the change registration after an amendment to the Articles of Incorporation and director re-election.</p> <p>7. We provide education courses for directors and liability insurance for directors and key employee.</p>	
5. Has the Company established a communication channel with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and responded appropriately to the important corporate social responsibilities concerned by the stakeholders?	V	We have established a spokesperson system to address related matters. We have also set up a stakeholder section on the corporate website and assigned related departments and different entities (including stakeholders) to establish communication channels	No significant difference
6. Has the Company commissioned a professional stock service agent to handle shareholders affairs?	V	The Company has appointed Yuanta Securities Co., Ltd., an independence of professional stock service agent, to handle shareholders affairs.	No significant difference
7. Disclosure of information (1) Does the Company have a website setup and the financial business and corporate governance information disclosed? (2) Has the Company adopted other information disclosure methods (such as, establishing an English website, designating a responsible person for collecting and disclosing information of the Company, substantiating the spokesman system, placing the juristic person seminar program on the Company's website, etc.)? (3) Has the Company announced and declared its financial report within 2 months after the end of the fiscal year, and announced and declared the quarterly financial report of Q1, Q2, and Q3 and the monthly business report before the deadline?	V V V	<p>(1) We have established a corporate website to fully disclose information in relation of finance, sales, and governance. Website: http://www.soft-world.com</p> <p>(2) We have appointed responsible staff to gather and disclose information by law, hoping to instantaneously disclose information that may affect the decision-making of shareholders and stakeholders. We have also assigned suitable personnel to be the spokesperson and deputy spokesperson by law.</p> <p>(3) The company announced and declared annual financial report within two months after the end of fiscal year. It completed the announcement and declared the financial report of Q1, Q2 and Q3 and the operation in all months before deadline.</p>	No significant difference
8. Is there any other material information (including, without limitation, the following) that will help stakeholders understand governance practices at the company?	V		No significant difference

<ol style="list-style-type: none"> 1. Employees' rights 2. Care for the employees 3. Investor Relations 4. Supplier Relations 5. Stakeholders' rights 6. Continuing education of directors and supervisors 7. Implementation of risk management policies and risk measurement standards 8. Implementation of customer policies 9. The liability insurance obtained for directors and supervisors by the Company 		<ol style="list-style-type: none"> 1. We have established an employee welfare system to maintain the rights and interests of employees. 2. We abide by the law and maintain employee safety: e.g. workplace safety and employee bodily safety. 3. We have established the Public Relations Division to maintain shareholders relations, protect the rights and interests of investors, and fulfill our responsibilities for shareholders. 4. We always maintain sound supplier relations. 5. We have set up a stakeholder section on the corporate website for stakeholders to communicate with and make recommendations for the company, in order to maintain their legal rights and interests. 6. Further education of directors and supervisors (see Note 2 for details). 7. Prior to implementing important proposals, such as important operational policies, investment projects, endorsements/guarantees, and lending, the responsible departments will assess and analyze such proposals and submit to BOD for approval. The Audit Division also draws up the annual audit program to exercise the supervision mechanisms and control and manage all kinds of risk. 8. We maintain sound customer relations to create profit for the company. 9. To enforce governance, protect the rights and interests of all shareholders, and to reduce operational risk, we have purchased liability insurance for directors, supervisors, and officers as of 30 October 2017 and report to BOD every year. 	
<p>9. Please describe the improvement performed according to the corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange in recent years, and propose the matters with priority for improvement and the respective measures. (The companies that are not subject to an evaluation do not need to fill out this form.)</p> <p>We implement governance self-assessment in accordance with the regulations of competent authorities and improve our governance progressively in order to improve market presence. The following describes the improvement in 2019. To protect the rights of shareholders and the function of the Board, we established the position of "corporate governance officer" under the President Office and hired a corporate governance officer to promote corporate governance issues. We stipulated the "Rules for Performance Evaluation of the Board" with the approval of the Board. We evaluate the overall internal performance of the Board at the end of the year. When the Board selects or nominates independent directors, it can refer to the performance evaluation result of a director and report the result to the Board. We upload the meeting manual in English version, meeting notice and supplementary information for the meeting thirty days before the shareholders meeting.</p>			

Note: Whether the company selects “Yes” or “No” in the operation condition, it should explain the situation in the summary space.

Note 1: CPA Independence Assessment Sheet

(1)	Did CPAs hired by this company work at this company two years before engagement or within one year after retirement?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
(2)	Do CPAs hired by this company recommend the stocks or other securities issued by this company?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
(3)	Are CPAs hired by this company financed or guaranteed by this company?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
(4)	Do CPAs hired by this company co-invest or share profit with this company?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
(5)	Are CPAs hired by this company a director, a supervisor, or an officer of this company or will this influence their duty significantly or conflict with the interest of this company?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
(6)	Are CPAs hired by this company involved with the management with decision-making power of this company?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
(7)	Are CPAs hired by this company a spouse, a lineal relative by blood or by marriage, or a collateral relative by blood within the second degree of a member of the management of this company?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
(8)	Do CPAs hired by this company solicit business with direct or indirect suggestion of relationship of a specific kind or with interest?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
(9)	Do CPAs hired by this company take commission from external companies or individuals in relation to the business of this company?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
(10)	The Statement of Independence obtained from CPAs every year.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Note 2: Continued education of directors and supervisors

Title	Name	Training date		Organizer	Course name	Training hours	Total continuing education hours of the year	Whether the training had complied with policies
		Start	End					
Director	WANG, CHIN-PO	2019/08/12	2019/08/12	Securities and Futures Development Foundation	AI principle and application	3.0	6.0	Yes
		2019/05/13	2019/05/13		Material legal issues of FinTech	3.0		
Director	WANG, CHIUNG-FEN	2019/10/31	2019/10/31	Securities and Futures Development Foundation	Legal responsibility in and risk management on violation of financial statement fraud by directors and supervisors – Focus on actual case review	3.0	9.0	Yes
		2019/08/12	2019/08/12		AI principle and application	3.0		
		2019/05/13	2019/05/13		Material legal issues of FinTech	3.0		
Director	CHEN, CHING-JUNG	2019/08/12	2019/08/12	Securities and Futures Development Foundation	AI principle and application	3.0	6.0	Yes
		2019/05/13	2019/05/13		Material legal issues of FinTech	3.0		
Director	SHIH,	2019/06/14	2019/06/14	Taiwan Listed	Future prospects for knowledge economy based on culture and	2.0	6.0	Yes

	MING-HAO			Companies Association	technology			
		2019/05/13	2019/05/13		CSR – Dutch case and circular economy	2.0		
		2019/01/15	2019/01/15		Basic spirit of corporate governance – Discussion on management with leaders	2.0		
Director	WU, AI-YUN	2019/08/12	2019/08/12	Securities and Futures Development Foundation	AI principle and application	3.0	6.0	Yes
		2019/05/13	2019/05/13		Material legal issues of FinTech	3.0		
Independent Director	LIN, HSUAN-CHU	2019/08/12	2019/08/12	Securities and Futures Development Foundation	AI principle and application	3.0	6.0	Yes
		2019/05/13	2019/05/13		Material legal issues of FinTech	3.0		
Independent Director	LI, MING-HSIEN	2019/08/12	2019/08/12	Securities and Futures Development Foundation	AI principle and application	3.0	6.0	Yes
		2019/05/13	2019/05/13		Material legal issues of FinTech	3.0		
Supervisor	CHANG, HUNG-YUAN	2019/11/06	2019/11/06	Corporate Governance Association in Taiwan	Industry 4.0 and how corporations lead innovative transformation	3.0	12.0	Yes
		2019/08/12	2019/08/12	Securities and Futures Development Foundation	AI principle and application	3.0		
		2019/05/13	2019/05/13		Material legal issues of FinTech	3.0		
		2019/05/08	2019/05/08	Corporate Governance Association in Taiwan	Strengthen company operation by corporate governance mechanism.	3.0		
Supervisor	CHIEN, CHIN-CHENG	2019/08/12	2019/08/12	Securities and Futures Development Foundation	AI principle and application	3.0	6.0	Yes
		2019/05/13	2019/05/13		Material legal issues of FinTech	3.0		

(IV) If the Company has established the Remuneration Committee, disclose the composition, function and state of operation

1. Information on the members of the Remuneration Committee

By identity (Note 1)	Name	Condition	Have more than 5 years of experience and the following professional qualifications			Compliance of independence (Note 2)								Number of public companies where the members of the Remuneration Committee are also the members of the remuneration committees of these companies	Remarks (Note 3)
			Lecturer (or above) of commerce, law, finance, accounting, or any subjects relevant to the company's operations in a public or private tertiary institution	Passed the qualification examination with proper licensing by the national Government Apparatus as court judge, prosecutor, lawyers, certified public accountant or other professional designations required by the business of the Company	Required Work experience in commerce, law, finance, accounting or others required by the company	1	2	3	4	5	6	7	8		

Independent director	Convener LI, MING-HSIEN	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	No
Independent director	Committee LIN, HSUAN-CHU	✓			✓	✓	✓	✓	✓	✓	✓	✓	3	No
Others	Committee SHYU, SO-DE	✓			✓	✓	✓	✓	✓	✓	✓	✓	0	No

Note 1: Identity is known as director, independent director or others.

Note 2: place a "✓" in the box below if the member met the following conditions during the time of active duty and two years prior to the elected date.

Note 3. If the members are Directors, specify if Paragraph 5, Article 6 of the “ Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange” is duly complied.

- (1) Not an employee of the Company or its affiliates.
- (2) Not a director or supervisor of the Company or its affiliates. Except the capacity as independent director of the Company, the parent, or subsidiaries where the Company held more than 50% of the direct or indirect voting shares.
- (3) Does not hold more than 1% of the company’s outstanding shares in his/her own name or under the name of spouse, underage children, or any other person; nor is any party listed herein one of the ten largest natural person shareholders of the company.
- (4) Not a spouse, kin at the second pillar under the Civil Code, or the lineal blood relatives within the third pillar under the Civil Code as specified in (1) through (3).
- (5) Not a director, supervisor, or employee of the company's corporate shareholder holding more than 5% of the company's outstanding capital; nor a director, supervisor, or employee to any of the top 5 corporate shareholders.
- (6) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company.
- (7) Not a professional, business owner, partner, director, supervisor, or manager of any sole-proprietorship, partnership, company, or institution providing commercial, legal, financial, or accounting services or consultations to the company or any of its affiliated companies; nor a spouse to anyone listed herein.
- (8) Not under any of the categories stated in Article 30 of the Company Act.

2. Information on the operation of the Remuneration Committee

(1) The Remuneration Committee of the Company is consisted of 3 persons.

(2) The tenure of current members of the committee: August 12, 2018 to June 13, 2021. The committee has held 2 sessions lately (A). The qualification of the members and attendance to meetings are shown below:

Title	Name	Actual number of attendance (B)	Attend through proxy	Attendance rate (%) (B/A) (Note)	Remarks
Convener	LI, MING-HSIEN	2	0	100	None
Committee	SHYU, SO-DE	2	0	100	None
Committee	LIN, HSUAN-CHU	2	0	100	None

Other notes:

1. The Board may not accept the recommendations of the Remuneration Committee, or revise the recommendations, specify the date of the Board meeting, the term, the content of the motion, the resolution of the Board, and the response of the Board towards the opinions of the Remuneration Committee (e.g., the remuneration package passed by the Board is superior to the recommendation of the Remuneration Committee, specify the difference and the reasons): None.

2. Where members of the Remuneration Committee may have adverse opinions or qualified opinions in their resolutions on record or in written declaration, specify the date and session of the committee, the content of the motion, the opinions of all other members, and the responses to the adverse opinions: None.

3. Important Remuneration Committee resolutions:

Date	RE:	Resolution
2 nd meeting of the 4 th Remuneration Committee 21 Mar 2019	1. Review of the proposal on the 2018 earnings distribution for directors, supervisors, and employees.	The proposal passed as all attending members of Remuneration Committee.
3 rd meeting of the 4 th Remuneration Committee 2019/11/11	1. We amended the “Remuneration Committee Charter.” 2. We amended the case of “Performance evaluation standard for directors and supervisors, and the policy, system, standard and structure of remuneration.” 3. Assess the policy, system, standard, and structure of the performance evaluation and remuneration of officers. 4. Discussion the 2020 work plan of the Remuneration Committee.	
4 th meeting of the 4 th Remuneration Committee 2020/03/25	1. Review of the proposal on the 2019 earnings distribution for directors, supervisors, and employees.	

Note:

- (1) If specific member of the Remuneration Committee resigned before the end of the fiscal year, specify the date of departure in the field of Remarks, the attendance rate to committee meetings (%) basing on the actual attendance to committee meetings during his or her term of office in proportion to the total number of committee meetings held in the same period.
- (2) Before the end of the fiscal year, new members were elected to the Remuneration Committee to fill the vacancies left behind by the members with tenure expired. Specify both the details of the new and former members of the committee in the field of “Remarks” as original term, new term, or renewed term, and the date of the election. The actual attendance rate (%) shall be calculated on the basis of the total number of meetings and the actual number of meetings attended by the member during his/her term of employment.

(V) Performance of corporate social responsibility: The systems of the Company in environmental protection, community participation, social contribution, social service, social charity, consumer rights, human rights, safety and health, and other aspects of corporate social responsibility and the state of pursuit:

In addition to game development, we spare no effort to implement corporate social responsibilities, such as consumer rights and interest and social welfare, in order to contribute to society in a timely fashion.

Items for evaluation	Implementation Status			Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary	
1. Does the company assess the risk of environmental, social, and governance (ESG) issues in relation to corporate operations based on the materiality principles and establish policies or strategies in relation to risk management?	V		We integrated the risks of environmental, social and corporate governance issues associated with operation into operational strategy, including company policy, internal operational management and business execution.	No significant difference
2. Does the Company have a specific (or part-time) unit set up to promote corporate social responsibility, have the management been authorized by the Board of Directors to handle matters and report the processing results to the Board of Directors?	V		The financial management center is in charge of promotion of measures on protection for workplace and personal safety. The President Office is in charge of environment, social welfare and consumer rights.	No significant difference
3. Environmental Issues (1) Does the Company have an appropriate environmental management system established in accordance with its industrial character? (2) Is the Company committed to enhance the utilization efficiency of resources and use renewable materials that are with low impact on the environmental? (3) Does the Company assess the present and future potential risks and opportunities of climate change on the Company and take actions to related issues? (4) Did the Company produce statistics on the GHG emissions, water consumption, and total waste in the last two years? Has the company established policies for energy conservation, carbon reduction, GHG reduction, water conservation, and waste management?	V V V V		(1) We ensure the utilization efficiency of various resources to reduce the impact of environmental loads. (2) When selecting major production materials, we use only the non-hazardous substances listed by the RoHS to reduce environmental impacts. We are a manufacturer, and ISO 140001 thus does not apply to this company. (3) We are not in manufacturing industry. The main potential risks we encountered are in environmental and operational aspects. To mitigate and adapt with changes incurred by climate changes, we adopt equipment with higher efficiencies to lower the operational cost. (4) We stipulated the management policies for energy saving and carbon reduction, GHG reduction, water use reduction or other policies of waste management to comply with policies of energy saving, carbon reduction and GHG reduction.	No significant difference
4. Social issues (1) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights? (2) Has the company established and implemented reasonable employee welfare measures (including remuneration, leave, and other benefits) and appropriately reflected business performance and achievements in the remuneration for employees?	V V		(1) We establish management policies and procedures in accordance with relevant laws and the International Bill of Human Rights. (2) We stipulate all kinds of salary and welfare measures according to the “Labor Standards Act” and relevant regulations. We provide market competitive welfare to encourage employees. Besides, we perform regular appraisal and give performance	No significant difference

Items for evaluation	Implementation Status			Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary	
(3) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V		bonus to share our surplus with employees. (3) We provide employees with a safe and healthy workplace and arrange workplace health and safety training regularly in compliance with OHS laws and regulations. We also arrange health examinations for employees every year and enhance workplace safety and health.	
(4) Does the Company have an effective career capacity development training program established for the employees?	V		(4) We encourage employees of all departments to apply for external professional training to enrich their career skills. We also encourage employees to assess their interest, skills, value, and goals to make future career planning.	
(5) Does the company comply with the related laws and regulations and international standards regarding the customer health and safety, customer privacy, marking communication, and labeling of its products and services and establish policies to protect the rights and interests of customers and procedures for grievances?	V		(5) We established the customer service unit, policy for consumer rights protection and appeal procedure. We set up a stakeholder section to provide customers with a channel for inquiry, appeal and suggestion, which are handled with care and feedback is provided according to the principle of good faith to ensure customer rights.	
(6) Has the company established policies for management to request suppliers to comply with the relevant laws and regulations of environmental protection, occupational safety and health, and labor human rights? Does the company keep track on the implementation of such policies?	V		(6) We do not include our CSR policy in contracts signed with suppliers. However, after detecting their involvement with a violation of our CSR policy that may cause significant impacts to the environment and society, we will consider suspend or terminate business with them.	
5. Did the company, following internationally recognized guidelines, prepare and publish reports such as its corporate social responsibility report to disclose non-financial information of the company? Did the company apply for assurance or guarantee of such reports to a third-party certification body?		V	We have not acquired the affirmation or guarantee opinion from a third-party certification unit, however we have formulated the “Corporate Social Responsibility Best Practice Principles”, implemented corporate social responsibility and put stakeholders’ interests into consideration. In addition, we treat customers fairly and reasonably, and require suppliers to comply with the guidelines for corporate social responsibility practices.	No significant difference
6. For companies who had established corporate responsibility code of conducts in accordance with the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies”, please describe the current practice and any deviations from the code of conduct: No significant difference.				
7. Other important information that help understand the CSR operation: (1) As a domestic game developer, we encourage more talent to join technology and art creation in recognition of Kwoh-ting Li’s contribution to Taiwan’s economic miracle. Aiming to capacitate the industry, we began to sponsor all cash prizes for the digital game category of the KT Awards for technology and art creation competitions in 2014, in order to cultivate technology and art talent, and promote game industry innovation and creative talent. (2) We are devoted to enhancing the local industry in Kaohsiung and cultivate professional technical talents. Since 2018, we have collaborated with 20 universities on academia industry internship two years in a row, including National Pingtung University, National Yunlin University of Science & Technology, National Kaohsiung Normal University,				

Items for evaluation	Implementation Status			Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary	
<p>National Kaohsiung University of Science and Technology, National Taitung University, National Chiayi University, National Formosa University, Tainan National University of the Arts, Wenzao Ursuline University of Languages, Cheng Shiu University, Tungfang Design University, Southern Taiwan University of Science and Technology, Kun Shan University, Chang Jung Christian University, Shih Chien University Kaohsiung Campus, Shu-Te University, Yu Da University of Science and Technology and Ling Tung University. We recruited 36 students in the first year (academic year of 2018) for the one-year internship in 3D game arts. Besides teaching students professional knowledge in the industry and providing them chances with hands-on practice, we offer all kinds of welfare, including scholarship, free dormitory, allowance and group insurance. Through solid courses, we focus our in-depth training on competencies required for industrial talents. Interns can work in Soft-World Group once they pass the internship completion appraisal. A total of 12 students became full-time employees in the first year (academic year of 2018), 30% of all the interns. We helped these interns achieve seamless transition from graduation to employment. We recruited 38 students in the second year (academic year of 2019) for the one-year internship. In addition to 3D game arts, our training covers multimedia production and music composition. We expect to bridge the industry academia gap significantly, and cultivate new industrial talents in the long run, to cultivate work-ready industrial professionals and increase overall competitiveness. In the meantime, we built a new base for international game design in Southern Taiwan and achieve a three-win situation for schools, students and corporations.</p> <p>(3) To fulfill our environmental CSR, we ban hazardous substances in RoHS in the major raw materials for production and disseminate this message to all departments to ensure our products can comply with the regulatory and customer requirements.</p> <p>(4) In times of social emergency, we initiate donations and encourage employees to participate in social assistance.</p>				

(VI) The Company's integrity and measures taken to ensure service integrity:

Items for evaluation	Actual governance (Note 1)			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
<p>1. The policy and plan of business integrity</p> <p>(1) Has the company established policies for ethical corporate management approved by the board of directors and stated such policies and practices in its regulations and external documents and in the commitment made by the board of directors and senior management to actively implement such policies?</p> <p>(2) Has the company established an assessment mechanism of risk from unethical behavior to regularly analyze and assess business activities with higher risk of involvement in unethical behavior and preventive programs for unethical behaviors containing at</p>	V		<p>(1) To implement ethical corporate management. Therefore, we established in 2017 the “Soft-World International Ethical Corporate Management Best Practice Principles” to prevent unethical conduct, prohibit any and all forms of bribery, corruption, extortion and embezzlement and prevent individual behaviors from damaging the interest and goodwill of the company, and ensure compliance with related laws and regulations and the code of ethical conduct for business. Our senior management and Board members are responsible for supervision based on integrity when performing the operation to create an operating environment for sustainable development.</p> <p>(2) The company is committed to implementing the unethical conduct prevention plan. Our “code of practice” specified unethical conducts including the “opportunistic, concealment, swindling, seeking of illegal profit.” We have adopted</p>	No significant difference

Items for evaluation	Actual governance (Note 1)			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity		
	Yes	No	Summary			
<p>least the preventive measures stated in paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies?”</p> <p>(3) Did the company explicitly specify the operating procedure, code of conduct, punishment and grievance system for violation in the unethical conduct prevention plan? Has the company implemented the aforementioned operating procedure, code of conduct, punishment and grievance system for violation? Does the company review and amend the abovementioned plan regularly? Has the company carried out preventive measures for risky operating activities?</p>	V		<p>preventive measures and promoted unethical conduct prevention to carry out the ethical management policy.</p> <p>(3) To prevent the risk of unethical behavior in business activities, we prohibit the offering and acceptance of bribes and illegal policy contribution. In the “Work Rules,” we specify that employees will be dismissed when they “charge on credit in the name of the company for reasons unrelated to work,” “embezzle transaction payments,” or “procure in the name of the company or privately.”</p>			
<p>2. The Materialization of Business Integrity</p> <p>(1) Does the company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed?</p> <p>(2) Has the company set up a unit responsible for promotion of corporate ethical management under the Board? Does the company report its ethical management policy, unethical conduct prevention plan, and relevant supervision and implementation regularly (at least once a year)?</p> <p>(3) Does the Company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies?</p> <p>(4) Has the company built an effective accounting system or internal control system for implementation of ethical management? Has our internal audit unit drawn up relevant audit plans based on the result for evaluation of risk of unethical conduct? Has our internal audit unit checked the compliance to unethical conduct prevention plan according to the audit plan or authorized an accountant to perform the check?</p> <p>(5) Has the Company organized corporate management internal and external education and training programs on a regular basis?</p>	V	V	V	V	<p>(1) We do not include ethical conduct terms in business contracts. However, we do engage in business activities in conformity with the Company Act and other laws and regulations or laws and regulations in relation to business activities.</p> <p>(2) The President Office instructed relevant units to carry out corporate ethical management and report the implementation to the Board. No valid case of external or employee whistleblowing was handled and no major unethical conduct occurred in 2019.</p> <p>(3) We perform all of the operating activities according to law. We announce major news for information transparency as required by law. For proposals in the Board, the directors associated with the proposals strictly comply with the rules for avoidance of conflict of interest and do not participate in discussion or voting.</p> <p>(4) Our internal audit unit regularly analyzes and evaluates the risk of unethical conduct (annual self-evaluation report). We formulate relevant audit plans according to the result and schedule specialized check by accountants for exceptional situation.</p> <p>(5) We establish the employee training plan every year and arrange courses involving governance and ethical corporate management. In 2019, we arranged up to 44 hours of courses involving ethical corporate management for 88 employees.</p>	No significant difference

Items for evaluation	Actual governance (Note 1)			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
3. The operations of the Company's Report System (1) Does the Company have a specific report and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported? (2) Has the Company established the standard operation procedures for the investigation of complaints as reported, follow-up actions after the investigation, and related mechanisms for confidentiality? (3) Has the Company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?	V		Punishment is specified in the Work Rules. (1) Employees can report unethical behaviors to the "suggestion box" or the "whistleblowing email" for the responsible personnel of the Financial Management Center to take over a case. (2) Our document and data, and the record and archive after survey, are treated as confidential documents. All staffs handled these information are responsible for full confidentiality on the process with their participation. (3) We ensure the anonymity of whistleblowers and that they are not treated improperly.	No significant difference
4. Enhancing Information Disclosure (1) Has the company disclose the contents of the integrity management rules and its implementation effectiveness on its website and the Market Observation Post System?	V		(1) We have disclosed our the "Soft-World International Ethical Corporate Management Best Practice Principles" and related information on the corporate website and MOPS.	No significant difference
5. Where the Company may have establish its own business integrity best-practice principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies", and shall elaborate the practice of business integrity and the variations from the aforementioned regulation: No significant difference.				
6. Other vital information that helps to understand the practice of business integrity of the Company (e.g., the review and revision of the best-practice principles of the Company in business integrity): None.				

(VII) If the company has formulated corporate governance principles and related articles, it shall disclose the way of inquiry:

1. We have established the following regulations with respect to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies":

Rules of Procedure for Shareholders' Meetings, Rules and Procedures of Board of Directors Meetings, Rules for Election of Directors and Supervisors, Procedures for Acquisition or Disposal of Assets, Procedures for Endorsement and Guarantee, Procedures for Lending Funds to Other Parties, Rules Governing Insider Trading, Corporate Social Responsibility Best Practice Principles, Rules Governing the Scope of Powers of Independent Directors, Codes of Ethical Conduct, Principles of Ethical Operation, Corporate Governance Best Practice Principles, and Rules for Performance Evaluation of the Board.

2. Enquiry: We disclose financial and governance information on the corporate website at <http://www.soft-world.com>.

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

1. During the inauguration of new directors, new supervisors, and new officers, we distribute them the latest version of the "Regulations Governing Insider Shares Handling and Points for Notice of Companies Listed Over the Counter and in the Emerging Market" for the reference.

2. MOPS under <http://mops.twse.com.tw> and the investors section on the corporate website at <http://www.soft-world.com>.

(IX) Internal control:

1. Declaration of Internal Control Policies

Soft-World International Corporation
Statement of Declaration of Internal Control System

Date: March 25, 2020

The Company's 2019 Internal Control System Declaration is declared as follows in accordance with the self-assessment results:

- I. The Company is aware that the establishment, execution, and maintenance of its internal control policies are the responsibilities The Company's board of directors and managers. These policies were implemented throughout The Company. The purpose is to provide reasonable assurance on the achievement of operating effectiveness and efficiency (including profits, performance, and assets safeguarding), reporting matters with reliability, timeliness, and transparency, and compliance with the relevant law and regulations.
- II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within The Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company has based on the criteria of the internal control system effectiveness in the "Regulations Governing the Establishment of Internal Control System by Public Companies" (referred to as the "Regulations" hereinafter) to determine the effectiveness of the internal control system design and implementation. The criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to "The Governing Principles" for details.
- IV. The Company adopted the abovementioned criteria to evaluate the effectiveness of its policy design and execution.
- V. The Company based on the assessment results in the preceding paragraph believes that the Company's internal control system (including the supervision and management of subsidiaries) as of December 31, 2019, including the achievement of operating effectiveness and efficiency, reporting matters with reliability, timeliness, transparency, and compliance with the relevant specifications, and the compliance with the relevant law and regulations, and the related internal control system design and implementation, is effective and is able to reasonably ensure achieving the above objectives.
- VI. This declaration forms part of the main contents of the company's annual report and prospectus, and shall be disclosed to the public. Any misrepresentation or concealment of the aforementioned disclosures shall be liable to violation of Articles 20, 32, 171 and 174 of the Securities and Exchanges Act and the legal consequences thereof.
- VII. The "Internal Control System Declaration" was resolved in the Board of Directors meeting on March 25, 2020 without any objection from any of the seven (7) attending Board Directors. The attending Board Directors approved the "Internal Control System Declaration" unanimously.

Soft-World International Corporation

Chairman and President: WANG, CHIN-PO

2. For the CPAs specifically commissioned to review the internal control system, the Independent Auditor's Report should be disclosed: None.
- (X) Major resolutions from general shareholders' meetings and board of directors meetings during the latest financial year, up to the publication date of this annual report: None.

(XI) Important Resolution of the Board of Directors as of the Publication Date of the Annual Report:

1. Major shareholders' meeting resolutions:

The 2019 annual general meeting of shareholders (AGM) was held at 9.30am on Thursday June 18, 2019 at the Banquet Hall, Howard Plaza Hotel Kaohsiung (M3, No. 311, Qixian 1st Road, Kaohsiung).

◎ Important resolutions:

- (1) Adoption of the 2018 final accounting books.
- (2) Acknowledging the Company's 2018 Earnings Distribution.
- (3) We passed the vote on the amendment of the articles of incorporation.
- (4) We passed the vote on the amendment of the Procedures for Acquisition or Disposal of Assets.
- (5) We passed the vote on the amendment of the Procedures for Lending Funds to Other Parties.
- (6) We passed the vote on the amendment of the Procedures for Endorsement and Guarantee.
- (7) We passed the vote on the amendment of the release of the prohibition on directors from participation in competitive business.

◎ Status of implementation:

- (1) Implementation of the important resolutions made at the board meetings were completed.
- (2) The 2018 earnings distribution proposal: cash dividend at NT\$2.2 per shares. The base date of distribution was set at September 3, 2019. Cash dividend was distributed on September 20, 2019.

2. Major Board of Directors resolutions:

Time	Important resolutions
5 th Meeting of the 9 th Board of Directors 2019/03/21	<ol style="list-style-type: none"> 1. The 2018 effectiveness evaluation of the internal control system and the Statement of Internal Control System. 2. The 2019 CPA audit fee. 3. Shares transfer of subsidiaries. 4. Review of the proposal on the 2018 earnings distribution for directors, supervisors, and employees. 5. The 2018 business report, individual financial statements, and consolidated financial statements. 6. The Company's 2018 Earnings Distribution. 7. Amendments to the "Articles of Incorporation" . 8. Amendments to the Regulations Governing the Acquisition and Disposal of Assets. 9. Amendments to the Operational Procedures for Loaning Funds to Others 10. Amendment to the Regulations for Endorsements and Guarantees. 11. Motion of cancelling the non-compete restriction on the elected directors 12. Acceptance of the proposals and nominations made by shareholders holding 1% of shares. 13. Discussion of the date and place of the 2019 AGM 14. Operational Plan for year 2019.
6 th Meeting of the 9 th Board of Directors 2019/05/13	<ol style="list-style-type: none"> 1. We formulated the SOP for handling requests from directors. 2. We endorse and guarantee the contract renewal for our subsidiary "Neweb Technologies Co., Ltd."
7 th Meeting of the 9 th	<ol style="list-style-type: none"> 1. Determination of the base date of 2018 cash dividend distribution. 2. We amended the "Internal Control System" and "Enforcement Rules of

Time	Important resolutions
Board of Directors 2019/08/12	Internal Audit.”
8 th Meeting of the 9 th Board of Directors 2019/11/11	<ol style="list-style-type: none"> 1. We amended the “Remuneration Committee Charter.” 2. We amended the case of “Performance evaluation for directors and supervisors, and the policy, system, standard and structure of remuneration.” 3. Assess the policy, system, standard, and structure of the performance evaluation and remuneration of officers. 4. We endorse and guarantee the contract renewal for our subsidiary “Neweb Technologies Co., Ltd.” 5. We endorse and guarantee the contract renewal for our subsidiary “Neweb Technologies Co., Ltd.” 6. Independence and suitability assessment of CPAs. 7. Issues for audit plans in 2020. 8. We formulated the Corporate Governance Best Practice Principles. 9. The proposal for hiring a corporate governance officer 10. We amended the Rules for Performance Evaluation of the Board.
9 th Meeting of the 9 th Board of Directors 2020/03/25	<ol style="list-style-type: none"> 1. We amended the “Remuneration Committee Charter.” 2. The 2019 effectiveness evaluation of the internal control system and the Statement of Internal Control System. 3. Proposal to approve the CPA audit fee for 2020. 4. The proposal for switching the certified public accountant for our financial statement 5. Review of the proposal on the 2019 earnings distribution for directors, supervisors, and employees. 6. The 2019 business report, individual financial statements, and consolidated financial statements. 7. The Company’ s 2019 Earnings Distribution. 8. Amendments to Corporate Governance Best Practice Principles. 9. Amendments to Ethical Corporate Management Best Practice Principles 10. Amendments to Corporate Social Responsibility Best Practice Principles 11. Amendments to Rules of Procedure for Shareholders Meetings. 12. Amendments to Regulations for Directorial and Supervisory Elections. 13. We made discussion and in our announcement we explicitly specified that we are willing to handle proposals from shareholders holding at least 1% of shares. 14. Discussion of the date and place of the 2020 AGM 15. Operational Plan for year 2020. 16. We amended the Rules and Procedures of Board of Directors Meetings. 17. We performed the treasury stock operation for the ninth time to offer stocks to employees.

(XII) If the directors or supervisors have different opinions on the resolutions reached by the Board of Directors with a record or written statement made in the most recent year and up to the printing date of the annual report, please state the content of the opinion: None.

(XIII) The summary of the resignation or dismissal of the Company’ s Chairman, President, Accounting Officer, Finance Officer, Internal Audit Officer, and R&D Director in the most recent year and up to the printing date of the annual report: None.

V. Disclosure of CPAs' remuneration:

Firm Name	CPA Name		Duration of Audit	Remarks
Deloitte & Touche	Qiu-yan Wu	Jia-ling Jiang	2019.01.01-2019.12.31	

Note: If the accountant or accounting firm has been changed this year, the review period shall be listed and the reason of change shall be noted in the remark column.

Fee levels		Fee items	Auditing fee	Non-Auditing fee	Total
1	Below NT\$2,000 thousand			√	
2	NT\$2,000 thousand (inclusive) ~ NT\$4,000 thousand				
3	NT\$4,000 thousand (inclusive) ~ NT\$6,000 thousand				
4	NT\$6,000 thousand (inclusive) ~ NT\$8,000 thousand		√		√
5	NT\$8,000 thousand (inclusive) ~ NT\$10,000 thousand				
6	Over NT\$10,000 thousand (inclusive)				

- (I) If the non-auditing fee paid to the attestation CPAs, attestation CPA Firm, and the affiliated enterprises is for an amount more than one fourth of the auditing fee, the auditing amount, non-auditing amount, and the contents of the non-auditing service must be disclosed: None.
- (II) If the commissioned CPAs Firm is replaced and the auditing fee paid in the year of replacement is less than the auditing-fee paid in the prior year, the auditing fee before and after the replacement and the root cause should be disclosed: None.
- (III) If the audit remuneration was reduced by more than 15% from the previous year, the amount, percentage, and reasons for the reduction must be disclosed: none.

Monetary Unit: NT\$ Thousand

Firm Name	CPA Name	Non-Auditing fee					The duration of the audit	Remarks
		System design	Corporate Registration	Human Resources	Others (Note 2)	Subtotal		
Deloitte & Touche	Qiu-yan Wu	0	5	50	1,209	1,264	2019.01.01~2019.12.31	Other are transfer prices.
	Jia-ling Jiang							

Note 1: If there is any CPA or CPA Firm being replaced in current year, the auditing period should be indicated separately and the reason for such replacement should be detailed in the remark column; also, the information regarding the audit and non-audit fee paid should be disclosed.

Note 2: non-audit remuneration should be listed separately by service category. If the "Other" category amounts to 25% of total non-audit remuneration, then services must be detailed in the remarks column.

VI. Change of CPA: None.

VII. Any of the Company's Chairman, General Manager, or managers involved in financial or accounting affairs being employed by the auditor's firm or any of its affiliated company within the recent year: None.

VIII. Shareholding transfers and share collateralization within the latest year, up till the publication date of this annual report, initiated by directors, supervisors, managers and shareholders with more than 10% ownership interest:

(I) Shareholding changes of directors, supervisors, managers, and major shareholders

Title	Name	2019		By April 19 of the year.	
		Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares	Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares
Chairman and President, major shareholder	WANG, CHIN-PO	0	0	0	0
Director	WANG, CHIUNG-FEN	0	0	0	0
Director	CHEN, CHING-JUNG	0	0	0	0
Director	SHIH, MING-HAO	0	0	0	0
Director	WU, AI-YUN	0	0	0	0
Independent director	LI, MING-HSIEN	0	0	0	0
Independent director	LIN, HSUAN-CHU	0	0	0	0
Supervisor	CHIEN, CHIN-CHENG	0	0	0	0
Supervisor	CHANG, HUNG-YUAN	0	0	0	0
President, Group Financial Management Center	CHUNG, HSING- PO	0	0	0	0
Chief accountant	HUANG, YA CHUAN	0	0	0	0
Corporate Governance Officer	HUANG, SU MEI	0	0	0	0

(II) The counterparty of equity transfer is a related party:

1. Shares transfer by directors, supervisors, officers, and shareholders holding over 10% of the outstanding shares: NA.

(III) The counterparty of equity pledge is a related party: None.

IX. Relationships among The Company's top ten shareholders including spouses, second degree relatives or closer:

Information on the relationship between the top ten shareholders

April 19, 2020

Name (Note 1)	Own shareholdings		Shares Held by Spouse & Dependents		Shareholdings under the title of a third party		Spouse, Relative Of Second Degree Or Closer, Or Related Parties Defined In Statement Of Financial Accounting Standards No. 6 Among The Top Ten Shareholders; State Their Names And Relationships. (Note 3)		Remarks
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Name	Relation	
WANG, CHIN-PO	21,594,350	16.94%	3,083,208	2.42%	0	0	Xiu-yan Ke WANG, SHU-CHUAN Jun-xiong Wang	Husband and wife Brother and sister Brothers	None
Xingtian Technologies Corporation Investment Account in Custody of KGI Commercial Bank Co., Ltd.	12,342,000	9.68%	0	0	0	0	None	None	None
Zilong Venture Capital Co., Ltd.	8,738,000	6.85%	0	0	0	0	None	None	None
Zilong Venture Capital Co., Ltd. Representative: WANG, LEE-JUNG	281,428	0.22%	0	0	0	0	None	None	None
Taiwan Branch, Belize Yiqiao Development Co., Ltd.	6,880,000	5.40%	0	0	0	0	None	None	None
Taiwan Branch, Belize Yiqiao Development Co., Ltd. Representative: WANG, CHIN-MING	0	0%	0	0	0	0	None	None	None
Boju Financial Holdings Corporation Investment Account in Custody of Union Bank of Taiwan Co., Ltd.	4,120,000	3.23%	0	0	0	0	None	None	None
Special Account for Investment of the Central Bank of Norway in custody of Citibank(Taiwan)	3,118,084	2.45%	0	0	0	0	None	None	None
Hsiu-Yen Ke	3,083,208	2.42%	21,594,350	16.94%	0	0	WANG, CHIN-PO	Husband and wife	None
Wanin International Co., Ltd.	1,828,000	1.43%	0	0	0	0	None	None	None
Wanin International Corporation Representative: Zheng-hao Xiao	16,000	0.01%	0	0	0	0	None	None	None
WANG, SHU-CHUAN	1,693,324	1.33%	0	0	0	0	WANG, CHUN-PO Jun-xiong Wang	Brother and sister Brother and sister	None
Jun-xiong Wang	1,629,512	1.28%	0	0	0	0	WANG, CHIN-PO WANG, SHU-CHUAN	Brothers Brother and sister	None

Note 1: Illustrate the top-ten shareholders. The name of the corporate shareholders and the name of its representative should be illustrated separately.

Note 2: The calculation of shareholding ratio refers to the shareholding ratio calculated in accordance with the shareholding of the shareholders, spouse, minor children, and in the name of others.

Note 3: Disclose the interrelationship of the shareholders listed above, including corporate investors and natural investors.

X. Investments jointly held by The Company, The Company's directors, supervisors, managers, and enterprises directly or indirectly controlled by The Company. Calculate shareholding in aggregate of the above parties:

Proportion of overall shareholding

Expressed in shares; NT\$ thousands; % December 31, 2019

Investee (Note)	Invested by The Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Combined investment	
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding
Chinese Gamer International Corporation	41,880,205	48.9%	1,207,346	1.41%	43,087,551	50.28%
Game Flier International Corporation	28,330,027	98.5%	0	0	28,330,027	98.5%
Soft-World (Hong Kong) International Corporation	3,883,558	100%	0	0	3,883,558	100%
Game First International Corporation	16,684,063	70%	0	0	16,684,063	70%
Global Concept Corporation	9,631,253	100%	0	0	9,631,253	100%
Zealot Digital International Corporation	8,904,162	99%	49,287	0.55%	8,953,449	99.49%
Zilong Venture Capital Co., Ltd.	10,000,000	13%	0	0	10,000,000	13%
Soft-World Technology Pte. Ltd.	390,000	100%	0	0	390,000	100%
Fast Distributed Cloud Computing (Taiwan) Co., Ltd.	2,372,919	100%	0	0	2,372,919	100%
Interactive Entertainment Technology Co., Ltd.	480,000	80%	0	0	480,000	80%
Dynasty International Information Co., Ltd.	1,460,610	86%	0	0	1,460,610	86%
Sofaman Technologies Co., Ltd.	936,600	60%	0	0	936,600	60%
Zealot Digital Pte. Ltd.	26,460,042	100%	0	0	26,460,042	100%

Investee (Note)	Invested by The Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Combined investment	
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding
Neweb Technologies Co., Ltd.	56,232,998	50%	2,287,428	6.5%	28,520,426	56.94%
Efun International Corporation	12,855,243	80%	0	0	12,855,243	80%
Lung Hsiang Investment Co., Ltd	25,000,000	44%	0	0	25,000,000	44%
Celad Taiwan Inc.	1,750,000	31.8%	0	0	1,750,000	31.8%
Joy Children Technology Co., Ltd.	2,051,153	32%	0	0	2,051,153	32%
We Can Financial Technology Co., Ltd.	3,781,000	37.8%	0	0	3,781,000	37.8%
iJoining Corporation	1,600,000	7.9%	0	0	1,600,000	7.9%

Note: Investments using the equity method

IV. Funding Status

I. The Company's capital stock and stock shares

(I) Capital Sources

1. Process where the share capital was formatted

Year and month	Issuing price	Authorized shares capital		Paid-in shares capital		Remarks		
		Quantity	Amount	Quantity	Amount	Sources of shares and dividends	Paid in properties other than cash	Others
February 1983	Note 1	Note 1	5,000,000	Note 1	5,000,000	Cash	-	-
December 1989	Note 1	Note 1	25,000,000	Note 1	25,000,000	Issuance of common stock for cash \$20,000,000	-	-
June 1996	10	5,100,000	51,000,000	5,100,000	51,000,000	Issuance of common stock for cash \$26,000,000	-	-
September 1996	10	7,000,000	70,000,000	7,000,000	70,000,000	Issuance of common stock for cash \$19,000,000	-	-
October 1997	10	12,000,000	120,000,000	12,000,000	120,000,000	Issuance of common stock for cash \$50,000,000	-	-
September 1998	13	19,000,000	190,000,000	19,000,000	190,000,000	Issuance of common stock for cash \$70,000,000	-	-
June 1999	10	20,900,000	209,000,000	20,900,000	209,000,000	Recapitalization of earnings \$19,000,000	-	Note 2
October 2000	10	26,229,500	262,295,000	26,229,500	262,295,000	Recapitalization of earnings \$31,350,000 Capital surplus transferred to capital \$16,720,000 Capital increased by employees' bonus \$5,225,000	-	Note 3
October 2001	10	65,000,000	650,000,000	37,560,000	375,600,000	Recapitalization of earnings \$104,918,000 Capital increased by employees' bonus \$8,387,000	-	Note 4
November 2002	10	52,560,000	525,600,000	37,644,000	376,440,000	Convertible corporate bonds Converted to ordinary shares \$840,000	-	Note 5
November 2002	10 10 82 10	90,000,000	900,000,000	63,108,327	631,083,270	Recapitalization of earnings \$93,900,000 Capital increased by employees' bonus \$9,605,500 Issuance of common stock for cash \$150,000,000 Convertible corporate bonds Converted to ordinary shares \$1,137,770	-	Note 6

Year and month	Issuing price	Authorized shares capital		Paid-in shares capital		Remarks		
		Quantity	Amount	Quantity	Amount	Sources of shares and dividends	Paid in properties other than cash	Others
January 2003	10	90,000,000	900,000,000	63,332,603	933,326,030	Convertible corporate bonds Converted to ordinary shares \$2,242,760		Note 7
March 2003	10	90,000,000	900,000,000	63,397,152	633,971,520	Convertible corporate bonds Converted to ordinary shares \$645,490	-	Note 8
September 2003	10	120,000,000	1,200,000,000	78,009,344	780,093,440	Recapitalization of earnings \$114,114,870 Capital increased by employees' bonus \$12,500,000 Convertible corporate bonds Converted to ordinary shares \$19,507,050	-	Note 9
October 2003	10	120,000,000	1,200,000,000	78,114,108	781,141,080	Convertible corporate bonds Converted to ordinary shares \$1,047,640	-	Note 10
January 2004	10	120,000,000	1,200,000,000	78,210,918	782,109,180	Convertible corporate bonds Converted to ordinary shares \$968,100	-	Note 11
March 2004	10	120,000,000	1,200,000,000	78,490,742	784,907,420	Convertible corporate bonds Converted to ordinary shares \$2,798,240	-	Note 12
October 2004	10	126,690,000	1,266,900,000	94,695,281	946,952,810	Recapitalization of earnings \$141,283,330 Capital increased by employees' bonus \$19,900,000 Convertible corporate bonds Converted to ordinary shares \$862,060	-	Note 13
January 2005	10	126,690,000	1,266,900,000	94,698,858	946,988,580	Convertible corporate bonds Converted to ordinary shares \$35,770	-	Note 14
October 2005	10	152,000,000	1,520,000,000	105,591,344	1,055,913,440	Recapitalization of earnings \$93,924,860 Capital increased by employees' bonus \$15,000,000	-	Note 15
May 2006	10	152,000,000	1,520,000,000	105,591,344	1,055,913,440	Merger with Yuding Investment Co., Ltd.	-	Note 16

Year and month	Issuing price	Authorized shares capital		Paid-in shares capital		Remarks		
		Quantity	Amount	Quantity	Amount	Sources of shares and dividends	Paid in properties other than cash	Others
October 2006	10	152,000,000	1,520,000,000	111,459,057	1,114,590,570	Recapitalization of earnings \$51,971,170 Capital increased by employees' bonus \$6,705,960	-	Note 17
April 2007	10	152,000,000	1,520,000,000	112,730,557	1,127,305,570	Shares conversion with employee stock warrants \$12,715,000	-	Note 18
July 2007	10	180,000,000	1,800,000,000	112,754,057	1,127,540,570	Shares conversion with employee stock warrants \$235,000	-	Note 19
October 2007	10	180,000,000	1,800,000,000	112,769,057	1,127,690,570	Shares conversion with employee stock warrants \$150,000	-	Note 20
October 2007	10	180,000,000	1,800,000,000	122,783,301	1,227,833,010	Recapitalization of earnings \$89,342,440 Capital increased by employees' bonus \$10,800,000	-	Note 21
April 2008	10	180,000,000	1,800,000,000	123,382,301	1,233,823,010	Shares conversion with employee stock warrants \$5,990,000	-	Note 22
Aug 2008	10	180,000,000	1,800,000,000	123,406,551	1,234,065,510	Shares conversion with employee stock warrants \$242,500	-	Note 23
October 2008	10	180,000,000	1,800,000,000	123,426,551	1,234,265,510	Shares conversion with employee stock warrants \$200,000	-	Note 24
November 2008	10	180,000,000	1,800,000,000	125,039,565	1,250,395,650	Recapitalization of earnings \$6,130,140 Capital increased by employees' bonus \$10,000,000	-	Note 25
April 2009	10	180,000,000	1,800,000,000	125,661,815	1,256,618,150	Shares conversion with employee stock warrants \$6,222,500	-	Note 26
July 2009	10	180,000,000	1,800,000,000	125,681,065	1,256,810,650	Shares conversion with employee stock warrants \$192,500	-	Note 27
November 2009	10	180,000,000	1,800,000,000	126,900,001	1,269,000,010	Recapitalization of earnings \$6,209,850 Capital increased by employees' bonus \$5,979,510	-	Note 28
October 2010	10	180,000,000	1,800,000,000	127,527,131	1,275,271,310	Recapitalization of earnings \$6,271,300	-	Note 29
October 2011	10	180,000,000	1,800,000,000	128,161,332	1,281,613,320	Recapitalization of earnings \$6,342,010	-	Note 30
December 2011	10	180,000,000	1,800,000,000	127,474,332	1,274,743,320	Capital reduction at \$6,870,000 by cancellation of treasury stock.	-	Note 31

Note 1: The number of shares was not disclosed as we were a company of limited liabilities.

Note 2: Approved by the Securities and Futures Institute (SFI) of MOF with Letter (88) Tai-Cai-Zheng-Zi (1) No. 63885 on July 13, 1999.

Note 3: Approved by the Securities and Futures Institute (SFI) of MOF with Letter (89) Tai-Cai-Zheng-Zi (1) No. 83821 on October 9, 2000.

- Note 4: Approved by the Securities and Futures Institute (SFI) of MOF with Letter (90) Tai-Cai-Zheng-(1) No. 003176 on July 31, 2001.
- Note 5: Approved by MOEA with Letter Jin-Shou-Shang-Zi No. 09101460360 on November 12, 2002.
- Note 6: Approved by MOF-SFI with Letter Tai-Cai-Zheng-Zi (1) No. 0910144569 on August 12, 2002; MOF-SFI with Letter Tai-Cai-Zheng-Zi (1) No. 0910144570 on 20 Aug 2002; and MOEA with Letter Jin-Shou-Shang-Zi No. 09101472470 on November 21, 2002.
- Note 7: Approved by MOEA with Letter Jin-Shou-Shang-Zi No. 09201018880 on January 17, 2003.
- Note 8: Approved by MOEA with Letter Jin-Shou-Shang-Zi No. 09201082170 on March 20, 2003.
- Note 9: Approved by MOF-SFI with Letter Tai-Cai-Zheng-Zi (1) No. 0920131967 on July 16, 2003 and MOEA with Letter Jin-Shou-Shang-Zi No. 0920127179 on September 18, 2003.
- Note 10: Approved by MOEA with Letter Jin-Shou-Shang-Zi No. 09201293940 on October 17, 2003.
- Note 11: Approved by MOEA with Letter Jin-Shou-Shang-Zi No. 09301006880 on January 20, 2004.
- Note 12: Approved by MOEA with Letter Jin-Shou-Shang-Zi No. 09301044360 on March 26, 2004.
- Note 13: Approved by MOF-SFI with Letter Jing-Guan-Zheng-(1) No. 0930136080 on August 13, 2004 and MOEA with Letter Jin-Shou-Shang-Zi No. 09301193630 on October 11, 2004.
- Note 14: Approved by MOEA with Letter Jin-Shou-Shang-Zi No. 09401008700 on January 24, 2005.
- Note 15: Approved by Financial Supervisory Commission (SFC) of the Executive Yuan with Letter Jing-Guan-Zheng-(1) No. 0940140986 on 16 Sep 2005 and MOEA with Letter Jin-Shou-Shang-Zi No. 09401218300 on November 2, 2005.
- Note 16: Approved by MOEA with Letter Jin-Shou-Shang-Zi No. 09501113330 on June 26, 2006.
- Note 17: Approved by SFC with Letter Jing-Guan-Zheng-(1) No. 0950142803 on September 13, 2006 and MOEA with Letter Jin-Shou-Shang-Zi No. 09501246500 on November 1, 2006.
- Note 18: Approved by MOEA with Letter Jin-Shou-Shang-Zi No. 09601101320 on May 11, 2007.
- Note 19: Approved by MOEA with Letter Jin-Shou-Shang-Zi No. 09601202150 on August 22, 2007.
- Note 20: Approved by MOEA with Letter Jin-Shou-Shang-Zi No. 09601263770 on October 26, 2007.
- Note 21: Approved by SFC with Letter Jing-Guan-Zheng-(1) No. 0960050206 on September 11, 2007 and MOEA with Letter Jin-Shou-Shang-Zi No. 09601291580 on November 27, 2007.
- Note 22: Approved by MOEA with Letter Jin-Shou-Shang-Zi No. 09701099560 on April 25, 2008.
- Note 23: Approved by MOEA with Letter Jin-Shou-Shang-Zi No. 0971202310 on August 13, 2008.
- Note 24: Approved by MOEA with Letter Jin-Shou-Shang-Zi No. 09701271370 on October 24, 2008.
- Note 25: Approved by SFC with Letter Jing-Guan-Zheng-(1) No. 0970052282 on October 3, 2008 and MOEA with Letter Jin-Shou-Shang-Zi No. 09701298050 on November 21, 2008.
- Note 26: Approved by MOEA with Letter Jin-Shou-Shang-Zi No. 09801084640 on April 30, 2009.
- Note 27: Approved by MOEA with Letter Jin-Shou-Shang-Zi No. 09801172710 on July 30, 2009.
- Note 27: Approved by MOEA with Letter Jin-Shou-Shang-Zi No. 09801258540 on November 06, 2009.
- Note 29: Approved by SFC with Letter Jing-Guan-Zheng-(1) No. 0990044721 on August 24, 2010 and MOEA with Letter Jin-Shou-Shang-Zi No. 09901242820 on 29 Oct 2010.
- Note 30: Approved by SFC with Letter Jing-Guan-Zheng-(1) No. 1000038480 on August 19, 2011 and MOEA with Letter Jin-Shou-Shang-Zi No. 10001250530 on November 7, 2011.
- Note 31: Approved by MOEA with Letter Jin-Shou-Shang-Zi No. 10001285300 on December 20, 2011.

2. Disclose the information regarding the amount and securities to be and have been issued with approval for issuing securities through collective reporting: NA.

3. Type of shares

Stock Type	Authorized shares capital			Remarks
	Outstanding shares (OTC)	Unissued Shares	Total	
Common stock	127,474,332	52,525,668	180,000,000	GTSM-listing companies stock

(II) Shareholders structure

April 19, 2020

Composition of Shareholders Amount	Government Apparatus	Financial Institution	Other Juridical	Individual	Foreign institutions and foreigners	Total
	No. of Person	1	1	87	21,645	191
Shareholding	20	1,170,000	12,560,522	69,284,140	44,459,650	127,474,332
Ratio of Shareholding	0%	0.92 %	9.85%	54.35%	34.88%	100.00%

Note 1: IPO companies and emerging listed companies shall disclose the proportion of PRC investments. PRC investments refer to the investments made by the citizens, companies, groups, other organizations, or the companies they invest in a third region as specified in Article 3 of the Regulations Governing Permission for People from the Mainland Area to Invest in Taiwan.

(III) Ownership diversification

1. Ordinary shares

Diversification of Shareholdings

NTD10/share

April 19, 2020

Range of Shares	No. of Shareholders	Shareholding	Ratio of Shareholding (%)
1 - 999	14,145	524,922	0.41%
1,000 - 5,000	6,625	11,589,919	9.09%
5,001 - 10,000	611	4,374,376	3.43%
10,001 - 15,000	193	2,285,270	1.79%
15,001 - 20,000	75	1,308,630	1.03%
20,001 - 30,000	77	1,862,850	1.46%
30,001 - 50,000	70	2,695,067	2.12%
50,001 - 100,000	44	3,009,135	2.36%
100,001 - 200,000	26	3,492,017	2.74%
200,001 - 400,000	22	6,190,905	4.86%
400,001 - 600,000	9	4,395,760	3.45%
600,001 - 800,000	1	685,000	0.54%
800,001 - 1,000,000	5	4,620,178	3.62%
1,000,001 and above	22	80,440,303	63.1%
Total	21,925	127,474,332	100.00%

2. Preference shares: None.

(IV) List of major shareholders: shareholders with shareholding exceeding 5% with top 10 shareholding percentages

April 19, 2020

Name of Principle shareholder	Stock Shares	Ratio of Shareholding
WANG, CHIN-PO	21,594,350	16.94%
Xingtian Technologies Corporation Investment Account in Custody of KGI Commercial Bank Co., Ltd.	12,342,000	9.68%
Zilong Venture Capital Co., Ltd.	8,738,000	6.85%
Taiwan Branch, Belize Yiqiao Development Co., Ltd.	6,880,000	5.40%
Boju Financial Holdings Corporation Investment Account in Custody of Union Bank of Taiwan Co., Ltd.	4,120,000	3.23%
Special Account for Investment of the Central Bank of Norway in custody of Citibank(Taiwan)	3,118,084	2.45%
XIU-YAN KE	3,083,208	2.42%
Wanin International Co., Ltd.	1,828,000	1.43%
WANG, SHU-CHUAN	1,693,324	1.33%
JUN-XONG WANG	1,629,512	1.28%

(V) Market price, net value, earnings, dividend per share and related information in the last 2 years

Information regarding the market price per share, total value, earnings, and dividends

Item	Year		2018	2019	As of March 31, 2020
	Market Price Per Share (Note 1)	The Highest		103	85.5
The Lowest		62.3	64.6	59.5	
Average		82.73	76.44	77.78	
Per share Net value (Note 2)	Before Distribution		44.48	46.86	-
	After Distribution		Note 9	Note 9	Note 9
Per share earnings (Note 3)	Weighted average shares		124,717 thousand shares	122,145 thousand shares	122,145 thousand shares
	Cum-dividend		3.70	5.00	-
	Ex-dividend		3.70	Note 9	-
Dividend Per Share	Cash dividends		2.2	Note 9	-
	Free-Gratis Dividends	Note 9	0	Note 9	-
		Note 9	0	Note 9	-
	Cumulative undistributed dividends (Note 4)		0	Note 9	-
Return on investment Analysis	P/E ratio (Note 5)		22.36	15.29	-
	Price to dividends ratio (Note 6)		37.60	Note 9	-
	Cash dividend yield (Note 7)		2.66%	Note 9	-

* If there is increased capital by recapitalization of earnings and capital surplus, the information on market prices and cash dividends retroactively adjusted in accordance with the number of shares issued should be disclosed.

Note 1: Disclose the highest and lowest market price of each year and calculate average market price in accordance with the annual transaction value and volume.

Note 2: It is based on the outstanding shares at year end and the distribution proposal resolved in the shareholders' meeting in the following year.

Note 3: If a retroactive adjustment is needed due to stock dividend, the earnings per share before and after the adjustment must be disclosed.

Note 4: If the unappropriated dividend can be accumulated for distribution in the year with earnings subject to the equity securities issuance conditions, the cumulative unpaid dividends for the year ended shall be separately disclosed.

Note 5: Price-Earnings Ratio = Average closing price per share of current year / Earnings per share

Note 6: Price to dividends ratio = Average closing price per share of current year / Cash dividend per share

Note 7: Cash Dividend Yields = Cash dividend per share / Average closing price per share of current year

Note 8: Net worth per share and earnings per share should be based on audited (auditor-reviewed) data as at the latest quarter before the publishing date of this annual report. For all other fields, data should be provided as at the end of their respective years.

Note 9: The 2019 dividend per share shall be distributed after the approval of the 2020 AGM.

(VI) The company's dividend policies and execution:

1. Dividend Policy:

When there are net earnings after the account is closed, apart from paying the income tax by law, this company shall compensate for the deficits in previous years and then appropriate 10% to the legal reserve, except when the amount of legal reserve has reached the amount of paid-in capital. In addition, this company shall appropriate or reverse the special reserve by law or as necessary. Earnings shall be distributable earnings of the year. Others will be combined with the beginning undistributed

earnings as accumulated undistributed earnings. BOD shall present a earnings distribution proposal to the AGM for approval prior to distribution.

In consideration of the need for future expansion and R&D and coordination with the macro environment and industry characteristics for sustainable development and long-term profits for shareholders, dividends are appropriated based on the accumulated distributable earnings, provided the amount shall not be lower than 15% of the distributable earnings of the year under our dividend policy. However, no dividend will be distributed when the amount of accumulated distributed earnings is lower than 25% of the amount of paid-in capital. Dividends are released in either cash or stock, provided the amount of cash dividend shall not be lower than 10% of the total amount of dividends.

2. Dividend distribution proposed for the next annual general meeting:

(1) In 2019, NT\$509,897,328 was appropriated from the distributable earnings as dividend released in cash at NT\$4 per share.

(2) In the event that the Company recovers and cancel the employee restricted shares or buys back the company's shares or transfers treasury stock on a later date to an extent that it affects the number of outstanding shares circulating in the market and the dividend distribution ratio, the AGM is advised to authorize the BOD to adjust the ratio of dividends.

3. There is no significant change in the dividend policy.

(VII) Impacts on business performance and earnings per share if the stock dividend proposal is approved during the annual general meeting

Unit: NTD

Item	Year	Year 2020 (Forecast)	
Beginning paid-in capital		1,274,743,320	
Stock Dividend in the current period	Cash dividend per share	4.00 (Note 1)	
	Number of shares per share allocated from capitalization with retained earnings	0 (Note 1)	
	Number of shares per share allocated from capitalization with capital reserves	0	
Changes in business performance	Operating profit	(Note 2)	
	Proportion of change in the operating income from the same period of the previous year (%)	(Note 2)	
	Income after taxation	(Note 2)	
	Proportion of change in the after-tax net profit from the same period of the previous year (%)	(Note 2)	
	Earnings per share	(Note 2)	
	Proportion of change in EPS from the same period of the previous year (%)	(Note 2)	
	Annual average of ROI (annual average P/E reciprocal)	(Note 2)	
Pro forma EPS and P/E ratio	If the retained earnings for capitalization into new shares were switched to payment of a cash dividend in the full amount	Pro forma earnings per share (EPS)	(Note 2)
		Pro forma annual average ROI	(Note 2)
	If there was no capitalization of additional paid-in capital	Pro forma earnings per share (EPS)	(Note 2)
		Pro forma annual average ROI	(Note 2)
	Cash dividends will be released when no there is capitalization with retained earnings or capitalization with capital reserves.	Pro forma earnings per share (EPS)	(Note 2)
		Pro forma annual average ROI	(Note 2)

Note 1: To be approved at the upcoming AGM.

Note 2: Impacts of the stock grants proposed by the current AGM on the company's operations and EPS: Not applicable as we do not need to make a financial forecast for this year.

(VIII) Remuneration to employees, directors, and supervisors

1. The percentage or scope of remuneration to the employees, Directors, and Supervisors as stated in the Articles of Incorporation:
This company shall appropriate a minimum of 2% and a maximum of 2% of net earnings of profit as profit sharing for employees and directors/supervisors respectively. The distribution proposal shall be submitted to AGM for approval. However, if the Company still has accumulated losses, the amount shall be retained for compensation, and then appropriated as remuneration to employees, directors and supervisors based on the percentages mentioned above.
2. The estimation basis of remuneration to employees, directors and supervisors for the current period, and the accounting process when there is discrepancy between the calculation basis and actual distribution amount of employee remuneration distributed by shares and the estimated value:
 - (1) The amount of profit sharing for employees and directors/supervisors of this year has been estimated based on the possible amount of release in the past.
 - (2) The amount of the 2019 profit sharing for employees has been estimated based on the basis for calculating the shares as profit sharing for employees and the actual amount of distribution. The difference between this amount and the estimated amount shall be recognized as 2020 gains/losses.
3. Remuneration to be distributed as resolved in the board of directors:
 - (1) When the amount of profit sharing for employees, directors, and supervisors is different from the estimated amount recognized in the year, disclose the amount, cause(s), and treatment of the difference.
The amount of the 2019 profit sharing for employees, directors, and supervisors has been approved by BOD, including NT\$39,778,000 as profit sharing for employees and NT\$7,955,590 as profit sharing for directors and supervisors. This amount is the same as that of the estimated amount recognized in the year.
 - (2) The amount of payment to employees in the form of stocks in proportion to the net income stated in the separate financial statements in proportion to the total amount of remuneration to the employees:
All 2019 profit sharing for employees will be distributed in cash, and there will be no stock as profit sharing for employees.
 - (3) The imputed earnings per share of NT\$4 after distributing the remuneration to employees, directors, and supervisors is to be proposed for distribution.
4. Actual status of distributing remuneration to employees, directors and supervisors in the previous year (including the number of shares distributed, amount and share price), difference number, reasons and process status if there is discrepancy between the actual amount and the amount recognized: Not applicable.

(IX) Buy-back of the Company's shares by the company:

Re-purchase term	9 th time
Purpose of re-purchase	Transferred to employees
Types of buy back shares	Common stock
Total maximum amount for buy back shares	150,000,000
The period expected for buyback	2020/03/26~ 2020/05/25
Amount scheduled to be repurchased	1,500,000 share
Re-purchase price range	The stock price expected for buyback is between NT\$ 100 and NT\$ 50. If our stock price is lower than the specified minimum price during buyback period, we will keep buying shares back.
Type and volume of shares re-purchased	The actual condition of repurchase will be reported at the shareholders' meeting.
Amount of shares re-purchased	
Ratio of repurchased shares to shares repurchase planned	

- II. Disclosure relating to corporate bonds: none.
- III. Disclosure relating to preference shares: none.
- IV. Disclosure relating to depository receipts: none.
- V. Employee stock options/warrants and restricted stock awards (RSA): none.
- VI. Disclosure on new shares issued in exchange of other company shares: none.
- VII. Progress on the use of funds: none.

V. Operation Profile

I. Content of business:

(I) Scope of business:

1. Principal business activities:

- F218010 Retail Sale of Computer Software
- CC01110 Computers and Computing Peripheral Equipments Manufacturing
- F118010 Wholesale of Computer Software
- I301010 Software Design Services
- F113070 Wholesale of Telecom Instruments.
- I301030 Digital Information Supply Services
- E701010 Telecommunications Construction.
- F401010 International Trade.
- J303010 Magazine and Periodical Publication.
- I401010 General Advertising Services.
- J602010 Agents and Managers for Performing Arts, Entertainers, and Models.
- J305010 Audio Tape and Record Publishers.
- F209060 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles.
- F109070 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles.
- JZ99050 Agency Services.
- ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Business weightage:

Unit: NTD thousands

Product portfolio	2019		2018	
	Amount of operating revenue	Business weightage	Amount of operating revenue	Business weightage
Revenue from online game software	3,469,513	59.53	2,014,388	36.28
Others	2,359,141	40.47	3,538,279	63.72
Total	5,828,654	100.00	5,552,667	100.00

3. Current products (services):

- A. We release MyCard points for interfacing with game products and digital content service products.
- B. We release online games, develop our own mobile games, and serve as operation agencies and distributors.
- C. e-PLAY, a sales platform for physical stores, provides entertainment products such as game point cards, virtual item packages, game peripherals, and entertainment and tourism tickets.
- D. Interactive video platform advertising push service
- E. Exhibition design and implementation
- F. Cloud information service
- G. Digital marketing and online ad-serving service
- H. Cash flow application and value-added service for collection and payment and mobile payment

4. Planning for product (service) development:

The R&D Department of Soft-World never stops developing game software and peripherals to increase the added value of the game and bring infinite business opportunities to us.

- (1) Continue to enrich MyCard's digital contents and add value to its application to consolidate leadership in Taiwan, Hong Kong and Macau:

MyCard is the most common GTC in Taiwan, Hong Kong, and Macau, with links to over 2,400 games and digital content services and products. Apart from developing GTC value-added applications, we extended GTC to offer integrated marketing service covering e-PLAY marketing and promotion, app marketing, and interactive videos to quickly

capture marketing essentials to become the first choice of distribution channel for domestic and international game developers.

- (2) Focus on mobile games R&D through transplanting PC games and enhancing our own R&D capacity and local utility.

The Company's subsidiary in research and development of games, Chinese Gamer International, has started to focus on migrating its classic online games to the mobile platform since 2018. *TS M* has successfully won players' praise and was licensed to Southeast Asia. It was launched in Thailand in May and Vietnam in November to expand its service to overseas players, and it was one of the top-selling games on two platforms, Google and Apple, in both countries. *Love Box M*, in both the Chinese and English versions, was launched in May 2019 to enable previous players to revisit their past play experience. *Huang Yi M*, a mobile game masterpiece to be launched this year, incorporates Master Huang Yi's strong intellectual property from his series of literature and novels into the game to recreate the core gameplay of the previous *Huang Yi Online*. The game art design has been re-made to incorporate the innovative elements of mobile games to provide players with a fully evolved martial arts experience. Looking forward to the future, Chinese Gamer International will put its accumulated experience in the development of large-scale MMORPG to work to launch the migration of IP from online games to mobile games and bring out more products which can meet the expectations of players.

- (3) Expand the scope of characterized creation for game art and music production.

In response to the constant growth of the global game market, the demand for art and music production for games escalated. With over 20 years of experience in game art and rich know-how of asset creation, Zealot Digital will team up with Softworld Music Center expand the scope of art and music production service to effectively develop characterized creation. Currently, Zealot Digital has launched collaboration with game developers in Japan, South Korea, and China to co-develop opportunities in the entertainment business and enhance utility.

- (4) Vitalize IP resources and cultivate multiple licensing opportunities.

By engraining ourselves in the game industry, we have accumulated over 100 IP assets, including a range of classic single-player masterpieces, martial arts and chivalry fictions, and light novels. In addition to independent game development by our subsidiaries, we signed IP licensing and collaboration contracts with many Chinese game developers to develop various types of mobile games to accelerate mass production and share profit; combine IP and brand energy; and engage in cross-sector collaboration with animation, TV and branded goods to create multiple business opportunities for licensing.

- (5) Deepen the development of internet marketing media to expand the scope of digital advertising.

To cope with global corporate operation, the main force of marketing has been shifted from traditional media to new digital media. The growth and demand in digital advertising market in Taiwan look promising. These years Soft-World entered the field of digital ad-serving. EFUN and Re:Ad Media, the subsidiaries of Soft-World, have become advertising agencies for major global media platforms, including Google, Facebook, YouTube, Yahoo, LINE, Apple Search Ads and TikTok. They provide professional marketing consultancy, art multimedia production, advertising technology platform and big data analysis service. In addition, they also provide precise digital ad-serving and marketing strategy service to advertisers and create the opportunity for success in product sales with these advertisers.

- (6) Expand offline payment to fully promote the payment integration with physical storefront
Subsidiary Neweb Technologies's online agency collection and payment transactions grew steadily in 2019. Neweb also continues to develop integrated and value-added applications, such as electronic receipts and invoices, to serve merchants in various fields. It also actively cultivates the offline payment field and has introduced an integrated payment system, which allows credit cards, electronic ticketing, mobile scan payment, Alipay and WeChat Pay, to enable agency collection and payment and cross-border payment to expand from online malls and platform operators to the offline markets, and the services can meet brick-and-mortar businesses' huge demand for mobile payment and diverse methods of collection. Neweb Technologies will continue to strive for both the agency collection and payment and electronic payment fields and commit to the vertical and

horizontal integration of financial services. The strategic planning in four areas, payment, finance, stored-value membership and integration, will enable the company to realize its vision in the diverse and open internet finance and build a comprehensive mobile payment ecosystem.

(II) Industry overview:

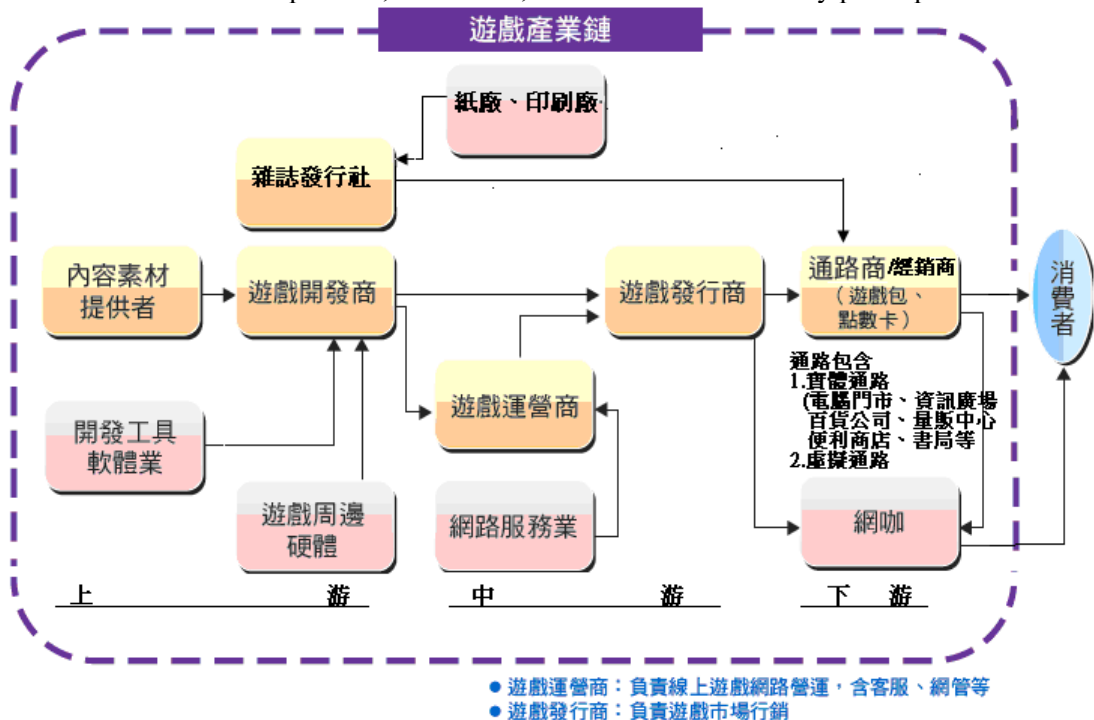
1. Current situation and development of industry:

The global game industrial market is still rising. Gaming becomes the core of entire entertainment industry due to international situation and strongman politics around the world, appealing for nationalism and protective policy. Development of 5G network and new carrier is on the rise. The mobile game on a broad scale (including the ones for smart phone and tablet) is still the largest market in game industry. Under the attack from host platform and mobile platform, computer platform has the slowest growth in game industry. Although the size of computer platform business is decreasing, computer is still the most important field of development and investment considering innovation and game talent cultivation.

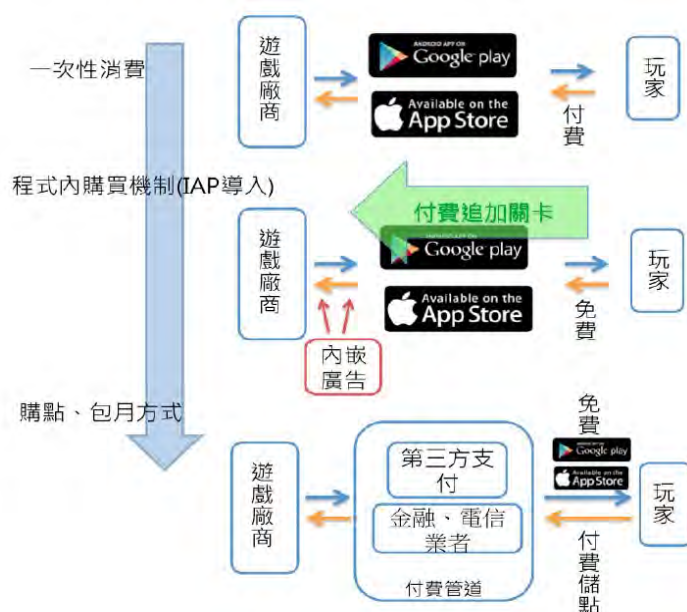
Taiwan is an important market for global mobile games. Customers in Taiwan have high consumption ability, welcome all kinds of games and enjoy diverse options. Looking back on 2019, Taiwanese mobile game was still very diverse. New gameplay types such as idle game and battle chess game have sprung up. All kinds of mobile version of old games have gradually released. The trend of game subscription starts to enter the mobile game industry. Obviously, everyone wants a piece of the mobile game market.

Specializing in digital game development, we have expanded to the internet media marketing and financial technology (fintech) industries. To diversify the group's operations, each subsidiary in the group specializes in a different type of business, including game development, agency operations, internet integrated marketing, and financial payment innovation in order to form our company into a multisector internet group.

2. Association between upstream, midstream, and downstream industry participants



Mobile game companies no longer need to find local agencies. They can install the Traditional Chinese system to release and launch a product on the two international mobile game platforms (Google Play and iOS). Therefore, they can reach consumers without agencies. Consumers can buy a game simply by downloading. With the help of social platform and advertisement such as Facebook and LINE, game companies can reach Taiwanese consumers without entrusting Taiwanese agencies to post advertisement on local media. Mobile game market in Taiwan has become a large international competition. All good, fun games around the world can reach Taiwanese consumers. Local game companies in Taiwan no longer has advantage in localization. They must compete with other international game products once they launch the products.



We mainly act as a developer, publisher and distributor and publish game magazines. We edit and promote the magazine ourselves, explore platform management and develop all-round integrated marketing services, including app marketing, exhibition organizing and print video multimedia. We also enter the business of online marketing media, and provide professional digital ad-serving on three global social networks, Facebook, Instagram and Google. Furthermore, we expand our service to corporate brand application in all industries and maximize online business opportunities. Therefore, our business crosses upstream, midstream and downstream fields.

Industry Supply Chain	Game industry role positioning	Remark
Upstream	Developer	The developer focuses on planning, art design, music, program and software developer required for game product development. The key competition factors are planning, art design and programming. The market reaction to a game depends on the working quality of game development team.
Midstream	Operating publisher	The operating publisher is in a game industry that focuses on product agency. The key competition factor is marketing competency and operational management.
Downstream	Distributor	The distributor is in charge of marketing and point card sales. It has to take the risk that whether the distributed products would be favored by consumers.

3. Diverse development trend and competition of product

A. Trend of product development

The mobile game market continues to prosper. Game companies around the world strive for globalized operation. However, numerous mobile games are released and gameplay types gradually become homogenized. IP games are popular and attract the attention of gamers with abundant storylines. It is easy for target groups to become emotionally connected to IP games, enhance game coherence, extend product life cycle and acquire better business performance. We must focus on continuous enhancement of R&D technology and product innovation and breakthrough. We integrate the IP and create market differentiation. We meet user demand, keep track of market change, act as the agency in domestic and international markets, and authorize cooperation and release diverse products in domestic and international markets at the right time, and highlight the characteristics of localized operation. That is how we consolidate the existing advantage in local market and expand the overseas market.

B. Industrial competition

In response to the rapid growth of the global game market, the wide variety and keen competition from other game products, and the complexity of the macro environment,

apart from focusing on the game development core business; and building a complete service chain that integrates channels, IPs, R&D, agency, art, and music for the game industry; we entered the e-finance and fintech markets and the two relevant industries of the game industry, with game operations experience to actively develop various innovative applications and services to extend our scope of service subscribers and markets to diversify our deployment in the internet business.

(III) Technology and R&D overview:

1. Technical level and research development

(1) Multi-platform product development

Existing popular platforms and devices on the market: Our main direction focuses on mobile platform (e.g. smart phone and tablet), SNS platform (e.g. Facebook and LINE), wearable (e.g. iWatch) and motion sensor device (e.g. AR/VR/MR). For these products, we developed the underlying core engine and game production integration tool required for game production. We can effectively establish main development projects through game innovation, VR/AR game presentation, realization of game planning and creation, and motion sensor UI design including intuitive/perceptual motion sensor, platform membership interfacing, marketing resource interfacing and big data analysis system.

(2) Cross-platform integration of products

Besides carrying out product and research development for popular or latest platform and device on the market as described above, we reinforce the connection with the games on existing PC and mobile platform and integrate the immersive experience provided by somatosensory technology (AR/VR/MR). We provide diverse gameplay, abundant content, varied interfaces and surreal, exciting experiences, and create a higher added value for games. This relies on the ability to master the technical core of all platforms and real-time integration of cross-platform data transfer and conversion. It is the key to win the competition of next gen games.

(3) Innovation and breakthrough of plan

The fun of game product comes from innovation and creativity of plan. The key of a plan is knowing the fun of the game, the sense of achievement players can find in a product, and the enthusiasm for self-challenge. We can find inspiration from the characteristics of gamers on different game platforms, and the creativity and breakthrough for different topics and game planning to come up with the idea close to the thought of gamers nowadays. With the support of platform for game technology development, we can efficiently develop game products with chances of making profit.

(4) Operational support system

We built a business model, and planned for and came up with new items with the consideration of current product operation mechanism. We analyze the mechanism and process for matching the current business model with marketing operation. Through the integration with dynamic data analysis of gamer, and introduction of AI, block chain, big data analysis and VTuber, we can effectively, instantly keep track of operation performance of game and how much gamers enjoy the game. Therefore, we can make quick response to adjust product content and operation marketing strategy, and improve product competitiveness and profitability.

2. The R&D expenditure we have invested in during the last year and by the date of publication of annual report, and the R&D expenditure we have invested in for the technology or product we successfully developed:

The following shows the R&D expenditure in the consolidated financial statement and the proportion of the R&D expenditure to revenue in the past two years and up to March 31, 2019.

Unit: NTD thousands

Term	R&D budget	Proportion in sales
2018	418,388	8%
2019	417,410	7%
March 31, 2020	2: As of the date on which the annual report was printed, there was not financial data for 2020 Q1 that has been audited by CPAs.	

3. Recent annual R&D achievement

Soft World Group focuses on game products all the time. We make our own games and actively invest in production of music and music effect. Mobile game becomes mainstream and

AR/VR/MR games emerge. The need of IP increases gradually. Soft World Group has been founded for almost 37 years. We have more popular classic Chinese game IPs than other game companies. Sometimes we collaborated with other companies to develop games such as Pilijianghu. Other times we developed our own games, such as Sakura and My Hero Dream Go. We made TS Online M, a game adapted from our signature end game sharing the same name. All these games have great performance in the market. We will achieve more by releasing Huang Yi M Online, a game adapted from our signature Chinese chivalry end game sharing the same name, and launching over hundreds of classic game IPs in the global Chinese-speaking market to soar to new heights in Taiwanese cultural and creative industry.

(IV) Short and long-term business development plan:

Short term development:

A. Marketing strategy:

- ① The channel market of game software becomes diverse. To enhance systemization and efficiency of channel structure, we keep adding new channel locations, and keep reviewing and improving the logistics structure and method of overall channel, to become the most effective software distributor.
- ② We reinforce cross-industry alliance through traditional, physical channels and networks. On the other hand, we promote our attraction through powerful, borderless network and hope to become the largest game website in Chinese-speaking community. We hope that our website can become an important weapon for competition when we promote products.
- ③ We implement diverse marketing. Besides hiring a celebrity spokesperson, we collaborate with drink, network and tourism and leisure companies for marketing.

B. Production policy: We reinforce communication and coordination with contract suppliers, speed-up product production, and accelerate product shipment.

C. Product development: We invested a lot in specialized game arts and music composition. Vitalize IP resources and cultivate multiple licensing opportunities.

D. Operating scale: Focus on mobile games R&D through transplanting PC games and enhancing our own R&D capacity and local utility.

E. Financial adaptation: We built a diverse fund-raising channel to reduce the cost of fund-raising.

2. Long term development:

A. Marketing strategy:

- ① We lower market concentration rate and distribute global marketing locations to avoid impact of domestic economic situation on company growth.
- ② We reinforce the strategic alliance with domestic and international software development companies and actively expand domestic and international channel deployment and marketing.
- ③ We actively develop the e-commerce market and put in full efforts in operation while facing the turbulent new Internet trend, hoping to build another largest new domestic channel of game software network.

B. Production policy:

- ① We cultivate talents in digital 3D art design that we need, and enhance the software and hardware equipment for current staffs to reduce the time for product development and the cost for development.
- ② We develop standardized, modular development tools or software parts and introduce the concept of “software factory” to gain benefits of economy of scale.

C. Product development:

- ① We aim to expand overseas markets. We provide multi-language versions for existing products based on the variance among local languages, customs, cultures and habits. We also develop new products with exclusive regional culture. We release new products in multiple languages at the same time to enter the international market and become the mainstream of global market for computer game software.
- ② We recruit outstanding youths all around the world to form an R&D team for new game software. We aim to maintain our leadership among Chinese game software development suppliers and become the core supplier for global game software development.
- ③ We reinforce the strategic alliance with famous domestic and international game software development companies and our competency in product development. Besides providing good game software we developed and designed ourselves, we actively acquire the agency of more good products from other suppliers. The purpose is to strengthen the depth and

breadth of product and create more choices for customers and consumers.

- ④ We actively collaborate with other platforms, participate in the development of game product and explore the market opportunity.
- ⑤ Based on the need in joint development of game technology engine, we evaluate whether to establish a JV to actively promote game development technology and expand the game R&D team.

D. Business scope:

- ① We reinforce the collaboration with suppliers in the same industry, and cooperate with the promotion plans of agencies and distributors. We seek topics for game development on behalf of suppliers in the same industry. We enhance collaboration with these suppliers and facilitate growth for each other.
- ② To adapt with expansion of overall business, we focus on operating business in diverse aspects and put adequate efforts into the development of video game console and entertainment multimedia peripherals.

E. Financial adaptation

- ① We raise funds for future operation with minimum cost in consideration of the cost for releasing all kinds of financial products.
- ② We perform reinvestment beneficial to overall operation with limited funds.

II. Market and sales overview:

(I) Market analysis

1. Sales (provide) areas of main products (service)

Unit: NTD thousands

Year Region	2019		2018	
	Amount	%	Amount	%
Domestic sales	4,640,260	79.61	5,032,193	90.63
Asia	820,077	14.07	417,565	7.52
Others	368,317	6.32	102,909	1.85
Total	5,828,654	100.00	5,552,667	100.00

2. Market share, and the supply and demand and growth of market in future

A. Market share

The 2019 sales from our game business grew steadily. Our featured product MyCard, a game time card (GTC) that offers several different kinds of game products and an online top-up service, has attracted over 6 million members, and is ranked top in Taiwan, Hong Kong, and Macau. We actively develop platform-based solutions by offering integrated marketing service covering e-PLAY marketing and promotion, app marketing, interactive video platforms, organizing exhibitions and conferences, and 2D video and multimedia, in order to become the first choice of distribution channel for domestic and international game developers.

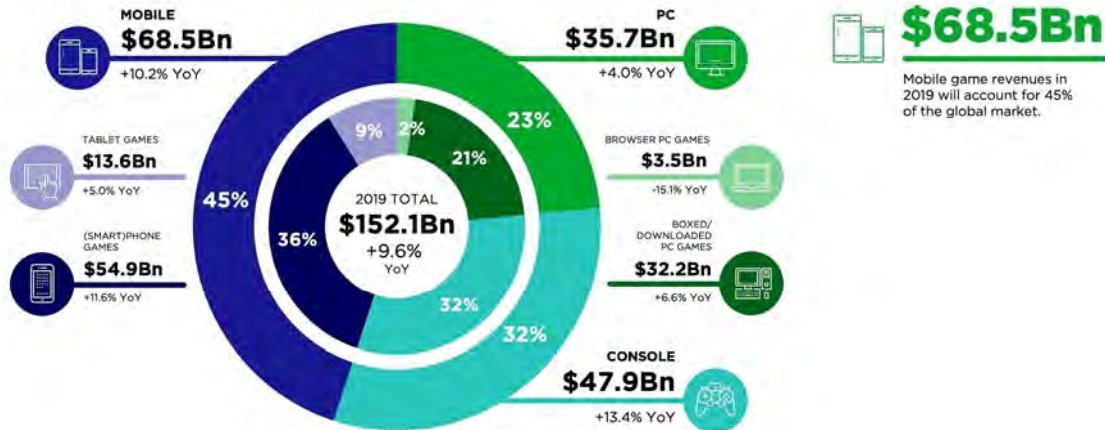
B. The supply and demand and growth of market in future

Newzoo report shows that the scope of global game market in 2019 was US\$ 152.1 billion. Although the growth of host platform is fast, the mobile game on a broad scale (including the ones for smart phone and tablet) is still the largest market in game industry. The scope of mobile game market has increased by about 10.2%, reaching US\$ 68.5 billion, Roughly 45% of the consumption in global game market. Under the attack from host platform and mobile platform, computer platform has the slowest growth in game industry. It is expecting a 4% growth this year and up to US\$ 35.7 billion.



2019 GLOBAL GAMES MARKET

PER DEVICE & SEGMENT WITH YEAR-ON-YEAR GROWTH RATES



\$68.5Bn
Mobile game revenues in 2019 will account for 45% of the global market.

Source: @Newzoo | 2019 Global Games Market Report
newzoo.com/globalgamesreport

For Newzoo, it is expected that global consumers will spend up to US\$ 196 billion by 2022. Expenditure on game grows by 9.0% every year throughout this four years (2018 to 2022). This number is still way larger than the economic data of other entertainment industries and most of the countries.

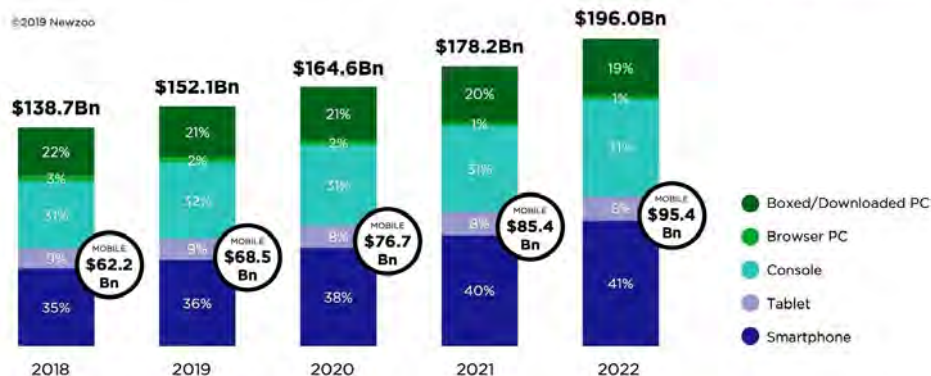
It is expected that the sales of mobile game will reach US\$ 95.4 billion in 2022, half of the game market. Nonetheless, the growth in mature markets such as North America, Western Europe and Japan is slowing down. On the contrary, many emerging markets (including Southeast Asia, India, Middle East and North Africa) become the largest contributor to the expansion of global game market throughout the increase of mobile network speed.



2018-2022 GLOBAL GAMES MARKET

FORECAST PER SEGMENT TOWARD 2022

+9.0%
TOTAL MARKET CAGR 2018-2022



Global game market size (Source/Newzoo)

- The favorable and unfavorable factors and countermeasures for competitive niche and prospect
 - Competitive niche

(1) Channel business: "MyCard" provides diverse gaming entertainment products and digital value-added services. It has over six million members and highest market share in Taiwan, Hong Kong and Macau. We actively develop platform-based solutions by offering integrated marketing service covering e-PLAY marketing and promotion, app marketing, interactive video platforms, organizing exhibitions and conferences, and 2D

video and multimedia, in order to become the first choice of distribution channel for domestic and international game developers.

- (2) R&D business: The global game market is still rising. The demand in game arts and music production is strong. With over 20 years of experience in game arts and abundant creativity, Zealot Digital has actively devoted itself into specialized field of game art these years. Zealot Digital is good at 2D/3D character and scene design, production of motion and special effect and GUI interface production. In addition, Soft-World has rich IP resources and will continue to expand the cross-disciplinary applications in games, comics and animations, films and branded merchandise. Zealot Digital and the Multimedia Development Division of Soft-World developed the business in game arts, and music and multimedia production. They accelerate production by optimizing the management and production process.
- (3) The scope of all-round digital commercial service is expanded. To cope with global corporate operation, the main force of marketing has been shifted from traditional media to new digital media. The growth and demand in digital advertising market in Taiwan look promising. These years Soft-World entered the field of digital ad-serving. EFUN and Re:Ad Media, the subsidiaries of Soft-World, have become official advertising agencies for major global media platforms, including Google, Facebook, YouTube, Yahoo, LINE, Apple Search Ads and TikTok. They provide professional marketing consultancy, art multimedia production, advertising technology platform and big data analysis service. In addition, they also provide precise digital ad-serving and marketing strategy service to advertisers and create the opportunity for success in product sales with these advertisers.
- (4) FinTech business groups keep expanding the existing business of collection and payment. In 2019, online collection and payment continues to grow stably. They continue to develop integrated value-added applications such as e-invoice and e-receipt to serve store customers in different aspects. Meanwhile, they actively deploy the field of offline payment and release the integrated collection system, combining credit card, electronic ticket, mobile scan payment, Alipay and WeChat Pay. Therefore, the business of collection and payment and cross-border payment can be extended from online shops and platforms to offline markets to satisfy the huge demand of mobile payment and diverse collection from physical stores. Neweb Technologies will continue to strive for both the agency collection and payment and electronic payment fields and commit to the vertical and horizontal integration of financial services. The strategic planning in four areas, payment, finance, stored-value membership and integration, will enable the company to realize its vision in the diverse and open internet finance and build a comprehensive mobile payment ecosystem.

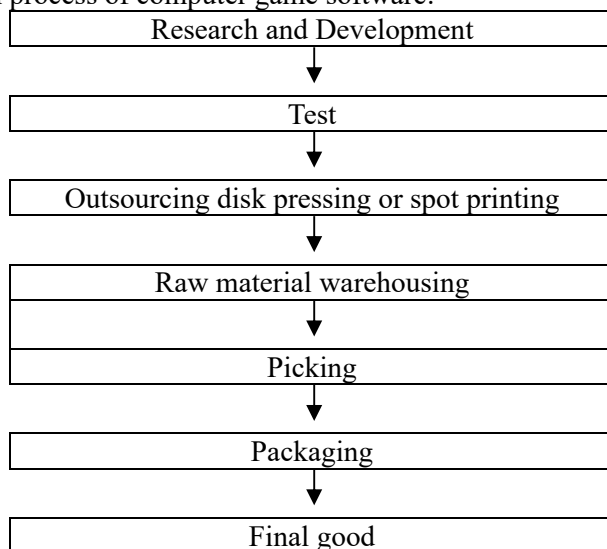
(II) Intended use and production processes of the main products

1. Major use of main products:

Computer game software: This provides recreation, brainstorming, enlightenment and entertainment. We hope to provide a new, lively interactive guided reading method to consumers interested in Chinese culture through edutainment.

2. Production process:

A. Production process of computer game software:



(III) Supply of main raw materials:

Item	Name of manufacturers	Remark
CD	Bokun	The supply is good and the quality and source are stable.
Paper	Pingcheng and Kingstate	They always adjust their delivery time for us and provide good quality. They always deliver goods to printing houses on time.

(IV) The name of the customers with their purchase and sales accounting for over 10% of total purchase and sales in any year over the last two years, and the amount and percentage of their purchase and sales:

1. Purchase Information on main suppliers in the past two years Unit: NT\$ thousand; %

Item	Name	2019			2018			
		Amount	Ratio to the annual net purchases amount [%]	Relationship with the issuer	Name	Amount	Ratio to the annual net purchases amount [%]	Relationship with the issuer
1	B	634,497	23.97	None	A	428,865	17.50	None
2	C	366,138	13.83	None	B	377,661	15.41	None
3	A	316,601	11.96	None	C	246,039	10.04	None
4	D	298,738	11.28	None				
	Others	1,031,585	38.96		Others	1,398,752	57.05	
	Purchase - net	2,647,559	100.00		Purchase - net	2,451,317	100.00	

Note: The name of the suppliers with amount of purchase accounting for over 10% of the total purchase over the last two years, and the amount and percentage of their purchase, are listed explicitly.

Most of companies above are game, advertising and cash flow companies. The change of supplier is primarily affected by product diversity. The name of Customers A to D shall not be disclosed according to the contract and these customers are not our affiliates. Therefore, these customers are indicated by code.

According to IFRS15, the MyCard business is the recognized revenue of agency. Starting from 2018, the accounting principle applicable to income recognition is switched from total amount to net recognition.

2. Sales: **The main customers for sales within the last two years** Unit: NTD thousands; %

Item	2019				2018			
	Name	Amount	Ratio to the annual net sales amount [%]	Relationship with the issuer	Name	Amount	Ratio to the annual net sales amount [%]	Relationship with the issuer
1								
2								
	Others	5,828,654	100.00		Others	5,552,667	100.00	
	Sales - net	5,828,654	100.00		Sales - net	5,552,667	100.00	

Note: The name of the suppliers with amount of purchase accounting for over 10% of the total purchase over the last two years, and the amount and percentage of their purchase, are listed explicitly. However, the contract specified that the name of the customer, or the trading partner is an individual but not an affiliated person shall be indicated by code.

According to IFRS15, the MyCard business is the recognized revenue of agency. Starting from 2018, the accounting principle applicable to income recognition is switched from total amount to net recognition.

(V) Recent secondary net production:

Unit: Number of software and magazines in thousands/NT\$ thousand

Production	Year	2019			2018		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Main Products							
Game software and magazine			139	12,771	-	173	15,157
Others			113	2,697	-	299	4,378
Total			252	15,468	-	472	19,535

Note 1. Productivity refers to the production generated under normal operation by using existing production equipment after a company put necessary shutdown and holiday shutdown into consideration. However, the main processes of our products are outsourced. The definition of productivity does not apply.

Note 2. Yield refers to the number of processed semi-finished products packaged by the production department of a company.

(VI) Recent secondary net sales:

Unit: NTD thousands

Sale	Year	2019				2018			
		Domestic sales		Exports		Domestic sales		Exports	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Main Products									
Game software and magazine			2,519,575		949,938	-	1,986,362	-	263,461
Others			2,120,685		238,456	-	3,045,831	-	257,013
Total			4,640,260		1,188,394	-	5,032,193	-	520,474

III. The percentage of practitioners, and the average seniority, age and educational attainment of practitioners, in the last two years and by the date of publication of annual report:

Year		2018	2019	As of March 31, 2020
Employee No.	R&D	399	402	400
	General staff	718	713	753
	Production staff	36	34	9
	Total	1,153	1,149	1,162
Average age		34.32	35.29	35.39
Average seniority		6.21	6.55	6.68
Education distribution (%)	Doctoral Degree	0.09%	0.17%	0.17%
	Master	6.49%	6.18%	6.17%
	College	80.19%	81.55%	81.61%
	Senior High School	12.55%	11.49%	11.53%
	Below Senior High School	0.68%	0.61%	0.52%

IV. Environmental Protection Expenditure:

- (I) Our countermeasures and possible expenditure in future for the loss incurred from pollution and total types of punishment during the last year and by the date of publication of annual report: None.
- (II) We shall apply for the permit of anti-pollution facilities or pollutant emission, pay for pollution control, or designate staffs for units responsible for environmental protection as required by law. We have not applied for any permit, made any payment or designated any staff for aforementioned units.
- (III) Investment in main equipment for pollution control, and the purpose and possible benefit of main equipment: We are a pollution-free business. We have no investment required for pollution control.
- (IV) Information on our improvement of pollution in the last two years and up to the date of publication of the annual report, any pollution dispute, and explanation on our way of handling: No pollution dispute occurred.
- (V) Current pollution condition, improvement of impact on our surplus, competitive position and CapEx, and expected major environmental capital expenditure in the next two years: We are a pollution-free business. We have no major capital expenditure required for environmental protection.

V. Employer and employee relationships:

- (I) All kinds of employee welfare measures, continuing education, training, retirement system and its implementation, labor agreement, and all kinds of employee rights protection measures:
 1. Welfare
 - (1) Cash gift: Cash gift for birthday, cash gift for Dragon Boat Festival, cash gift for Mid-Autumn Festival, cash gift for kick-off, cash gift for Christmas, cash gift for Labor Day, cash gift for wedding and funeral, maternity allowance, quarter gathering allowance, team trip allowance and cultural event allowance.
 - (2) Insurance and pension: We buy labor, health and group insurance for all employees and allocate reserve fund every month.
 - (3) Health insurance: Employee group insurance, annual health checkup and contract hospital.
 - (4) Facility: Staff canteen, employee area, parking space and contract hotel.
 - (5) Other benefits: Robust promotion channel, year-end bonus based on business operation,

performance bonus, year-end-party raffle, festival gift and children education subsidy.

2. OJT and training system for employees:

We encourage employees to receive continuing education, improve competence, overall manner and business performance of employee, and train talents in R&D and operational management.

- (1) External training: We appoint employees to take professional seminars organized by educational training institutions and government agencies depending on their job.
- (2) System skill training: We introduce our information system, promote the system and offer skill training courses for staffs who need to use this system.
- (3) Professional skill training: To enhance overall employee competency, we encourage employees to take courses on professional skill training.

Items in 2019	Number of participants	Total training hours
Orientation organized by the company	88	176
Workplace safety and health courses organized by the company	88	264
External training courses organized by external institutions	45	354
Total	221	794

3. Retirement system and implementation:

We comply with the pension system specified in the Labor Pension Act. We follow the guidelines for defined contribution pension plan. We allocate six percent of monthly salary to personal pension account in the Bureau of Labor Insurance.

We comply with the pension system specified in the Labor Standards Act. We follow the guidelines for defined benefit plan. The employee pension is paid based on seniority and the average salary (base) of the last six years before approved date of retirement. We allocate two percent of monthly salary as the employee pension fund and authorize the Labor Retirement Reserve Fund Supervision Committee to deposit the employee pension fund to personal pension account in Bank of Taiwan in the name of the Labor Retirement Reserve Fund Supervision Committee.

4. Labor agreement:

We always care about employee rights and maintain labor-management harmony. We care about employee opinions. Employees can communicate with the HR Department or suitable senior executives to maintain a good relationship via opinion mailbox, sexual harassment appeal mailbox and whistleblower mailbox. No major labor dispute occurred so far.

5. Protection measures for all kinds of employee rights:

We comply with government decrees and protect relevant employee rights. We offer counseling and assistance to employees in need.

(1) Workplace protection measures

- A. We perform sanitation, monitoring and management regularly for workplace, air and water quality to maintain the workplace.
- B. Numerous specialized cleaners provide a clean, comfortable workplace.
- C. We monitor the workplace 24-hour to provide a safe workplace.
- D. We built a complete fire system according to the fire regulations.

(2) Personal safety protection measures

- A. We offer regular health checkup to protect employee health.
- B. We buy labor, health and group insurance for all employees
- C. We build an internal appeal system to prohibit workplace violence.

- (II) The loss incurred from labor dispute and disclosure of current amount or estimated amount in future and countermeasures during the last year and by the date of publication of annual report: None.

VI. Major contracts: None.

VI. Financial summary

I. Summary balance sheet and comprehensive income statement for the last 5 years:

(I) Information of condensed statements of financial positions and statement of comprehensive income-IFRS

1. Brief Consolidated Balance Sheet- IAS

Unit: NTD thousands

Item	Year	Financial information from the past five years (Note 1)					Current year financial information up to March 31, 2020
		2015	2016	2017	2018	2019	
Current assets		9,044,015	9,901,376	10,158,265	10,780,940	11,164,456	No related information. (Note 4)
Property, plant, and equipment (Note 2)		261,531	392,946	390,129	423,285	400,700	
Intangible assets		105,107	38,062	127,709	518,941	490,894	
Other assets (Note 2)		930,593	968,506	631,283	672,527	712,629	
Total assets		10,341,246	11,300,890	11,307,386	12,395,693	12,768,679	
Current liabilities	Before Distribution	3,925,882	4,702,424	4,781,359	5,483,499	5,429,170	
	After Distribution	3,734,671	4,447,475	4,526,410	5,203,055	(Note 3)	
Non-current liabilities		116,487	119,771	107,086	162,472	235,115	
Total liabilities	Before Distribution	4,042,369	4,822,195	4,888,445	5,645,971	5,664,285	
	After Distribution	3,851,158	4,567,246	4,633,496	5,365,527	(Note 3)	
Equity of the parent company		5,438,465	5,697,077	5,673,225	5,670,266	5,973,763	
Capital stock		1,274,743	1,274,743	1,274,743	1,274,743	1,274,743	
Capital surplus		1,521,183	1,521,190	1,529,865	1,744,934	1,753,876	
Retained earnings	Before Distribution	2,349,906	2,573,165	2,735,203	2,936,814	3,266,641	
	After Distribution	2,158,695	2,318,216	2,480,254	2,656,370	(Note 3)	
Other equity		292,633	327,979	133,414	163,078	127,806	
Treasury stock		0	0	0	(449,303)	(449,303)	
Non-controlling interest		860,412	781,618	745,716	1,079,456	1,130,631	
Total Equity	Before Distribution	6,298,877	6,478,695	6,418,941	6,749,722	7,104,394	
	After Distribution	6,107,666	6,223,746	6,163,992	6,469,278	(Note 3)	

Note 1: The financial statements of every fiscal year have been audited and reviewed by Deloitte Taiwan.

Note 2: After a revaluation, disclose the date of revaluation and the revaluation gain amount.

Note 3: The proposal on 2019 net earnings distribution is pending resolution by AGM.

Note 4: As of the date on which the annual report was printed, there was not financial data for 2020 Q1 that has been audited by CPAs.

2. Condensed Consolidated Statement of Comprehensive Income -IFRS

(expressed in NT\$ thousands, except for EPS at NT\$1/share)

Item	Year	Financial information from the past five years (Note 1)					Current year financial information up to March 31, 2020
		2015	2016	2017	2018	2019	
Operating revenue		14,790,974	15,541,915	15,611,929	5,552,667	5,828,654	No related information. (Note 2)
Gross profit		3,024,774	2,923,359	2,703,321	3,101,350	3,181,095	
Operating gains and losses		234,590	311,625	411,494	585,826	757,528	
Non-operating revenues and expenses		67,456	155,198	82,053	67,054	75,194	
Net profit before taxation		302,046	466,823	493,547	652,880	832,722	
Business units in continuing operation		153,892	367,573	367,278	472,019	665,943	
Net income		153,892	367,573	367,278	472,019	665,943	
gain(loss) from discontinued operations		0	0	0	0	0	
Net income		153,892	367,573	367,278	472,019	665,943	
Other comprehensive income for the period (post-tax profit or loss)		105,637	20,415	(190,042)	28,011	(43,805)	
Cumulative Comprehensive Income in current period		259,529	387,988	177,236	500,030	622,138	
Net profit attributable to parent company		308,724	420,962	417,558	461,322	610,580	
Net profit (loss) attributable to non-controlling interest		(154,832)	(53,389)	(50,280)	10,697	55,363	
Total comprehensive income attributable to owners of the parent company		414,584	449,816	222,422	486,224	574,999	
Comprehensive (loss) income, gross, attributable to non-controlling interest		(155,055)	(61,828)	(45,186)	13,806	47,139	
Earnings per share		2.42	3.30	3.28	3.70	5.00	

* The Company has prepared individual financial statement; therefore, the below condensed individual balance sheets and Income Statement within five years are provided otherwise.

* The financial information adopting International Financial Reporting Standards is not over 5 years; therefore, the below table (2) of financial information adopting Taiwan financial reporting standards is provided otherwise.

Note 1: The financial statements of every fiscal year have been audited and reviewed by Deloitte Taiwan.

2: As of the date on which the annual report was printed, there was not financial data for 2020Q1 that has been audited by CPAs.

(II) Condensed individual statement of financial position and statement of comprehensive income-IFRS

1. Brief Individual Balance Sheet- IAS

Unit: NTD thousands

Item	Year	Financial information from the past five years (Note 1)					Current year financial information up to March 31, 2020
		2015	2016	2017	2018	2019	
Current assets		5,191,297	5,859,514	5,914,722	6,075,148	5,928,878	We adopt IFRS without producing the individual financial statements for Q1. This indicator is thus not applicable.
Property, plant, and equipment		208,070	348,327	354,512	351,923	347,497	
Intangible assets		6,142	4,038	3,319	27,151	18,326	
Other assets		3,611,984	3,836,632	3,425,263	3,387,784	3,490,534	
Total assets		9,017,493	10,048,511	9,697,816	9,842,006	9,785,235	
Current Liabilities	Before Distribution	3,472,552	4,242,292	6,075,148	4,063,128	3,689,336	
	After Distribution	3,281,341	3,987,343	3,669,637	3,782,684	(Note 2)	
Non-current liabilities		106,476	109,142	100,005	108,612	122,136	
Total liabilities	Before Distribution	3,579,028	4,351,434	4,024,591	4,171,740	3,811,472	
	After Distribution	3,387,817	4,096,485	3,769,642	3,891,296	(Note 2)	
Capital stock		1,274,743	1,274,743	1,274,743	1,274,743	1,274,743	
Capital surplus		1,521,183	1,521,190	1,529,865	1,744,934	1,753,876	
Retained earnings	Before Distribution	2,349,906	2,573,165	2,735,203	2,936,814	3,266,641	
	After Distribution	2,158,695	2,318,216	2,480,254	2,656,370	(Note 2)	
Other equity		292,663	327,979	133,414	163,078	127,806	
Treasury stock		0	0	0	(449,303)	(449,303)	
Total Equity	Before Distribution	5,438,465	5,697,077	5,673,225	5,670,266	9,785,235	
	After Distribution	5,247,254	5,442,128	5,418,276	5,389,822	(Note 2)	

Note 1: The financial statements of every fiscal year have been audited and audited by Deloitte Taiwan.

Note 2: The proposal on 2019 net earnings distribution is pending resolution by AGM.

2. Brief Individual Income Statement- IAS

(expressed in NT\$ thousands, except for EPS at NT\$1/share)

Item \ Year	Financial information for the latest 5 years (Note 1)					Current year financial information up to March 31, 2020
	2015	2016	2017	2018	2019	
Operating revenue	13,229,204	14,123,658	14,425,722	2,402,463	2,335,588	We adopt IFRS without producing the individual financial statements for Q1. This indicator is thus not applicable.
Gross profit	1,976,694	1,979,922	1,927,353	1,993,919	2,006,539	
Operating income(loss)	566,619	350,231	512,193	522,683	567,776	
Non-operating revenues and expenses	(140,989)	153,766	4,429	65,394	178,941	
Net profit before taxation	425,630	503,997	516,622	588,077	746,717	
Net profit of continuing business units	308,724	420,962	417,558	461,322	610,580	
Loss from discontinued operations	0	0	0	0	0	
Net income	308,724	420,962	417,558	461,322	610,580	
Other comprehensive income for the period (post-tax profit or loss)	105,860	28,854	(195,136)	24,902	(35,581)	
Current period other comprehensive income (Gross)	414,584	449,816	222,422	486,224	574,999	
Earnings per share	2.42	3.30	3.28	3.70	5.00	

Note 1: The financial statements of every fiscal year have been audited and audited by Deloitte Taiwan.

(III) Condense balance sheets and statements of income - The ROC Financial Accounting Standards:

We adopted IFRS in 2013, and this indicator is thus not applicable.

(IV) Names of financial statement auditors in the last 5 years, and their audit opinions:

Year	Firm Name	Name of auditor	Opinion
2015	Deloitte & Touche	Qiu-yan Wu and Jia-ling Jiang	Unqualified opinion
2016	Deloitte & Touche	Qiu-yan Wu and Jia-ling Jiang	Unqualified opinion
2017	Deloitte & Touche	Qiu-yan Wu and Jia-ling Jiang	Unqualified opinion
2018	Deloitte & Touche	Qiu-yan Wu and Jia-ling Jiang	Unqualified opinion
2019	Deloitte & Touche	Qiu-yan Wu and Jia-ling Jiang	Unqualified opinion

II. Financial analysis for the latest 5 years:

(I) Consolidated Financial analysis - The ROC Financial Accounting Standards:

Analytical items		Financial Analysis for the most recent five years					As of March 31, 2020
		2015	2016	2017	2018	2019	
Financial structure (%)	Debt to assets ratio	39.09	42.67	43.23	45.55	44.36	No related information (note 7)
	Ratio of long-term capital to property, plant and equipment	2,453.00	1,679.23	1,672.79	1,632.99	1,831.67	
Solvency (%)	Current ratio	230.37	210.56	212.46	196.61	205.64	
	Liquid ratio	223.65	206.81	209.53	191.61	199.97	
	Interest coverage ratio	0	0	0	238.00	326.92	
Operating ability	Account receivable turnover (times)	5.97	6.21	6.43	16.44	14.83	
	Days sales in account receivable	61	59	57	22	24.61	
	Inventory turnover (times)	97.95	118.86	187.03	47.87	14.54	
	Account payable turnover (times)	6.10	5.98	5.45	1.81	8.33	
	Average days in sales	4	3	2	8	25.10	
	Rate of real estate, plant buildings and equipment turnover (times)	56.02	47.49	39.87	13.65	14.15	
	Total assets turnover (times)	1.40	1.44	1.38	0.47	0.46	
Profitability	ROA (%)	1.46	3.40	3.25	4.00	5.31	
	ROE (%)	2.44	5.75	5.70	7.17	9.61	
	Percentage of net profit before tax to the paid-in capital (%)	23.69	36.62	38.72	51.22	65.32	
	Net profit rate (%)	1.04	2.37	2.35	8.50	11.43	
	Earnings per share (NTD)	2.42	3.30	3.28	3.70	5.00	
Cash flow (%)	Cash flow ratio (%)	4.61	27.61	18.05	18.68	19.35	
	Cash flow adequacy ratio (%)	141.65	167.89	181.56	206.32	206.43	
	Cash flow reinvestment ratio (%)	(1.88)	18.16	9.79	12.54	11.80	
Leverage	Operating leverage	2.35	3.43	2.88	2.08	1.93	
	Financial leverage	1.00	1.00	1.00	1.00	1.00	

Please describe the reasons for the changes in the financial ratios over the last two years (Effort for analysis may be dispensed with in case of increase/decrease change is below 20%)

1. TIE: It is primarily associated with the increase of income before tax in 2019.
2. Inventory turnover: It is primarily associated with inventory decrease.
3. Accounts payable turnover: It is primarily associated with the decrease of accounts payable.
4. Number of sales days in average: It is primarily associated with lower
5. ROA (%): as the 2019 net revenue increased after tax.
6. ROE (%): as the 2019 net revenue increased after tax.
7. The profit before tax to capital stock (%): as the 2019 net revenue increased.
8. The net profit rate (%): as the 2019 net revenue increased.
9. EPS: as the 2019 net revenue increased.

The Company has prepared individual financial statement; therefore, the below financial ratios analysis is provided otherwise.

Note 1: The financial reports for each year were audited by the CPAs.

Note 2: If available, disclose and analyze the financial data certified or reviewed by a CPA in the previous period of a listed company or its shares traded at a securities company by the date of publication of this report.

Note 3: The following equation shall be identified at the end of the annual report:

1. Financial structure
 - (1) Liabilities to total assets = Total liabilities / total assets.
 - (2) Ratio of long-term capital to property, plant and equipment = (Total equities + noncurrent liabilities) / property, plant and equipment.
2. Solvency
 - (1) Current ratio = current assets / current liabilities.
 - (2) Quick ratio = (current assets - inventories - prepaid expense) / current liabilities
 - (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.
3. Operating ability
 - (1) Receivable (including accounts receivable and notes receivable arising from business operation) Turnover = Net sales / average receivable (including accounts receivable and notes receivable arising from business operation) balance
 - (2) Days sales in account receivable = 365 / Account receivable turnover (times)
 - (3) Inventory turnover (times) = Cost of goods sold / average inventory amount
 - (4) Payable (including accounts payable and notes payable arising from business operation) Turnover = Cost of goods sold / Average payable (including accounts payable and notes payable arising from business operation) balance
 - (5) Average days in sales = 365 / Inventory turnover (times)
 - (6) Property, plant, and equipment turnover (times) = Net sales / Net average property, plant, and equipment
 - (7) Total assets turnover (times) = Net sales / Average total assets
4. Profitability
 - (1) Return on assets = (after tax net profit + interest expenses x (1 - tax rate)) / average asset balance.
 - (2) Return on shareholders' equity = after tax net profit / total average equity.
 - (3) Profit ratio = net income / net sales
 - (4) Earnings per share = (profits or loss attributable to owners of the parent company - preferred stock dividend) / weighted average stock shares issued (Note 4)
5. Cash flow
 - (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
 - (2) Cash flow adequacy ratio = net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years
 - (3) Cash re-investment ratio = (net cash flow from operating activity - cash dividend) / (gross property, plant, and equipment + long-term investment + other noncurrent assets + working capital) (Note 5)
6. Leverage:
 - (1) Operating leverage = (Net operating income - Changes in operating cost and expense) / Operating profit (Note 6)
 - (2) Financial leverage = Operating profit / (Operating profit - interest expense)

Note 4: The calculation of earnings per share in the preceding paragraph should be with the following matters taken into consideration for measurement:

1. Weighted average quantity of shares is on the basis of common stock, not the outstanding shares as of the end of the year.
2. The quantity of new shares for raising new capital or treasury stock trade shall be included in the weighted average quantity of shares during their effective term.
3. Where the shares may be issued through the capitalization of retained earnings or capital surplus, make adjustment in proportion to the quantity of shares issued in calculating the semi-annual or annual EARNINGS PER SHARE of the year. The period for the release of such new shares may be omitted.
4. If the prefer stock is inconvertible cumulative preferred stock, the current stock dividend (regardless distributed or not) should be deducted from the net income or added to the net loss. If the prefer stock is not cumulative, the current stock dividend should be deducted from the net income, if any, but without the need of making any adjustment if there is net loss instead of net income.

Note 5: Consider the followings in conducting cash flow analysis:

1. Net cash flow from operation refers to net cash inflow from operation as stated in the Statement of Cash Flow.
2. Capital spending refers to the cash outflow to annual capital investments.
3. Increase in inventory will be counted only when the ending inventory amount exceeding the beginning inventory amount. The decrease in inventory at yearend will be treated as zero change.
4. Cash Dividends includes the dividends in cash paid to holders of common shares and preferred shares.
5. The gross property, plant, and equipment refer to the total amount of property, plant, and equipment before deducting the accumulated depreciation.

Note 6: The issuer should have the operating cost and operating expense classified as fixed and variable by the nature of operation. If it involves estimates or subjective judgments made, please pay attention to its rationality and consistency.

Note 7: As of the date on which the annual report was printed, there was not financial data for 2020 Q1 that has been audited by CPAs.

(II) Individual Financial analysis - The ROC Financial Accounting Standards:

Analytical items		Financial Analysis for the most recent five years					As of March 31, 2020
		2015	2016	2017	2018	2019	
Financial structure (%)	Debt to assets ratio	39.69	43.30	41.50	42.39	38.95	We adopt IFRS without producing the individual financial statements for Q1. This indicator is thus not applicable.
	Ratio of long-term capital to property, plant and equipment	2,664.94	1,666.89	1,628.50	1,640.61	1,754.23	
Solvency (%)	Current ratio	149.50	138.12	150.71	149.69	160.70	
	Liquid ratio	147.17	136.93	148.46	149	156.26	
	Interest coverage ratio	0	0	0	0	3,661.38	
Operating ability	Account receivable turnover (times)	5.89	6.13	6.36	18.33	19.95	
	Days sales in account receivable	62	59.54	57	20	18.29	
	Inventory turnover (times)	136.95	191.30	310.47	7.69	6.54	
	Account payable turnover (times)	5.46	5.24	4.84	0.29	1.59	
	Average days in sales	3	2	1	47	55.81	
	Rate of real estate, plant buildings and equipment turnover (times)	63.46	50.81	41.06	7	6.68	
	Total assets turnover (times)	1.46	1.48	1.46	0.25	0.24	
Profitability	ROA (%)	3.41	4.42	4.23	4.72	6.22	
	ROE (%)	5.74	7.56	7.34	8.13	10.49	
	Percentage of net profit before tax to the paid-in capital (%)	33.39	39.54	40.53	46.13	58.58	
	Net profit rate (%)	2.33	2.98	2.89	19.07	26.14	
	Earnings per share (NTD)	2.42	3.30	3.28	3.70	5.00	
Cash flow (%)	Cash flow ratio (%)	16.49	22.66	14.25	17.76	12.80	
	Cash flow adequacy ratio (%)	143.74	151.52	151.98	141.94	133.98	
	Cash flow reinvestment ratio (%)	5.36	14.34	5.53	8.58	3.33	
Leverage	Operating leverage	2.35	3.43	2.88	2.08	1.93	
	Financial leverage	1	1	1	1	1	

Please describe the reasons for the changes in the financial ratios over the last two years (Effort for analysis may be dispensed with in case of increase/decrease change is below 20%)

1. TIE: It is primarily associated with the increase of interest expense in 2019.
2. Accounts payable turnover: It is primarily associated with the increase of accounts payable.
3. ROA (%): as the 2019 net revenue increased after tax.
4. ROE (%): as the 2019 net revenue increased after tax.
5. The profit before tax to capital stock (%): as the 2019 net revenue increased.
6. The net profit rate (%): as the 2019 net revenue increased.
7. EPS: It is primarily associated with the increase of net profit in 2019.
8. The cash reinvestment ratio (%): as the net operating cash flow increased.
9. The cash reinvestment ratio (%): as the net operating cash flow decreased.

Note 1: The individual financial statements of all years have been certified by CPAs.

Note 2: If available, disclose and analyze the financial data certified or reviewed by a CPA in the previous period of a listed company or its shares traded at a securities company by the date of publication of this report.

Note 3: The following equation shall be identified at the end of the annual report:

1. Financial structure

- (1) Liabilities to total assets = Total liabilities / total assets.
- (2) Ratio of long-term capital to property, plant and equipment = (Total equities + noncurrent liabilities) / property, plant and equipment.
2. Solvency
 - (1) Current ratio = current assets / current liabilities.
 - (2) Quick ratio = (current assets - inventories - prepaid expense) / current liabilities
 - (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.
3. Operating ability
 - (1) Receivable (including accounts receivable and notes receivable arising from business operation) Turnover = Net sales / average receivable (including accounts receivable and notes receivable arising from business operation) balance
 - (2) Days sales in account receivable = 365 / Account receivable turnover (times)
 - (3) Inventory turnover (times) = Cost of goods sold / average inventory amount
 - (4) Payable (including accounts payable and notes payable arising from business operation) Turnover = Cost of goods sold / Average payable (including accounts payable and notes payable arising from business operation) balance
 - (5) Average days in sales = 365 / Inventory turnover (times)
 - (6) Property, plant, and equipment turnover (times) = Net sales / Net average property, plant, and equipment
 - (7) Total assets turnover (times) = Net sales / Average total assets
4. Profitability
 - (1) Return on assets = (after tax net profit + interest expenses x (1 - tax rate)) / average asset balance.
 - (2) Return on shareholders' equity = after tax net profit / total average equity.
 - (3) Profit ratio = net income / net sales
 - (4) Earnings per share = (profits or loss attributable to owners of the parent company - preferred stock dividend) / weighted average stock shares issued (Note 4)
5. Cash flow
 - (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
 - (2) Cash flow adequacy ratio = net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years
 - (3) Cash re-investment ratio = (net cash flow from operating activity - cash dividend) / (gross property, plant, and equipment + long-term investment + other noncurrent assets + working capital) (Note 5)
6. Leverage:
 - (1) Operating leverage = (Net operating income - Changes in operating cost and expense) / Operating profit (Note 6)
 - (2) Financial leverage = Operating profit / (Operating profit - interest expense)

Note 4: The calculation of earnings per share in the preceding paragraph should be with the following matters taken into consideration for measurement:

1. Weighted average quantity of shares is on the basis of common stock, not the outstanding shares as of the end of the year.
2. The quantity of new shares for raising new capital or treasury stock trade shall be included in the weighted average quantity of shares during their effective term.
3. Where the shares may be issued through the capitalization of retained earnings or capital surplus, make adjustment in proportion to the quantity of shares issued in calculating the semi-annual or annual EARNINGS PER SHARE of the year. The period for the release of such new shares may be omitted.
4. If the prefer stock is inconvertible cumulative preferred stock, the current stock divided (regardless distributed or not) should be deducted from the net income or added to the net loss. If the prefer stock is not cumulative, the current stock divided should be deducted from the net income, if any, but without the need of making any adjustment if there is net loss instead of net income.

Note 5: Consider the followings in conducting cash flow analysis:

1. Net cash flow from operation refers to net cash inflow from operation as stated in the Statement of Cash Flow.
2. Capital spending refers to the cash outflow to annual capital investments.
3. Increase in inventory will be counted only when the ending inventory amount exceeding the beginning inventory amount. The decrease in inventory at yearend will be treated as zero change.
4. Cash Dividends includes the dividends in cash paid to holders of common shares and preferred shares.
5. The gross property, plant, and equipment refer to the total amount of property, plant, and equipment before deducting the accumulated depreciation.

(III) Financial analysis - Taiwan financial reporting standards:

We adopted IFRS in 2013, and this indicator is thus not applicable.

III. Supervisor's report on the review of the latest financial reports:

Soft-World International Corporation Supervisors' Review Report

The 2019 individual financial statements and consolidated financial statements made by the BOD have been audited by Deloitte Taiwan. The audit report issued by Deloitte Taiwan and the business report and earnings distribution proposal have been submitted to the supervisor for audit. As there was no nonconformance found against Article 219 of the Company Act, the report is presented as above.

Please review the information.

To:
2020 Annual General Meeting

Supervisor: CHIEN, CHIN-CHENG

Supervisor: CHANG, HUNG-YUAN

March 25, 2020

Soft-World International Corporation Supervisors' Review Report

The 2019 individual financial statements and consolidated financial statements made by the BOD have been audited by Deloitte Taiwan. The audit report issued by Deloitte Taiwan and the business report and earnings distribution proposal have been submitted to the supervisor for audit. As there was no nonconformance found against Article 219 of the Company Act, the report is presented as above.

Please review the information.

To:
2020 Annual General Meeting

Supervisor: CHIEN, CHIN-CHENG

Supervisor: CHANG, HUNG-YUAN

March 25, 2020

**Soft-World International Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2019 and 2018 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Soft-World International Corporation

Opinion

We have audited the accompanying 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, 2019 and 2018, 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, 2019 and 2018, 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, 2019. 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.

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2019 are stated as follows.

Revenue Recognition - MyCard transactions

The Corporation is an agent in its exclusive card (MyCard) transactions, and other financial liabilities are recognized at the time when MyCard points are sold. When the customers used MyCard in exchange for game points via the online platform, the Corporation recognized service revenue for the net amount after deducting receipts needed to be transferred to the related game operators. Please refer to Notes 4 and 20 to the parent company only financial statements for more details. We considered the risk of material misstatement of the recognition of revenue as the risk of not correctly recording the aforementioned game points after they have been exchanged for, and the recognized revenue might not be the net amount. Therefore, we focused on the

correctness of revenue from MyCard transactions.

The main audit procedures which we performed included the following:

1. We understood and tested the effectiveness of internal control of the MyCard internet platform and the interface control between MyCard and the ERP system;
2. We implemented computer-assisted audit techniques to test the accuracy of the MyCard points which were deposited, exchanged and consumed on a sample basis;
3. We verified whether the timing of points exchange and consumption on the MyCard platform was the same as that recorded in the financial statements;
4. We tested the amounts transferred from other financial liabilities and the amount needed to be transferred to the related game operators, as well as confirmed if the service revenue recognized as a net amount was accurate.

Other Matter

We have also audited the parent company only financial statements of the Corporation as of and for the years ended December 31, 2019 and 2018 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, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 25, 2020

Notice to Readers

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

ASSETS	December 31, 2019		December 31, 2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 5,001,765	39	\$ 5,054,401	41
Notes receivable (Notes 4, 5 and 7)	4,071	-	8,160	-
Accounts receivable, net (Notes 4, 5, 7 and 30)	352,614	3	421,207	3
Other receivables (Notes 4, 7 and 30)	1,879,244	15	2,033,248	16
Current tax assets (Note 25)	7,441	-	1,045	-
Inventories (Notes 4 and 8)	27,939	-	39,644	-
Prepayments for royalty (Note 4)	82,474	-	76,503	1
Other financial assets - current (Notes 9 and 31)	3,589,585	28	2,962,060	24
Other current assets	219,323	2	184,672	2
Total current assets	<u>11,164,456</u>	<u>87</u>	<u>10,780,940</u>	<u>87</u>
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent (Note 10)	444,658	4	464,405	4
Investments accounted for using the equity method (Notes 4 and 12)	47,477	-	55,778	1
Property, plant and equipment (Notes 4, 13 and 31)	400,700	3	423,285	3
Right-of-use assets (Notes 3, 4 and 14)	49,794	1	-	-
Investment properties (Notes 4 and 15)	45,740	-	50,625	-
Goodwill (Note 4)	457,621	4	457,621	4
Other intangible assets (Notes 4 and 16)	33,273	-	61,320	1
Deferred tax assets (Notes 4, 5 and 25)	56,534	1	52,170	-
Prepayments for equipment	1,777	-	761	-
Refundable deposits	24,768	-	15,572	-
Net defined benefit assets (Notes 4 and 21)	20,571	-	18,653	-
Other financial assets - noncurrent (Notes 9 and 31)	18,595	-	11,005	-
Other noncurrent assets	2,715	-	3,558	-
Total noncurrent assets	<u>1,604,223</u>	<u>13</u>	<u>1,614,753</u>	<u>13</u>
TOTAL	<u>\$ 12,768,679</u>	<u>100</u>	<u>\$ 12,395,693</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 31)	\$ -	-	\$ 105,059	1
Contract liabilities - current (Notes 4 and 23)	348,260	3	327,692	3
Notes payable (Notes 18 and 30)	14,609	-	23,163	-
Accounts payable (Notes 18 and 30)	276,324	2	321,668	3
Other payables (Notes 19, 21 and 30)	2,918,342	23	3,154,632	25
Current tax liabilities (Notes 4 and 25)	64,771	-	96,958	1
Lease liabilities - current (Notes 3, 4 and 14)	26,608	-	-	-
Other financial liabilities - current (Notes 3, 4 and 20)	1,745,827	14	1,414,588	11
Other current liabilities	34,429	-	39,739	-
Total current liabilities	<u>5,429,170</u>	<u>42</u>	<u>5,483,499</u>	<u>44</u>
NONCURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 25)	56,021	-	27,349	-
Lease liabilities - noncurrent (Notes 3, 4 and 14)	23,141	-	-	-
Net defined benefit liabilities (Notes 4 and 21)	81,969	1	91,097	1
Guarantee deposits received	73,984	1	44,026	1
Total noncurrent liabilities	<u>235,115</u>	<u>2</u>	<u>162,472</u>	<u>2</u>
Total liabilities	<u>5,664,285</u>	<u>44</u>	<u>5,645,971</u>	<u>46</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 22)				
Share capital	1,274,743	10	1,274,743	10
Capital surplus	1,753,876	14	1,744,934	14
Retained earnings				
Legal reserve	976,777	8	930,645	8
Special reserve	120,524	1	25,117	-
Unappropriated earnings	2,169,340	17	1,981,052	16
Total retained earnings	3,266,641	26	2,936,814	24
Other equity	127,806	1	163,078	1
Treasury shares	(449,303)	(4)	(449,303)	(3)
Total equity attributable to owners of the Corporation	5,973,763	47	5,670,266	46
NON-CONTROLLING INTERESTS (Note 22)	<u>1,130,631</u>	<u>9</u>	<u>1,079,456</u>	<u>8</u>
Total equity	<u>7,104,394</u>	<u>56</u>	<u>6,749,722</u>	<u>54</u>
TOTAL	<u>\$ 12,768,679</u>	<u>100</u>	<u>\$ 12,395,693</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, 2019 AND 2018

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

	2019		2018	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 23 and 30)	\$ 5,828,654	100	\$ 5,552,667	100
OPERATING COSTS (Notes 4, 8, 24 and 30)	<u>2,647,559</u>	<u>45</u>	<u>2,451,317</u>	<u>44</u>
GROSS PROFIT	<u>3,181,095</u>	<u>55</u>	<u>3,101,350</u>	<u>56</u>
OPERATING EXPENSES (Notes 24 and 30)				
Selling and marketing expenses	1,615,076	28	1,708,632	31
General and administrative expenses	349,864	6	359,175	6
Research and development expenses	417,410	7	418,388	8
Expected credit loss (Note 7)	<u>41,217</u>	<u>1</u>	<u>29,329</u>	<u>-</u>
Total operating expenses	<u>2,423,567</u>	<u>42</u>	<u>2,515,524</u>	<u>45</u>
OPERATING INCOME	<u>757,528</u>	<u>13</u>	<u>585,826</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 24)	94,067	2	91,266	1
Other gains and losses (Note 24)	(5,742)	-	(8,385)	-
Finance costs (Note 24)	(2,555)	-	(2,755)	-
Share of loss of associates accounted for using the equity method (Notes 4 and 12)	<u>(10,576)</u>	<u>-</u>	<u>(13,072)</u>	<u>-</u>
Total non-operating income and expenses	<u>75,194</u>	<u>2</u>	<u>67,054</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	832,722	15	652,880	12
INCOME TAX EXPENSE (Notes 4, 5 and 25)	<u>166,779</u>	<u>3</u>	<u>180,861</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>665,943</u>	<u>12</u>	<u>472,019</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 21)	156	-	(7,915)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 22)	(21,335)	-	24,183	1
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 25)	<u>(31)</u>	<u>-</u>	<u>2,486</u>	<u>-</u>
	<u>(21,210)</u>	<u>-</u>	<u>18,754</u>	<u>1</u>

(Continued)

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

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

	2019		2018	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 22)	\$ (25,832)	(1)	\$ 12,213	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 22 and 25)	<u>3,237</u>	<u>-</u>	<u>(2,956)</u>	<u>-</u>
	<u>(22,595)</u>	<u>(1)</u>	<u>9,257</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(43,805)</u>	<u>(1)</u>	<u>28,011</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 622,138</u>	<u>11</u>	<u>\$ 500,030</u>	<u>9</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 610,580	10	\$ 461,322	8
Non-controlling interests	<u>55,363</u>	<u>1</u>	<u>10,697</u>	<u>-</u>
	<u>\$ 665,943</u>	<u>11</u>	<u>\$ 472,019</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 574,999	10	\$ 486,224	9
Non-controlling interests	<u>47,139</u>	<u>1</u>	<u>13,806</u>	<u>-</u>
	<u>\$ 622,138</u>	<u>11</u>	<u>\$ 500,030</u>	<u>9</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 5.00</u>		<u>\$ 3.70</u>	
Diluted	<u>\$ 4.98</u>		<u>\$ 3.68</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, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation					Other Equity			Treasury shares	Total	Non-controlling Interests	Total Equity	
	Retained Earnings					Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income					
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings								
BALANCE AT JANUARY 1, 2018	\$ 1,274,743	\$ 1,529,865	\$ 888,889	\$ 25,117	\$ 1,821,197	\$ (20,585)	\$ 153,999	\$ -	\$ 133,414	\$ -	\$ 5,673,225	\$ 745,716	\$ 6,418,941
Effects of retrospective application and retrospective restatement	-	-	-	-	-	-	(153,999)	153,999	-	-	-	-	-
Equity at the beginning of the period after adjustments	1,274,743	1,529,865	888,889	25,117	1,821,197	(20,585)	-	153,999	133,414	-	5,673,225	745,716	6,418,941
Appropriation of 2017 earnings (Note 22)	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	41,756	-	(41,756)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(254,949)	-	-	-	-	-	(254,949)	-	(254,949)
Cash dividends distributed by the subsidiaries (Note 22)	-	-	41,756	-	(296,705)	-	-	-	-	-	(254,949)	-	(254,949)
Net profit in 2018	-	-	-	-	461,322	-	-	-	-	-	461,322	10,697	472,019
Other comprehensive income (loss) in 2018, net of income tax	-	-	-	-	(4,762)	9,218	-	20,446	29,664	-	24,902	3,109	28,011
Total comprehensive income in 2018	-	-	-	-	456,560	9,218	-	20,446	29,664	-	486,224	13,806	500,030
Difference between consideration and carrying amount of subsidiaries acquired or disposed (Note 11)	-	59,351	-	-	-	-	-	-	-	-	59,351	-	59,351
Changes in percentage of ownership interests in subsidiaries	-	145,350	-	-	-	-	-	-	-	-	145,350	(145,350)	-
Acquisition of company's share by subsidiaries recognized as treasury share (Note 22)	-	-	-	-	-	-	-	-	-	(450,715)	(450,715)	(268,837)	(719,552)
Disposal of company's share by subsidiaries recognized as treasury share transactions (Note 22)	-	9	-	-	-	-	-	-	-	1,412	1,421	831	2,252
Adjustments of capital surplus for company's cash dividends received by subsidiaries (Note 22)	-	10,359	-	-	-	-	-	-	-	-	10,359	-	10,359
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	754,297	754,297
BALANCE AT DECEMBER 31, 2018	1,274,743	1,744,934	930,645	25,117	1,981,052	(11,367)	-	174,445	163,078	(449,303)	5,670,266	1,079,456	6,749,722
Appropriation of 2018 earnings (Note 22)	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	46,132	-	(46,132)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	95,407	(95,407)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(280,444)	-	-	-	-	-	(280,444)	-	(280,444)
Cash dividends distributed by subsidiaries (Note 22)	-	-	46,132	95,407	(421,983)	-	-	-	-	-	(280,444)	-	(280,444)
Net profit in 2019	-	-	-	-	610,580	-	-	-	-	-	610,580	55,363	665,943
Other comprehensive income (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 company's cash dividends received by subsidiaries (Note 22)	-	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

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

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 832,722	\$ 652,880
Adjustments for:		
Income and expenses		
Depreciation expenses	65,630	30,098
Amortization expenses	61,436	76,356
Expected credit loss recognized on accounts receivable	41,217	29,329
Finance costs	2,555	2,755
Interest income	(42,132)	(36,768)
Dividend income	(2,934)	(1,668)
Share of loss of associates accounted for using the equity method	10,576	13,072
Gain on disposal of property, plant and equipment	(514)	(288)
Impairment loss on non-financial assets	-	14,383
Loss on inventories	2,255	5,984
Others	1,341	2,086
Changes in operating assets and liabilities		
Notes receivable	4,089	33,200
Accounts receivable	42,337	(213,103)
Other receivables	141,679	33,638
Inventories	9,450	15,587
Prepayments for royalty	(5,971)	622
Other current assets	(34,651)	(5,111)
Contract liabilities	20,568	10,782
Notes payable	(8,554)	(17,053)
Accounts payable	(45,344)	144,299
Other payables	(234,113)	181,230
Other financial liabilities	331,239	236,458
Other current liabilities	(5,310)	(70,703)
Net defined benefit liabilities	(10,890)	(15,497)
Other noncurrent liabilities	-	(2,000)
Cash generated from operations	1,176,681	1,120,568
Interest received	40,130	35,737
Dividends received	14,660	12,027
Interest paid	(2,962)	(2,755)
Income tax paid	(177,848)	(141,452)
Net cash generated from operating activities	<u>1,050,661</u>	<u>1,024,125</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(1,588)	-
Acquisition of investments accounted for using equity method	(2,275)	(3,959)
Increase in prepayments for long-term investments	-	(767)
Net cash inflow on acquisition of subsidiaries (Note 27)	-	48,205
Proceeds from disposal of subsidiaries	-	79,478

(Continued)

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

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

	2019	2018
Payments for property, plant and equipment	\$ (10,755)	\$ (4,792)
Proceeds from disposal of property, plant and equipment	2,347	1,169
Increase in refundable deposits	(10,321)	557
Decrease in refundable deposits	1,125	1,293
Acquisition of intangible assets	(33,477)	(90,694)
Proceeds from disposal of intangible assets	90	-
Increase in other financial assets	(645,815)	(599,662)
Decrease in other financial assets	10,700	638,010
Increase in other noncurrent assets	<u>(532)</u>	<u>(1,885)</u>
Net cash generated from (used in) investing activities	<u>(690,501)</u>	<u>66,953</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(105,059)	(29,193)
Increase in guarantee deposits received	30,262	17,339
Decrease in guarantee deposits received	(304)	(1,852)
Repayment of the principal portion of lease liabilities	(34,731)	-
Cash dividends distributed	(280,444)	(254,949)
Acquisition of the parent company's shares held by subsidiaries	-	(450,715)
Proceeds from disposal of the parent company's shares held by subsidiaries	-	1,421
Changes in non-controlling interests	<u>4,036</u>	<u>(78,182)</u>
Net cash used in financing activities	<u>(386,240)</u>	<u>(796,131)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(26,556)</u>	<u>(45,553)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(52,636)	249,394
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>5,054,401</u>	<u>4,805,007</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 5,001,765</u>	<u>\$ 5,054,401</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, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

The 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 25, 2020.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

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

- 1) IFRS 16 "Leases"

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

Definition of a lease

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

The Group as lessee

The Group recognizes right-of-use assets or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts, including property interest qualified as investment properties, were recognized as expenses on a straight-line basis. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables were recognized on the consolidated balance sheets for contracts classified as finance leases.

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

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities. The Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

- a) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- b) The Group excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- c) The Group uses hindsight, such as in determining lease terms, to measure lease liabilities.

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 2.16%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	\$ 46,029
Add: Adjustments as a result of a different treatment of extension options	200
Less: Recognition exemption for short-term leases	<u>(6,918)</u>
Undiscounted amount on January 1, 2019	<u>\$ 39,311</u>
Discounted amount using the incremental borrowing rate on January 1, 2019 (liabilities recognized on January 1, 2019)	<u>\$ 37,233</u>

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

	Carrying Amount as of December 31, 2018	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2019
Total effect on assets	\$ <u> -</u>	\$ <u>37,233</u>	\$ <u>37,233</u>
Lease liabilities - current	\$ -	\$ 24,978	\$ 24,978
Lease liabilities - noncurrent	<u> -</u>	<u>12,255</u>	<u>12,255</u>
Total effect on liabilities	\$ <u> -</u>	\$ <u>37,233</u>	\$ <u>37,233</u>

The Group as lessor

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

2) IFRIC 23 "Uncertainty over Income Tax Treatments"

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

Upon initial application of IFRIC 23, the application would not have a material impact on the Group's assets, liabilities, and equity as of January 1, 2019.

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

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

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

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

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

Amendments to IFRS 3 “Definition of a Business”

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

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

Except for the above impact, as of the date the 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.

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2022

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

Amendments to IFRS 10 and IAS 28

The amendments stipulate that, when the 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.

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 of subsidiaries about ownership and operating items refer to Note 11, Table 6 and Table 7.

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.

In a reverse acquisition, the accounting acquiree usually issues its equity shares to the owners of the accounting acquirer. Accordingly, the acquisition-date fair value of the consideration transferred by the accounting acquirer for its interest in the accounting acquiree is based on the number of equity interests the legal subsidiary would have had to issue to give the owners of the legal parent the same percentage of equity interest in the combined entity that results from the reverse acquisition. The fair value of the number of equity interests calculated in that way can be used as the fair value of consideration transferred in exchange for the acquiree.

Consolidated financial statements prepared following a reverse acquisition are required to reflect the assets and liabilities of the legal subsidiary recognized and measured at their pre-combination carrying amounts, and recognize the carrying amounts of retained earnings before the business combination. The assets and liabilities of the legal parent are recognized and measured in accordance with the fair value. The total shareholders' equity equals the pre-combination amount of the total shareholders' equity of the legal subsidiary added to the acquiree's combination consideration.

f. Foreign currencies

In preparing the financial statements of each individual group entity, 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 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. Prepayments for royalty

Prepayments for royalty are the prepaid amounts based on the contracts granted for games, and the Group calculates the amortization amounts in accordance with stored and used amounts for the games granted.

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

j. 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.

k. 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.

l. 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.

m. 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) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

4) 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.

n. Impairment of tangible and intangible assets (excluding goodwill)

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

o. 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 amortized cost and investments in equity instruments at FVTOCI.

i Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

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

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

- ii Investments in equity instruments at FVTOCI

On initial recognition, the 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 (i.e. ECLs) for account 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 90 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.

p. 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 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 used amounts.

q. Leases

2019

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.

2018

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

r. 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. Those unrealized will be deferred by the Group.

s. 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.

t. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences 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 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. Estimated impairment of financial assets

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

b. Assessment of goodwill from business combinations

For the year ended December 31, 2018, the Group assessed and analyzed the independent appraiser's report about the allocation of the purchase price for Neweb Technologies. Because the analysis report is based on the related assumptions and estimations, if there is any change in the assumptions and estimations, there the amount of goodwill recognized might be impacted.

c. Income taxes

As of December 31, 2019 and 2018, the carrying amount of deferred tax assets in relation to unused tax losses and temporary differences was \$538,343 thousand and \$530,232 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>	
	2019	2018
Cash on hand	\$ 1,780	\$ 1,916
Bank deposits	2,478,230	2,933,391
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	<u>2,521,755</u>	<u>2,119,094</u>
	<u>\$ 5,001,765</u>	<u>\$ 5,054,401</u>

7. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31</u>	
	2019	2018
Notes receivable		
Operating	<u>\$ 4,071</u>	<u>\$ 8,160</u>
Accounts receivable (including related parties) (Note 30)		
Operating - at amortized cost		
Gross carrying amount	\$ 382,221	\$ 431,814
Less: Allowance for impairment loss	<u>(29,607)</u>	<u>(10,607)</u>
	<u>\$ 352,614</u>	<u>\$ 421,207</u>
Other receivables (including related parties) (Note 30)		
Receivables for receipts under custody	\$ 1,846,545	\$ 2,044,859
Less: Allowance for impairment loss - receivables for receipts under custody	<u>(62,164)</u>	<u>(67,643)</u>
	<u>1,784,381</u>	<u>1,977,216</u>
Others	122,190	80,017
Less: Allowance for impairment loss - others	<u>(27,327)</u>	<u>(23,985)</u>
	<u>94,863</u>	<u>56,032</u>
	<u>\$ 1,879,244</u>	<u>\$ 2,033,248</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.

The aging of notes receivable was as follows:

	December 31	
	2019	2018
90 days or less	\$ 1,918	\$ 6,129
91-180 days	861	1,527
181-365 days	861	504
Over 365 days	<u>431</u>	<u>-</u>
	<u>\$ 4,071</u>	<u>\$ 8,160</u>

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

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 obtain sufficient collateral if needed to mitigate the risk of financial loss from late payment. 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 using a provision matrix 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 provision for loss allowance is further distinguished according to the Group's different customer base 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 based on the Group's provision matrix:

December 31, 2019

	Customers Without Signs of Default				Customers With Signs of Default	Total
	Less than 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>

December 31, 2018

	Less than 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	\$ 340,190	\$ 2,475	\$ 2,958	\$ 1,846	\$ 347,469
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(21)</u>	<u>(382)</u>	<u>(1,692)</u>	<u>(2,095)</u>
Amortized cost	<u>\$ 340,190</u>	<u>\$ 2,454</u>	<u>\$ 2,576</u>	<u>\$ 154</u>	<u>\$ 345,374</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 (%)	-	0-14	0-24	0-50	0-100	
Gross carrying amount	\$ 48,106	\$ 6,394	\$ 3,430	\$ 3,596	\$ 22,819	\$ 84,345
Loss allowance (lifetime ECLs)	<u>-</u>	<u>(187)</u>	<u>-</u>	<u>(779)</u>	<u>(7,546)</u>	<u>(8,512)</u>
Amortized cost	<u>\$ 48,106</u>	<u>\$ 6,207</u>	<u>\$ 3,430</u>	<u>\$ 2,817</u>	<u>\$ 15,273</u>	<u>\$ 75,833</u>

Of the accounts receivable that were past due as of December 31, 2019 and 2018, \$18,173 thousand and \$23,797 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 were 30 to 120 days.

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

December 31, 2019

	Less than 90 Days	91 to 180 Days	181 to 365 Days	More than 1 year	Total
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>

December 31, 2018

	Less than 90 Days	91 to 180 Days	181 to 365 Days	More than 1 year	Total
Expected credit loss rate (%)	-	3	30	100	
Gross carrying amount	\$ 1,916,129	\$ 46,481	\$ 25,370	\$ 56,879	\$ 2,044,859
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(1,387)</u>	<u>(9,377)</u>	<u>(56,879)</u>	<u>(67,643)</u>
Amortized cost	<u>\$ 1,916,129</u>	<u>\$ 45,094</u>	<u>\$ 15,993</u>	<u>\$ -</u>	<u>\$ 1,977,216</u>

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

	For the Year Ended December 31, 2019		
	Accounts Receivable	Other Receivables	Total
Balance at January 1	\$ 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>
	For the Year Ended December 31, 2018		
	Accounts Receivable	Other Receivables	Total
Balance at January 1 per IAS 39	\$ 64,828	\$ 15,936	\$ 80,764
Adjustment on initial application of IFRS 9	-	-	-
Adjustment on initial application of IFRS 15	<u>(64,068)</u>	<u>64,068</u>	<u>-</u>
Balance, at January 1 as adjusted	760	80,004	80,764
Add: From business combination	2,902	1,334	4,236
Impairment losses recognized in accounts receivable and other receivables	8,048	21,281	29,329
Less: Amounts written off	(1,100)	(10,718)	(11,818)
Foreign exchange gains and losses	<u>(3)</u>	<u>(273)</u>	<u>(276)</u>
Balance at December 31	<u>\$ 10,607</u>	<u>\$ 91,628</u>	<u>\$ 102,235</u>

8. INVENTORIES

	<u>December 31</u>	
	2019	2018
Raw materials	\$ 109	\$ -
Finished goods	174	510
Merchandise	<u>27,656</u>	<u>39,134</u>
	<u>\$ 27,939</u>	<u>\$ 39,644</u>

The cost of inventories recognized as loss on inventory value was \$57,445 thousand and \$57,631 thousand for the years ended December 31, 2019 and 2018, respectively.

The operating costs for the years ended December 31, 2019 and 2018 was \$2,647,559 thousand and \$2,451,317 thousand, respectively, which includes the following:

	<u>For the Year Ended December 31</u>	
	2019	2018
Write-downs	\$ 571	\$ 2,875
Loss on disposal	1,684	3,225
Gain on physical inventories	<u>-</u>	<u>(116)</u>
	<u>\$ 2,255</u>	<u>\$ 5,984</u>

9. OTHER FINANCIAL ASSETS

	<u>December 31</u>	
	2019	2018
Pledged demand deposits (Note 31)	\$ 352	\$ 17,711
Pledged time deposits (Note 31)	37,000	10,110
Restricted trust deposits	855,477	722,322
Restricted bank deposits	18,595	11,005
Time deposits with original maturities of more than 3 months	<u>2,696,756</u>	<u>2,211,917</u>
	<u>\$ 3,608,180</u>	<u>\$ 2,973,065</u>
Current	\$ 3,589,585	\$ 2,962,060
Noncurrent	<u>18,595</u>	<u>11,005</u>
	<u>\$ 3,608,180</u>	<u>\$ 2,973,065</u>

The Group applied business trust to pledge the temporary receipts from third-party and electronic payments. To apply business trust, the Group signed a trust contract with the dedicated deposits account bank. 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 OTHER COMPREHENSIVE INCOME - NONCURRENT

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Listed shares	\$ 130,995	\$ 117,474
Emerging market shares	34,554	44,937
Private - placement shares of listed companies	261,189	239,152
Domestic unlisted shares	17,920	17,342
Foreign unlisted shares	<u>-</u>	<u>45,500</u>
	<u>\$ 444,658</u>	<u>\$ 464,405</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

11. 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>		
			<u>2019</u>	<u>2018</u>	
The Corporation	Chinese Gamer International Corporation (Chinses 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	-	89	Note 7
	Zealot Digital International Corporation	Development and sales of game software	99	99	
	Zealot Digital Pte. Ltd. (Zealot)	Development and sales of game software	100	100	
	Soft-World International (Hong Kong) Corporation	Trading of game software	100	100	
	Dynasty International Information Co., Ltd.	Design, development and trading of computer software	86	86	
	Jorsen Technology Co., Ltd.	Information software services, wholesale and retail	-	-	Note 2
	Jhjh Long Venture Capital Corporation (Zhi Long)	Investment related business	13	13	
	Sofaman Corporation (Sofaman)	Development and sales of game software	60	60	Note 8
	Re: Ad Media Corporation (Re: Ad)	Investment related business	-	51	Note 7
	Interactive Entertainment Technology Co., Ltd (Interactive Entertainment)	Investment related business	80	80	
	Fast Distributed Cloud Computing Co., Ltd	Retail, wholesale and service of information software	100	100	
	Neweb Technologies Corporation Ltd. (Neweb Technologies)	Information software wholesale and retail and electronic data supply services	50	50	Note 3
	Efun International corporation (Efun)	Information software and data processing services	80	89	Note 5

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark	
			December 31			
			2019	2018		
Chinesegamer International Corporation	Long Xiang Investment Co., Ltd. (Long Xiang Investment)	Investment related business	44	44		
	CELAD Game Corporation (Celad)	Online game service	32	25	Note 6	
	Re: Ad Media (Taiwan) Corporation (Re: Ad Media (Taiwan))	General advertising service	-	51	Notes 4 and 5	
	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	50	50		
	Super Game Corporation (Super Game)	Online game service	50	50		
	Jhjh Long Venture Capital Corporation (Jhjh 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	50	50		
	Game Topia Co., Ltd. (Game Topia)	Online game service	50	56		
	Oriental Dragon Digital Co., Ltd. (Oriental Dragon)	Online game service	53	53		
	Long Xiang Investment Co., Ltd. (Long Xiang Investment)	Investment related business	30	30		
	Taichigamer	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)	Information service industry	100	100		
Game Topia	Game Topia (Hong Kong) Technology Corporation (Hong Kong Game Topia)	Online game service	100	100		
Game Flier	Soft-Orient Corporation (Soft-Orient)	Investment related business	100	100		
Global Concept	Game Flier (Malaysia) Sdn. Bhd. (Malaysia Game Flier)	Game software development, manufacturing and selling	100	100		
	Mobile Flier International Corporation (Mobile Flier)	Development of smart mobile games	100	100		
	Value Central Corporation (Value Central)	Investment related business	100	100		
	Fast Distributed Cloud Computing (Samoa) Co., Ltd. (Fast Distributed Cloud Computing)	Investment related business	-	-	Note 2	
Value Central	Gamers Grande Corporation (Gamers Grande)	Investment related business	100	100		
	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	Game First Asia Pte. Ltd. (Game First Asia)	Online game service	-	-	Note 2	
Efun	Compete ! Games Interactive Entertainment Corporation	Agent and operation of sports type of games	100	100		
	Efun International Corporation (Efun)	Information software and data processing services	-	-	Note 5	
Soft - World (Hong Kong)	Soft-World International (Guangzhou) Corporation	Design, development, production and sales of computer hardware and software	100	100	Note 8	
Re: Ad	Re: Ad Media Corporation. (Re: Ad)	General advertising service	-	-	Note 4	
	Re: Ad Media (Hong Kong) Corporation. (Re: Ad)	General advertising service	-	-	Note 2	
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	Note 3	
	Smartpath Digital Technology Co., Ltd (Smartpath Digital)	Third party payment service	-	-	Note 3	
	Pay2go Corporation (Pay2go)	Third party payment service	-	-	Note 3	
	Taiwanpay Co., Ltd.	Information software, data processing services, and third party payment service	-	-	Note 3	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2019	2018	
	Newebpay Corporation. (Newebpay)	Electronic data supply service	100	100	Note 3
Efun International Corporation	CService Technology Co., Ltd. Re: Ad Media Corporation. (Re: Ad)	Information software General advertising service	100 100	- -	Note 5
Long Xiang Investment	Jih Long Venture Capital Corporation (Jih Long)	Investment related business	74	74	

(Concluded)

- 1) A subsidiary with material non-controlling interests. Part of Chinese Gamer's shares were sold by the Corporation in 2018, and the disposal price was \$79,478 thousand. The difference between the disposal price and book value was recognized as capital surplus - the difference between the consideration received and the carrying amount of the subsidiaries' net assets during actual disposal was \$59,351 thousand.
- 2) Completed liquidation procedures in 2018.
- 3) The Corporation acquired 59% ownership of Neweb Technologies and its subsidiaries through a share swap of Smartpath Digital's and Pay2go's shares. The base date of the share swap was April 9, 2018, and Neweb Technologies and its subsidiaries had been included in the consolidated financial statements since that date. For related information, refer to Note 27: Business Combinations. Neweb Technologies passed the resolution of the merger of Pay2go and Taiwanpay Co., Ltd. in the board of directors' meeting on May 9, 2018; and the base date for the merger was September 19, 2018. After the merger, Pay2go (changed its name to ezPay on July 26, 2018 with the approval of the Ministry of Economic Affairs) was the surviving company and Taiwanpay Co., Ltd. was the dissolved company. On December 3, 2018, Neweb Technologies acquired ezPay's remaining outstanding shares by issuing new shares in exchange for ezPay's shares, and the Corporation's ownership of Neweb Technologies decreased from 59% to 50%. In addition, on November 22, 2018, the board of directors of Neweb Technologies passed the resolution of their merger with Smartpath Digital. The base date for the merger was December 24, 2018; with Neweb Technologies as the surviving company, and Smartpath Digital as the dissolved company.
- 4) Re: Ad Media (Taiwan) increased capital in cash of \$20,000 thousand, and the Corporation subscribed for shares amounting to \$10,200 thousand; In addition, the Corporation acquired the shares of Re: Ad Media (Taiwan) from the Corporation's subsidiary Re: Ad Media, and the invested amount was \$3,894 thousand.
- 5) The Corporation subscribed for shares amounting to \$70,952 thousand in June 2018, and acquired Efun International Corporation's shares from Efun International Co. Ltd. in the amount of \$6,318 thousand in August 2018. Besides, in May 2019, Efun International Corporation issued new shares 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 ownership percentage of the Corporation decreased from 89% to 80%.
- 6) CELAD increased capital in cash in June 2018, and the Corporation subscribed for the shares amounting to \$7,500 thousand which was not based on the original shareholding percentage. As a result, the ownership percentage increased from 25% to 32%.
- 7) Completed liquidation procedures in 2019.
- 8) Sofaman and Soft-World (Guangzhou) have ceased operations and are currently closed.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests (%)	
	December 31	
	2019	2018
Chinese Gamer International Corporation (%)	51	51

For information on the main operating locations and countries of incorporation of the subsidiaries, refer to Table 6.

Name of Subsidiary	Profit Allocated to Non-controlling Interests		Non-controlling Interests	
	For the Year Ended December 31		December 31	
	2019	2018	2019	2018
Chinese Gamer International Corporation	\$ 43,509	\$ 23,419	\$ 585,872	\$ 552,754

The summarized financial information below represents amounts before intragroup eliminations.

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

	December 31	
	2019	2018
Current assets	\$ 991,823	\$ 1,013,584
Noncurrent assets	481,199	416,469
Current liabilities	(157,721)	(212,261)
Noncurrent liabilities	<u>(23,690)</u>	<u>(7,302)</u>
Equity	<u>\$ 1,291,611</u>	<u>\$ 1,210,490</u>
Equity attributable to:		
The Corporation	\$ 647,127	\$ 615,473
Non-controlling interests of Chinese Gamer International Corporation	585,872	552,754
Non-controlling interests of Chinese Gamer International Corporation's subsidiaries	<u>58,612</u>	<u>42,263</u>
	<u>\$ 1,291,611</u>	<u>\$ 1,210,490</u>
Revenue	<u>\$ 662,928</u>	<u>\$ 600,237</u>
Profit for the year	\$ 83,747	\$ 51,146
Other comprehensive income (loss) for the year	<u>(14,308)</u>	<u>(13,118)</u>
Total comprehensive income for the year	<u>\$ 69,439</u>	<u>\$ 38,028</u>

(Continued)

	<u>December 31</u>	
	2019	2018
Profit attributable to:		
The Corporation	\$ 35,340	\$ 15,551
Non-controlling interests of Chinese Gamer International Corporation	43,509	23,419
Non-controlling interests of Chinese Gamer International Corporation's subsidiaries	<u>4,898</u>	<u>12,176</u>
	<u>\$ 83,747</u>	<u>\$ 51,146</u>
Comprehensive income attributable to:		
The Corporation	\$ 28,472	\$ 10,893
Non-controlling interests of Chinese Gamer International Corporation	36,323	14,929
Non-controlling interests of Chinese Gamer International Corporation's subsidiaries	<u>4,644</u>	<u>12,206</u>
	<u>\$ 69,439</u>	<u>\$ 38,028</u>
Cash flow		
Operating activities	\$ 106,071	\$ 19,741
Investing activities	(23,130)	464
Financing activities	<u>(11,223)</u>	<u>14,000</u>
Net cash inflow	<u>\$ 71,718</u>	<u>\$ 34,205</u> (Concluded)

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	2019	2018
Investments in associates - associates that are not individually material	<u>\$ 47,477</u>	<u>\$ 55,778</u>
Aggregate information of associates that are not individually material:		
	<u>December 31</u>	
	2019	2018
The Group's share of:		
Total loss and other comprehensive loss for the year	<u>\$ (10,576)</u>	<u>\$ (13,072)</u>

The Group invested in Sky Touch Co., Ltd.'s shares, and recognized an impairment loss \$11,087 thousand because of indications of impairment in 2018. In addition, the Group acquired the financial equity of We Can Financial in 2019 and 2018 for \$2,275 thousand and \$3,959 thousand, respectively, and as of the end of 2018, the amount of investments in We Can Financial was \$26,234 thousand.

13. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2019

	Land	Buildings	Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Miscellaneous Equipment	Total
<u>Cost</u>								
Balance at January 1, 2019	\$ 215,321	\$ 222,882	\$ 282,142	\$ 5,970	\$ 11,538	\$ 3,429	\$ 32,102	\$ 773,384
Additions	-	-	5,159	2,500	57	-	253	7,969
Disposals	-	-	(28,578)	(2,333)	(278)	(970)	(84)	(32,243)
Transfers to investment properties	-	(823)	-	-	-	-	-	(823)
Effect of foreign currency exchange differences	-	(1,454)	(4,161)	(177)	(40)	(8)	(73)	(5,913)
Balance at December 31, 2019	<u>\$ 215,321</u>	<u>\$ 220,605</u>	<u>\$ 254,562</u>	<u>\$ 5,960</u>	<u>\$ 11,277</u>	<u>\$ 2,451</u>	<u>\$ 32,198</u>	<u>\$ 742,374</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2019	\$ -	\$ 79,049	\$ 247,873	\$ 2,390	\$ 10,355	\$ 2,823	\$ 7,609	\$ 350,099
Disposals	-	-	(28,165)	(970)	(223)	(970)	(82)	(30,410)
Depreciation expenses	-	5,014	14,250	1,479	412	252	6,305	27,712
Transfers to investment properties	-	(562)	-	-	-	-	-	(562)
Effect of foreign currency exchange differences	-	(1,111)	(3,832)	(117)	(31)	(7)	(67)	(5,165)
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 82,390</u>	<u>\$ 230,126</u>	<u>\$ 2,782</u>	<u>\$ 10,513</u>	<u>\$ 2,098</u>	<u>\$ 13,765</u>	<u>\$ 341,674</u>
Carrying amounts at December 31, 2019	<u>\$ 215,321</u>	<u>\$ 138,215</u>	<u>\$ 24,436</u>	<u>\$ 3,178</u>	<u>\$ 764</u>	<u>\$ 353</u>	<u>\$ 18,433</u>	<u>\$ 400,700</u>

For the year ended December 31, 2018

	Land	Buildings	Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Miscellaneous Equipment	Total
<u>Cost</u>								
Balance at January 1, 2018	\$ 215,321	\$ 223,562	\$ 285,222	\$ 9,014	\$ 11,848	\$ 2,787	\$ 6,506	\$ 754,260
Additions	-	-	5,446	1,238	955	451	21,820	29,910
Disposals	-	-	(62,930)	(4,264)	(1,428)	(579)	(2,444)	(71,645)
Reclassification	-	-	1,142	-	(2,821)	(1,953)	231	(3,401)
Acquisitions through business combinations	-	-	55,295	-	2,976	2,714	6,012	66,997
Effect of foreign currency exchange differences	-	(680)	(2,033)	(18)	8	9	(23)	(2,737)
Balance at December 31, 2018	<u>\$ 215,321</u>	<u>\$ 222,882</u>	<u>\$ 282,142</u>	<u>\$ 5,970</u>	<u>\$ 11,538</u>	<u>\$ 3,429</u>	<u>\$ 32,102</u>	<u>\$ 773,384</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2018	\$ -	\$ 74,559	\$ 265,244	\$ 5,331	\$ 11,242	\$ 2,432	\$ 5,323	\$ 364,131
Disposals	-	-	(62,487)	(4,218)	(1,372)	(243)	(2,444)	(70,764)
Depreciation expenses	-	5,039	15,460	1,275	582	691	3,530	26,577
Reclassification	-	-	967	-	(2,146)	(1,642)	121	(2,700)
Acquisitions through business combinations	-	-	30,490	-	2,043	1,577	1,098	35,208
Effect of foreign currency exchange differences	-	(549)	(1,801)	2	6	8	(19)	(2,353)
Balance at December 31, 2018	<u>\$ -</u>	<u>\$ 79,049</u>	<u>\$ 247,873</u>	<u>\$ 2,390</u>	<u>\$ 10,355</u>	<u>\$ 2,823</u>	<u>\$ 7,609</u>	<u>\$ 350,099</u>
Carrying amounts at December 31, 2018	<u>\$ 215,321</u>	<u>\$ 143,833</u>	<u>\$ 34,269</u>	<u>\$ 3,580</u>	<u>\$ 1,183</u>	<u>\$ 606</u>	<u>\$ 24,493</u>	<u>\$ 423,285</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:

	<u>For the Year Ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Investing activities impacting cash and non-cash items at the same time		
Additions in property, plant and equipment	\$ 7,969	\$ 29,910
Increase (decrease) in prepayments for equipment (including acquisitions through business combinations)	1,016	(22,838)
Decrease (increase) in payables for equipment	<u>1,770</u>	<u>(2,280)</u>
Cash payments for purchasing property, plant and equipment	<u>\$ 10,755</u>	<u>\$ 4,792</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
Transportation Equipment	3-5 years
Office Equipment	3-5 years
Leasehold Improvements	3-5 years
Miscellaneous Equipment	3-5 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Buildings	<u>\$ 49,794</u>
	For the Year Ended December 31, 2019
Additions to right-of-use assets	<u>\$ 47,247</u>
Depreciation of right-of-use assets	
Buildings	<u>\$ 34,404</u>

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	<u>\$ 26,608</u>
Noncurrent	<u>\$ 23,141</u>

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Buildings (%)	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

2019

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

Expenses relating to short-term leases	<u>\$ 9,456</u>
Expenses relating to low-value asset leases	<u>\$ 2,791</u>
Total cash outflow for leases	<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.

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

2018

**December 31,
2018**

Not later than 1 year	\$ 32,827
Later than 1 year and not later than 3 years	<u>13,202</u>
	<u>\$ 46,029</u>

15. INVESTMENT PROPERTIES

For the year ended December 31, 2019

Buildings

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>

For the year ended December 31, 2018

	Buildings
<u>Cost</u>	
Balance at January 1, 2018	\$ 102,869
Effect of foreign currency exchange differences	<u>(363)</u>
Balance at December 31, 2018	<u>\$ 102,506</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2018	\$ 48,523
Depreciation expenses	3,521
Effect of foreign currency exchange differences	<u>(163)</u>
Balance at December 31, 2018	<u>\$ 51,881</u>
Carrying amount at December 31, 2018	<u>\$ 50,625</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 as of December 31, 2019 was as follows:

	December 31, 2019
Year 1	\$ 17,024
Year 2	10,758
Year 3	<u>2,507</u>
	<u>\$ 30,289</u>

The future minimum lease payments of non-cancellable operating lease commitments as of December 31 2018 are as follows:

	December 31, 2018
Not later than 1 year	\$ 13,913
Later than 1 year and not later than 5 years	<u>4,632</u>
	<u>\$ 18,545</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, 2019 and 2018 was \$500,000 thousand and \$630,000 thousand, respectively. Management of the Group had assessed and determined the fair value based on market evidence of transaction prices for the nearby housing market.

16. OTHER INTANGIBLE ASSETS

For the year ended December 31, 2019

	Computer Software	Copyright and Royalty for Game Software	Total
<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>

For the year ended December 31, 2018

	Computer Software	Copyright and Royalty for Game Software	Total
<u>Cost</u>			
Balance at January 1, 2018	\$ 91,264	\$ 20,158	\$ 111,422
Acquisitions through business combinations	46,988	-	46,988
Additions	68,440	22,254	90,694
Write-off	(15,908)	(16,854)	(32,762)
Reclassification	304	-	304
Effect of foreign currency exchange differences	<u>(26)</u>	<u>-</u>	<u>(26)</u>
Balance at December 31, 2018	<u>\$ 191,062</u>	<u>\$ 25,558</u>	<u>\$ 216,620</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2018	\$ 80,409	\$ 7,702	\$ 88,111
Acquisitions through business combinations	23,452	-	23,452
Amortization expenses	56,212	20,144	76,356
Write-off	(15,908)	(16,854)	(32,762)

(Continued)

	Computer Software	Copyright and Royalty for Game Software	Total
Reclassification	\$ 167	\$ -	\$ 167
Effect of foreign currency exchange differences	<u>(24)</u>	<u>-</u>	<u>(24)</u>
Balance at December 31, 2018	<u>\$ 144,308</u>	<u>\$ 10,992</u>	<u>\$ 155,300</u>
Carrying amount at December 31, 2018	<u>\$ 46,754</u>	<u>\$ 14,566</u>	<u>\$ 61,320</u> (Concluded)

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

17. SHORT-TERM BORROWINGS - December 31, 2018

Unsecured borrowings	December 31 2018
Secured borrowings	
Other loans - with an interest rate of 4.5% per annum	\$ 9,898
Unsecured borrowings	
Credit borrowings - with an interest rate of 1.5% per annum	75,000
Loans from shareholders - with an interest rate of 2% per annum	<u>20,161</u>
	<u>\$ 105,059</u>

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 120 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

	December 31	
	2019	2018
Payables for receipts under custody	\$ 2,252,968	\$ 2,327,030
Payables for circulation	157,526	188,726
Payables for salaries or bonuses	141,636	138,497
Payables for agency transactions	114,812	235,807
Payables for compensation of employees, board of directors and supervisors	52,846	44,143
		(Continued)

	December 31	
	2019	2018
Payables for annual leave	\$ 21,212	\$ 20,403
Payables for royalty	10,058	17,466
Others	<u>167,284</u>	<u>182,560</u>
	<u>\$ 2,918,342</u>	<u>\$ 3,154,632</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

	December 31	
	2019	2018
Temporary receipts from the sale of MyCard 1)	\$ 714,624	\$ 771,550
Temporary receipts from third-party payments and electronic payments 2)	<u>1,031,203</u>	<u>643,038</u>
	<u>\$ 1,745,827</u>	<u>\$ 1,414,588</u>

- 1) The Group's sale of MyCard is recognized as an agency transaction under MyCard transactions. The temporary receipts from the sale of MyCard is recognized as "Other financial liabilities - current".
- 2) The Group's payments unpaid and unwithdrawn from the buyer and seller through third-party transactions and proxy receipts, receipts under custody and store-value received through electronic payments are all included in "Other financial liabilities - current".

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation and domestic subsidiaries in the Group adopted a pension plan under the Labor Pension Act (the "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 domestic subsidiaries of the Group 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:

	December 31	
	2019	2018
Present value of defined benefit obligation	\$ 161,673	\$ 161,719
Fair value of plan assets	<u>(100,159)</u>	<u>(89,139)</u>
Deficit	61,514	72,580
Net defined benefit assets	20,571	18,653
Other payables	<u>(116)</u>	<u>(136)</u>
Net defined benefit liabilities	<u>\$ 81,969</u>	<u>\$ 91,097</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2018	<u>\$ 145,114</u>	<u>\$ (78,387)</u>	<u>\$ 66,727</u>
Service cost			
Current service cost	1,034	-	1,034
Gain on settlement	(7,650)	-	(7,650)
Interest expense (income)	<u>2,325</u>	<u>(1,316)</u>	<u>1,009</u>
Recognized in profit or loss	<u>(4,291)</u>	<u>(1,316)</u>	<u>(5,607)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,195)	(2,195)
Actuarial loss - changes in demographic assumptions	2,211	-	2,211
Actuarial loss - changes in financial assumptions	3,567	-	3,567
Actuarial loss - experience adjustments	<u>4,332</u>	<u>-</u>	<u>4,332</u>
Recognized in other comprehensive income (loss)	<u>10,110</u>	<u>(2,195)</u>	<u>7,915</u>
Contributions from the employer	<u>-</u>	<u>(9,924)</u>	<u>(9,924)</u>
Benefits paid	<u>(10,209)</u>	<u>10,209</u>	<u>-</u>
Business combinations	<u>20,995</u>	<u>(7,526)</u>	<u>13,469</u>
Balance at December 31, 2018	<u>161,719</u>	<u>(89,139)</u>	<u>72,580</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
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 loss - 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> (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:

	December 31	
	2019	2018
Discount rate(s)	0.750-1.000	1.125-1.500
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:

	December 31	
	2019	2018
Discount rate(s)		
Increase 0.25%	<u>\$ (5,312)</u>	<u>\$ (5,247)</u>
Decrease 0.25%	<u>\$ 4,556</u>	<u>\$ 5,483</u>
Expected rate(s) of salary increase		
Increase 0.25%	<u>\$ 4,395</u>	<u>\$ 5,328</u>
Decrease 0.25%	<u>\$ (5,184)</u>	<u>\$ (5,127)</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.

	December 31	
	2019	2018
Expected contributions to the plans for the next year	<u>\$ 2,620</u>	<u>\$ 2,350</u>
Average duration of the defined benefit obligation	10.5-19.8	11.5-20.5

22. EQUITY

a. Ordinary share capital

	December 31	
	2019	2018
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

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>May be used to offset deficits, distributed as cash dividends or transferred to share capital (see 1 below)</u>		
Issuance of ordinary shares	\$ 1,229,758	\$ 1,229,758
Conversion of bonds	245,975	245,975
Treasury share transactions	59,810	48,084
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	59,351	59,351
<u>May be used to offset deficits only (see 2 below)</u>		
Changes in percentage of ownership interests in subsidiaries	152,027	154,811
Changes in percentage of ownership interests in associates	<u>6,955</u>	<u>6,955</u>
	<u>\$ 1,753,876</u>	<u>\$ 1,744,934</u>

- 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(f) Employees' compensation and remuneration of directors and supervisors.

The dividends policy of the Corporation considers expanding the scale of operations and developing research plans, based on the overall environment and the features of 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.

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

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Legal reserve	\$ 46,132	\$ 41,756		
Special reserve	95,407	-		
Cash dividends	<u>280,444</u>	<u>254,949</u>	<u>\$ 2.20</u>	<u>\$ 2.00</u>
	<u>\$ 421,983</u>	<u>\$ 296,705</u>		

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

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

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

d. Special reserve

Accumulated adjusted amounts on translating the financial statements that were transferred to retained earnings on the initial adoption of IFRSs was \$25,117 thousand, and the Group had set aside an equal amount of special reserve. In June 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 2018 of \$95,407 thousand as special reserve, 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

	<u>For the Year Ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ (11,367)	\$ (20,585)
Effect of change in tax	-	(783)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(20,971)	12,174
Related income tax arising from exchange differences	<u>3,237</u>	<u>(2,173)</u>
Balance, end of year	<u>\$ (29,101)</u>	<u>\$ (11,367)</u>

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

	For the Year Ended December 31	
	2019	2018
Balance, beginning of year	\$ 174,445	\$ 153,999
Recognized for the year		
Unrealized gain - equity instruments	<u>(17,538)</u>	<u>20,446</u>
Balance, end of year	<u>\$ 156,907</u>	<u>\$ 174,445</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2019	2018
Balance, beginning of year	\$ 1,079,456	\$ 745,716
Share in profit for the period	55,363	10,697
Other comprehensive income (loss) for the year		
Exchange differences on translating the financial statements of foreign operations	(4,861)	39
Unrealized gain on financial assets at FVTOCI	(3,797)	3,737
Actuarial loss on defined benefit plans	543	(1,029)
Income tax relating to actuarial gain	(109)	363
Cash dividends distributed by subsidiaries	(4,897)	(21,007)
Acquisitions through business combinations	-	398,115
Shares held by the subsidiaries considered as treasury shares	-	(268,006)
Increase in non-controlling interests	<u>8,933</u>	<u>210,831</u>
Balance, end of year	<u>\$ 1,130,631</u>	<u>\$ 1,079,456</u>

g. Treasury shares

Purpose of Treasury Shares	Thousand Shares			December 31	
	Beginning of the Year	Addition	Reduction	Thousand Shares	Book Value
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>
For the year ended December 31, 2018					
Shares of the Corporation held by subsidiaries	<u>-</u>	<u>5,347</u>	<u>17</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.

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

As of December 31, 2019 and 2018, the market value of the treasury shares calculated based on the combined shareholding percentage was \$443,436 thousand and \$353,896 thousand, respectively.

23. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
	2019	2018
Rendering of services	\$ 4,150,710	\$ 3,676,767
Sale of goods	594,997	807,871
Operation of games	816,049	800,541
Licensing revenue	<u>266,898</u>	<u>267,488</u>
	<u>\$ 5,828,654</u>	<u>\$ 5,552,667</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, 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 usage amount agreed in the contract.

b. Contract balances

	December 31, 2019	December 31, 2018	January 1, 2018
Notes receivable, accounts receivable, and other receivables (receivables under custody) (including related parties) (Note 7)	<u>\$ 2,141,066</u>	<u>\$ 2,406,583</u>	<u>\$ 2,289,850</u>
Contract liabilities			
Advance receipts of services	\$ 97,692	\$ 145,157	\$ 142,643
Royalty fee for games	119,304	114,317	123,808
Others	<u>131,264</u>	<u>68,218</u>	<u>48,118</u>
	<u>\$ 348,260</u>	<u>\$ 327,692</u>	<u>\$ 314,569</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 35 for information about the disaggregation of revenue.

24. PROFIT BEFORE INCOME TAX

a. Other operating income

	<u>For the Year Ended December 31</u>	
	2019	2018
Interest income	\$ 42,132	\$ 36,768
Rental income	28,626	27,848
Others	<u>23,309</u>	<u>26,650</u>
	<u>\$ 94,067</u>	<u>\$ 91,266</u>

b. Other gains and losses

	<u>For the Year Ended December 31</u>	
	2019	2018
Net foreign exchange gains	\$ 3,562	\$ 18,621
Gain on disposal of property, plant and equipment	514	288
Impairment loss (Note 12)	-	(14,383)
Loss on miscellaneous disbursements	<u>(9,818)</u>	<u>(12,911)</u>
	<u>\$ (5,742)</u>	<u>\$ (8,385)</u>

c. Finance costs

For the Year Ended December 31

	2019	2018
Interest on bank loan	\$ 1,045	\$ 1,472
Interest on lease liabilities	1,134	-
Other finance costs	<u>376</u>	<u>1,283</u>
	<u>\$ 2,555</u>	<u>\$ 2,755</u>

d. Depreciation and amortization

For the Year Ended December 31

	2019	2018
Property, plant and equipment	\$ 27,712	\$ 26,577
Right-of-use assets	34,404	-
Investment properties	3,514	3,521
Other intangible assets	<u>61,436</u>	<u>76,356</u>
	<u>\$ 127,066</u>	<u>\$ 106,454</u>
 An analysis of depreciation by function		
Operating costs	\$ 330	\$ 265
Operating expenses	61,786	26,312
Non-operating expenses	<u>3,514</u>	<u>3,521</u>
	<u>\$ 65,630</u>	<u>\$ 30,098</u>
 An analysis of amortization by function		
Operating costs	\$ 24,784	\$ 20,148
Operating expenses	<u>36,652</u>	<u>56,208</u>
	<u>\$ 61,436</u>	<u>\$ 76,356</u>

e. Employee benefits

For the Year Ended December 31

	2019	2018
Short-term employee benefits	\$ <u>1,005,497</u>	\$ <u>969,588</u>
Post-employment benefits		
Defined contribution plans	39,414	40,320
Defined benefit plans (Note 21)	<u>908</u>	<u>(5,607)</u>
	<u>40,322</u>	<u>34,713</u>
Employee benefits expense	<u>\$ 1,045,819</u>	<u>\$ 1,004,301</u>
 An analysis by function		
Operating costs	\$ 27,614	\$ 27,713
Operating expenses	<u>1,018,205</u>	<u>976,588</u>
	<u>\$ 1,045,819</u>	<u>\$ 1,004,301</u>

f. Employees' compensation and remuneration of directors and supervisors

According to the Articles of Incorporation of the Corporation, the Corporation accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 2% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and the remuneration of directors and supervisors for the years ended December 31, 2019 and 2018, which were approved by the Corporation's board of directors on March 25, 2020 and March 21, 2019, respectively, are as follows:

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

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

For the years ended December 31, 2018 and 2017, there is no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2018 and 2017.

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

g. Gains (losses) on foreign currency exchange

	<u>For the Year Ended December 31</u>	
	2019	2018
Foreign exchange gains	\$ 16,755	\$ 25,149
Foreign exchange losses	<u>(13,193)</u>	<u>(6,528)</u>
Net gain	<u>\$ 3,562</u>	<u>\$ 18,621</u>

25. INCOME TAX RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2019	2018
Current tax		
In respect of the current year	\$ 132,673	\$ 142,131
Income tax on unappropriated earnings	1,866	13,173
Adjustments for prior years	<u>4,726</u>	<u>16,929</u>
	<u>139,265</u>	<u>172,233</u>
Deferred tax		
In respect of the current year	27,514	14,191
Effect of tax rate changes	<u>-</u>	<u>(5,563)</u>
	<u>27,514</u>	<u>8,628</u>
Income tax expense recognized in profit or loss	<u>\$ 166,779</u>	<u>\$ 180,861</u>

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

	For the Year Ended December 31	
	2019	2018
Profit before income tax	<u>\$ 832,722</u>	<u>\$ 652,880</u>
Income tax expense calculated at the statutory rate	\$ 185,555	\$ 128,900
Nondeductible expenses in determining taxable income	110	14,466
Tax-exempt income	(14,184)	(3,841)
Realized investment losses	-	(1,301)
Income tax on unappropriated earnings	1,866	13,173
Unrecognized (recognized) loss carryforwards	(14,895)	10,478
Unrecognized (recognized) temporary differences	(2,241)	1,312
Effect of tax rate changes	-	(5,563)
Adjustments for prior years' tax	4,726	16,929
Others	<u>5,842</u>	<u>6,308</u>
Income tax expense recognized in profit or loss	<u>\$ 166,779</u>	<u>\$ 180,861</u>

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. The effect of tax rate changes has been recognized in profit (loss) and other comprehensive income during the period the tax rate changed in. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%. The applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

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

	For the Year Ended December 31	
	2019	2018
Effect of change in tax rate		
Remeasurement of defined benefit plans	\$ -	\$ 903
Translation of foreign operations	-	(783)
In respect of the current period		
Remeasurement of defined benefit plans	(31)	1,583
Translation of foreign operations	<u>3,237</u>	<u>(2,173)</u>
	<u>\$ 3,206</u>	<u>\$ (470)</u>

c. Current tax assets and liabilities

	December 31	
	2019	2018
Current tax assets		
Tax refund receivable	<u>\$ 7,441</u>	<u>\$ 1,045</u>
Current tax liabilities		
Income tax payable	<u>\$ 64,771</u>	<u>\$ 96,958</u>

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

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>

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Acquisition from Business Combinations	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Defined benefit obligation	\$ 15,651	\$ (885)	\$ 2,673	\$ 2,290	\$ 19,729
Loss on inventories	9,305	2,217	-	-	11,522

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Acquisition from Business Combinations	Closing Balance
Others	\$ 16,469	\$ 1,256	\$ -	\$ 3,194	\$ 20,919
Tax losses	<u>3,653</u>	<u>(5,367)</u>	<u>-</u>	<u>1,714</u>	<u>-</u>
	<u>\$ 45,078</u>	<u>\$ (2,779)</u>	<u>\$ 2,673</u>	<u>\$ 7,198</u>	<u>\$ 52,170</u>
<hr/>					
Deferred tax liabilities					
<hr/>					
Temporary differences					
Unrealized gain from foreign investments accounted for using the equity method	\$ 9,664	\$ 4,651	\$ -	\$ -	\$ 14,315
Exchange differences on translating the financial statements of foreign operations	4,436	-	2,956	-	7,392
Defined benefit obligation	4,029	753	187	-	4,969
Others	<u>228</u>	<u>445</u>	<u>-</u>	<u>-</u>	<u>673</u>
	<u>\$ 18,357</u>	<u>\$ 5,849</u>	<u>\$ 3,143</u>	<u>\$ -</u>	<u>\$ 27,349</u>

(Concluded)

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

	<u>December 31</u>	
	2019	2018
Loss carryforwards		
Expiry in 2019	\$ -	\$ 76,371
Expiry in 2020	107,936	147,612
Expiry in 2021	98,882	99,795
Expiry in 2022	103,224	103,326
Expiry in 2023	234,812	303,069
Expiry in 2024	176,496	182,942
Expiry in 2025	315,432	330,702
Expiry in 2026	231,457	224,879
Expiry in 2027	234,992	266,622
Expiry in 2028	281,089	122,078
Expiry in 2029	106,140	-
Without deduction time limit	<u>430,524</u>	<u>411,601</u>
	<u>\$ 2,320,984</u>	<u>\$ 2,268,997</u>
Deductible temporary differences	<u>\$ 434,015</u>	<u>\$ 436,406</u>

- f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2019 comprised:

Unused Amount	Expiry Year
\$ 107,936	2020
98,882	2021
103,224	2022
234,812	2023
176,496	2024
315,432	2025

(Continued)

Unused Amount	Expiry Year
\$ 231,457	2026
234,992	2027
281,089	2028
106,140	2029
<u>430,524</u>	Without deduction time limit
<u>\$ 2,320,984</u>	
	(Concluded)

g. Income tax assessments

The income tax returns through 2017 for the Corporation and its domestic subsidiaries 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

	<u>For the Year Ended December 31</u>	
	2019	2018
Net profit attributable to owners of the Corporation	<u>\$ 610,580</u>	<u>\$ 461,322</u>

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

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

If 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

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)
Neweb Technologies Co., Ltd.	Information software wholesale and electronic data supply services	April 9, 2018	59

In order to integrate resources for cost reduction, stabilize operations, enhance competitiveness and expand business scale, the board of directors of the Corporation approved a share exchange agreement with Neweb Technologies Co., Ltd. in January 26, 2018. The Corporation obtained 56,233 thousand shares (around 59% ownership) of Neweb Technologies Co., Ltd. and subsequently obtained control of Neweb Technologies Co., Ltd. and its subsidiaries, Taiwanpay Co., Ltd. and Newebpay Co., Ltd. by exchanging shares of the Corporation's own subsidiaries, ezPay Co., Ltd. and Smartpath Digital Technology Co., Ltd. The record date for the share exchange was April 9, 2018. According to IFRS 3 "Business Combinations", this transaction is a reverse acquisition for ezPay Taiwan Co., Ltd. and Smartpath Digital Technology Co., Ltd., and Neweb Technologies Co., Ltd. is the legal acquirer but the accounting acquiree. Conversely, ezPay Taiwan Co., Ltd. and Smartpath Digital Technology Co., Ltd. are the legal acquirees but the accounting acquirers.

After the aforementioned reverse acquisition, ezPay Taiwan Co., Ltd. and Smartpath Digital Technology Co., Ltd. became wholly-owned subsidiaries of Neweb Technologies Co., Ltd. The Corporation obtained 59% of the shares of Neweb Technologies Co., Ltd. that amounted to \$296,361 thousand, and reduced 30% and 41% of the shares of Taiwanpay Co., Ltd. and Newebpay Co., Ltd., respectively. That resulted in an increase in the non-controlling interests of \$114,306 thousand, causing the equity attributable to owners of the Corporation to increase by \$182,055 thousand, which was classified as capital surplus - changes in percentage of ownership interests in subsidiaries.

b. Consideration transferred

The consideration transferred from the reverse acquisition of Neweb Technologies Co., Ltd was \$498,503 thousand, which was determined by referencing the opinion letter of price reasonableness from the independent expert.

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

	Amount
Current assets	
Cash and cash equivalents	\$ 48,205
Accounts receivable and other receivables	30,637
Other financial assets - current	268,131
Others	11,062
Noncurrent assets	
Financial assets at fair value through other comprehensive income - noncurrent	21,466
Property, plant and equipment	31,789
Intangible assets	23,536
Deferred tax assets	7,198

(Continued)

	Amount
Other financial assets - noncurrent	\$ 9,827
Others	33,330
Current liabilities	
Short-term borrowings	(108,396)
Accounts payable and other payables	(20,845)
Temporary receipts	(65,049)
Others	(22,014)
Noncurrent liabilities	
Long-term borrowings	(6,674)
Net defined benefit liabilities	(13,417)
Guarantee deposits received	<u>(25,993)</u>
	<u>\$ 222,793</u>
	(Concluded)

d. Goodwill recognized on acquisitions

	Amount
Consideration transferred	\$ 498,503
Add: Non-controlling interests	81,667
Less: Fair value of identifiable net assets acquired	<u>(222,793)</u>
Goodwill recognized on acquisitions	<u>\$ 357,377</u>

e. Net cash inflow on acquisition of subsidiaries

	Amount
Balance of cash and cash equivalents acquired	\$ 48,205
Less: Consideration paid in cash	<u>-</u>
	<u>\$ 48,205</u>

f. Impact of acquisitions on the results of the Group

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

	April 1 to December 31, 2018
Revenue	<u>\$ 168,751</u>
Profit	<u>\$ (25,563)</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 \$5,604,063 thousand, and the profit from continuing operations would have been \$452,591 thousand for the year ended December 31, 2018. 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, 2018, nor is it intended to be a projection of future results.

28. 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.

29. 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, 2019

	Level 1	Level 2	Level 3	Total
<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	-	-	17,920	17,920
	<u>\$ 130,995</u>	<u>\$ 295,743</u>	<u>\$ 17,920</u>	<u>\$ 444,658</u>

December 31, 2018

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Domestic and foreign listed marketable securities - investments in equity instruments	\$ 117,474	\$ -	\$ -	\$ 117,474

(Continued)

	Level 1	Level 2	Level 3	Total
Domestic emerging securities investment in equity instruments	\$ -	\$ 44,937	\$ -	\$ 44,937
Private - placement shares of domestic listed companies	-	239,152	-	239,152
Domestic unlisted shares	-	-	17,342	17,342
Foreign unlisted shares	-	-	<u>45,500</u>	<u>45,500</u>
	<u>\$ 117,474</u>	<u>\$ 284,089</u>	<u>\$ 62,842</u>	<u>\$ 464,405</u> (Concluded)

There were no transfers between Levels 1 and 2 in 2019 and 2018.

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Domestic emerging marketable securities - investments in equity instruments	If emerging shares are not traded in an active market, the management adopts valuation techniques to establish the fair value of emerging 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

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

The fair values of domestic and foreign unlisted shares were assessed and determined by the management with reference to the price with observable market evidence.

b. Categories of financial instruments

	<u>December 31</u>	
	2019	2018
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 10,870,642	\$ 10,505,653
Financial assets at FVTOCI	444,658	464,405
<u>Financial liabilities</u>		
Amortized cost (2)	5,029,086	5,063,136

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 short-term borrowings, 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, accounts payable, and borrowings. 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 33.

Sensitivity analysis

The Group is mainly exposed to the USD and the HKD.

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

	Impact on Profit or Loss	
	For the Year Ended December 31	
	2019	2018
USD	\$ 1,166	\$ 988
HKD	177	1,140

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:

	December 31	
	2019	2018
Cash flow interest rate risk		
Financial assets	\$ 5,707,839	\$ 5,166,725

In addition, the Group assessed that the fixed-rate time deposits, short-term borrowings 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, 2019 and 2018 would increase/decrease by \$57,078 thousand and \$51,667 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 of marketable security investments in equity instruments. The equity investments are held for strategic rather than trading purposes.

Sensitivity analysis

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

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the year ended December 31, 2019 and 2018 would have increased/decreased by \$4,447 thousand and \$4,644 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):

	December 31	
	2019	2018
Group A	\$ 621,052	\$ 648,221
Group B	<u>273,605</u>	<u>321,259</u>
	<u>\$ 894,657</u>	<u>\$ 969,480</u>

The Group's concentration of credit risk accounted for 40% and 39% of total accounts receivable and other receivables (receivables for receipts under custody) from the above-mentioned groups as of December 31, 2019 and 2018, respectively.

3) Liquidity risk

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

Liquidity risk for non-derivative financial liabilities

The following table details the 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.

	Within 4 Months	At least 5 Months	More than 1 year	Total
<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>
<u>December 31, 2018</u>				
Non-interest bearing liabilities	\$ 4,842,002	\$ 72,049	\$ 44,026	\$4,958,077
Fixed interest rate instruments	<u>20,881</u>	<u>85,167</u>	<u>-</u>	<u>106,048</u>
	<u>\$4,862,883</u>	<u>\$ 157,216</u>	<u>\$ 44,026</u>	<u>\$ 5,064,125</u>

30. 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. (Taomee)	Associates
We Can Financial Technology Co., Ltd. (We can)	Associates
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 (Second-degree relative of the Corporation's chairman)

b. Operating Revenue

Line Item	Related Party Category	For the Year Ended December 31	
		2019	2018
Sale of goods	Related party in substance	\$ <u>14,712</u>	\$ <u>2,368</u>
Rendering of services	Associates	\$ 12,663	\$ 15,187
	Related party in substance	298	168
		<u>\$ 12,961</u>	<u>\$ 15,355</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 (bimестrial 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	
	2019	2018
Associates	\$ 621	\$ 1,124
Related party in substance	<u>18,152</u>	<u>9,566</u>
	<u>\$ 18,773</u>	<u>\$ 10,690</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	
		2019	2018
Accounts receivable - related parties	Associates	\$ 2,716	\$ 1,193
	Related party in substance	12	13
		<u>\$ 2,728</u>	<u>\$ 1,206</u>
Other receivables	Associates	\$ 178	\$ -
	Related party in substance	28,822	32,370
		<u>\$ 29,000</u>	<u>\$ 32,370</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	
		2019	2018
Notes payable - related parties	Associates	\$ 1,826	\$ 5,449
	Related party in substance	689	688
		<u> </u>	<u> </u>
		<u>\$ 2,515</u>	<u>\$ 6,137</u>
Accounts payable - related parties	Associates	\$ 164	\$ 1,180
	Related party in substance	795	2,171
		<u> </u>	<u> </u>
		<u>\$ 959</u>	<u>\$ 3,351</u>
Other payables	Associates	<u>\$ 2,709</u>	<u>\$ 3,587</u>

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 manufacturing and operating expenses based on their nature:

Related Party Category	For the Year Ended December 31	
	2019	2018
Associates	\$ 180	\$ 313
Related party in substance	<u>117,074</u>	<u>45,445</u>
	<u>\$ 117,254</u>	<u>\$ 45,758</u>

g. Compensation of key management personnel

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

	For the Year Ended December 31	
	2019	2018
Short-term employee benefits	\$ 42,212	\$ 44,055
Post-employment benefits	<u>216</u>	<u>217</u>
	<u>\$ 42,428</u>	<u>\$ 44,272</u>

31. 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, bank loans, and collateral for third-party payment providers:

	For the Year Ended December 31	
	2019	2018
Other financial assets - current		
Pledged demand deposits	\$ 352	\$ 17,711
Pledged time deposits	<u>37,000</u>	<u>10,110</u>
	<u>37,352</u>	<u>27,821</u>
Property, plant and equipment		
Land	109,463	109,463
Buildings	<u>84,620</u>	<u>86,982</u>
	<u>194,083</u>	<u>196,445</u>
	<u>\$ 231,435</u>	<u>\$ 224,266</u>

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As disclosed in Note 31, 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, 2019 and 2018, the credit line committed by banks were both \$806,000 thousand.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
<u>December 31, 2019</u>				
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

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
<u>December 31, 2018</u>				
Financial assets				
Monetary items				
USD	\$ 5,243	30.715	(USD:NTD)	\$ 161,050
HKD	37,210	3.921	(HKD:NTD)	145,901
Non-monetary items				
Financial assets at fair value through other comprehensive income				
HKD	624	3.921	(HKD:NTD)	2,447
Financial liabilities				
Monetary items				
USD	2,027	30.715	(USD:NTD)	62,251
HKD	8,126	3.921	(HKD:NTD)	31,864
				(Concluded)

For the years ended December 31, 2019 and 2018, realized and unrealized net foreign exchange gains were \$3,562 thousand and \$18,621 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 group entities.

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: None

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
 - 9) Trading in derivative instruments: None
 - 10) Intercompany relationships and significant intercompany transactions: Table 5
 - 11) Information on investees: Table 6
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None

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.
- Others - operating segments are the subsidiaries in the Group, for related information, refer to Note 11 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, 2019

	Soft-World and Soft-World (Hong Kong)	Chinese Gamer	Game Flier and Game First	Neweb Technologies	Others	Adjustment and Elimination	Total
Revenue from external customers	\$ 2,240,773	\$ 657,977	\$ 775,259	\$ 800,543	\$ 1,354,102	\$ -	\$ 5,828,654
Inter-segment revenue	<u>181,305</u>	<u>4,951</u>	<u>8,999</u>	<u>2,404</u>	<u>77,566</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>\$ 1,431,668</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>\$ 83,892</u>	<u>\$ (1,041)</u>	\$ 757,528
Other income							94,067
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>\$ 1,023,217</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>\$ 320,519</u>	<u>\$ (303,956)</u>	<u>\$ 5,664,285</u>

For the year ended December 31, 2018

	Soft-World and Soft-World (Hong Kong)	Chinese Gamer	Game Flier and Game First	Neweb Technologies	Others	Adjustment and Elimination	Total
Revenue from external customers	\$ 2,426,867	\$ 599,895	\$ 913,795	\$ 625,075	\$ 987,035	\$ -	\$ 5,552,667
Inter-segment revenue	<u>214,371</u>	<u>342</u>	<u>27,943</u>	<u>378</u>	<u>101,187</u>	<u>(344,221)</u>	<u>-</u>
Total revenue	<u>\$ 2,641,238</u>	<u>\$ 600,237</u>	<u>\$ 941,738</u>	<u>\$ 625,453</u>	<u>\$ 1,088,222</u>	<u>\$ (344,221)</u>	<u>\$ 5,552,667</u>
Segment profit (loss)	<u>\$ 554,492</u>	<u>\$ 51,886</u>	<u>\$ (26,549)</u>	<u>\$ (76,665)</u>	<u>\$ 68,785</u>	<u>\$ 13,877</u>	\$ 585,826
Other income							91,266
Other gain and loss							(8,385)
Finance costs							(2,755)
Share of loss of associates accounted for using the equity method							<u>(13,072)</u>
Segment profit before tax							<u>\$ 652,880</u>
Segment assets	<u>\$ 7,491,634</u>	<u>\$ 1,072,121</u>	<u>\$ 1,289,371</u>	<u>\$ 1,993,035</u>	<u>\$ 1,105,203</u>	<u>\$ (555,671)</u>	<u>\$ 12,395,693</u>
Segment liabilities	<u>\$ 4,317,202</u>	<u>\$ 219,562</u>	<u>\$ 207,294</u>	<u>\$ 1,110,536</u>	<u>\$ 443,623</u>	<u>\$ (652,246)</u>	<u>\$ 5,645,971</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 (R.O.C) 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.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended		December 31	
	2019	2018	2019	2018
Taiwan (R.O.C)	\$ 4,640,260	\$ 5,032,193	\$ 462,737	\$ 463,292
China	820,077	417,565	58,495	62,385
Others	<u>368,317</u>	<u>102,909</u>	<u>12,767</u>	<u>13,872</u>
	<u>\$ 5,828,654</u>	<u>\$ 5,552,667</u>	<u>\$ 533,999</u>	<u>\$ 539,549</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 2019 and 2018.

TABLE 1

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2019**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Year	Ending Balance	Actual Amount Drawn	Interest Rate (%)	Nature for Financing	Transaction Amount	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Total Financing Limit	Note
													Item	Value			
0	The Corporation	Fast Distributed Cloud Computing Co.,Ltd.	Other receivables - related parties	Yes	\$ 16,000	\$ -	\$ -	2.63	The need for short-term financing	\$ -	Operating capital	\$ -	None	\$ -	\$ 896,064	\$ 2,389,505	Note
0	The Corporation	Neweb Technologies Co., Ltd.	Other receivables - related parties	Yes	30,000	-	-	2.63	The need for short-term financing	-	Operating capital	-	None	-	896,064	2,389,505	Note
1	Re: Ad Media (Taiwan) Corporation (Re: Ad Media (Taiwan))	Efun International Corporation	Other receivables - related parties	Yes	6,000	-	-	2.63	The need for short-term financing	-	Operating capital	-	None	-	4,501	12,002	Note
1	Efun International Corporation	Re: Ad Media (Taiwan) Corporation (Re: Ad Media (Taiwan))	Other receivables - related parties	Yes	20,000	20,000	-	2.63	The need for short-term financing	-	Operating capital	-	None	-	34,200	91,200	Note

Note: The financing limit for each borrowing company shall not exceed 15% of the net worth of the financing company. The total financing limit shall not exceed 40% of the net worth of the financing company.

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Amount Provided to Each Guaranteed Party	Maximum Balance for the Year	Ending Balance	Amount Actually Drawn	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship (Note 1)											
0	The Corporation	Neweb Technologies Co., Ltd.	2	\$ 1,194,753	\$ 380,000	\$ 280,000	\$ 135,000	\$ 35,000	5.00	\$ 2,986,882	Y	N	N	Note 2

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

- 1) A company that the Corporation has a business relationship with.
- 2) The Corporation owns directly or indirectly over 50% of the equity of the investee company.
- 3) The company that owns directly or indirectly hold over 50% of the equity of the Corporation.
- 4) Companies in which over 90% of voting shares combined are directly or indirectly owned by an entity.
- 5) The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract.
- 6) Shareholder of the investee provides endorsements/guarantees to the company in proportion to their shareholding percentages.
- 7) According to the Consumer Protection Act, companies in the same industry enter into collateral performance guarantees for pre-construction home sales agreements.

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

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	December 31, 2019				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
The Corporation	Stock							
	Userjoy Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	464,206	\$ 47,581	1	\$ 47,581	
	Softstar Entertainment Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	2,000,000	163,000	4	163,000	
	China Communications Media Group Co.,Ltd	-	Financial assets at fair value through other comprehensive income - noncurrent	270,351	987	1	987	
	Fun Yours Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	2,045,366	60,031	12	60,031	
	Kuobrothers Corporation	-	Financial assets at fair value through other comprehensive income - noncurrent	531,289	20,641	2	20,641	
	Gameone Holdings Limited.	-	Financial assets at fair value through other comprehensive income - noncurrent	1,200,000	1,755	1	1,755	
	China Digital Interactive Technology Group Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	350,000	-	2	-	
	Mobix Corporation	-	Financial assets at fair value through other comprehensive income - noncurrent	103,207	1,418	1	1,418	
					<u>\$ 295,413</u>		<u>\$ 295,413</u>	
Game Flier International Corporation	Stock							
	Softstar Entertainment Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	1,150,000	<u>\$ 94,400</u>	2	<u>\$ 94,400</u>	
Jhih Long Venture Capital Corporation	Stock							
	9Splay Entertainment Technology Co., LTD	-	Financial assets at fair value through other comprehensive income - noncurrent	956,919	\$ 34,554	4	\$ 34,554	
	Soft-World International Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	8,509,000	717,315	7	717,315	Note
					<u>\$ 751,869</u>		<u>\$ 751,869</u>	

(Continued)

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	December 31, 2019				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Neweb Technologies Co., Ltd.	Stock							
	Green World Hotels Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	258,625	\$ 3,789	-	\$ 3,789	
	Taiwan Smart Card Co.	-	Financial assets at fair value through other comprehensive income - noncurrent	3,140,671	16,502	20	16,502	
					<u>20,291</u>		<u>20,291</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

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Game First International Corporation	Soft-World International Corporation	Parent company	\$ 151,688	-	\$ -	-	\$ 101,688	-

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (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 subsidiaries	Operating revenue	\$ 54,598	No similar transactions with unrelated parties	1.00
0	The Corporation	Chinese Gamer International Corporation	Parent to subsidiaries	Accounts receivable	5,428	None	-
0	The Corporation	Game Flier International Corporation	Parent to subsidiaries	Operating revenue	64,444	No similar transactions with unrelated parties	1.00
0	The Corporation	Game Flier International Corporation	Parent to subsidiaries	Accounts receivable	8,414	None	-
0	The Corporation	Game Flier International Corporation	Parent to subsidiaries	Other receivables	3,473	Receipts under custody receivable and payables for receipts under custody, etc.	-
0	The Corporation	Game First International Corporation	Parent to subsidiaries	Operating revenue	57,925	No similar transactions with unrelated parties	1.00
0	The Corporation	Game First International Corporation	Parent to subsidiaries	Accounts receivable	10,783	None	-
0	The Corporation	Soft-World International (Hong Kong) Corporation	Parent to subsidiaries	Other receivables	32,886	Receipts under custody receivable and payables for receipts under custody, etc.	-
0	The Corporation	Efun International Corporation	Parent to subsidiaries	Operating revenue	3,429	No similar transactions with unrelated parties	-
1	Chinese Gamer International Corporation	The Corporation	Subsidiaries to parent	Accounts receivable	27,606	None	-
2	Game Flier International Corporation	The Corporation	Subsidiaries to parent	Operating revenue	5,181	No similar transactions with unrelated parties	-
2	Game Flier International Corporation	The Corporation	Subsidiaries to parent	Accounts receivable	60,788	None	-
2	Game Flier International Corporation	Interactive Entertainment Technologies Corporation	Subsidiaries to subsidiaries	Accounts receivable	1,375	None	-
3	Game First International Corporation	The Corporation	Subsidiaries to parent	Operating revenue	2,393	No similar transactions with unrelated parties	-
3	Game First International Corporation	The Corporation	Subsidiaries to parent	Accounts and notes receivable	151,688	None	1.00
3	Game First International Corporation	Game Topia. Co. Ltd.	Subsidiaries to subsidiaries	Operating revenue	1,425	No similar transactions with unrelated parties	-
4	Zealot Digital International Corporation	The Corporation	Subsidiaries to parent	Operating revenue	7,184	No similar transactions with unrelated parties	-
4	Zealot Digital International Corporation	Chinese Gamer International Corporation	Subsidiaries to subsidiaries	Operating revenue	13,087	No similar transactions with unrelated parties	-
4	Zealot Digital International Corporation	Chinese Gamer International Corporation	Subsidiaries to subsidiaries	Accounts receivable	10,500	None	-

(Continued)

No.	Investee Company	Counterparty	Relationship	Transaction Details			% of Total Operating Revenues (Assets)
				Financial Statement Accounts	Amount	Payment Terms	
4	Zealot Digital International Corporation	Soft-World International (Hong Kong) Corporation	Subsidiaries to subsidiaries	Operating revenue	\$ 2,304	No similar transactions with unrelated parties	-
5	Fast Distributed Cloud Computing Co.,Ltd.	The Corporation	Subsidiaries to parent	Operating revenue	3,494	No similar transactions with unrelated parties	-
5	Fast Distributed Cloud Computing Co.,Ltd.	The Corporation	Subsidiaries to parent	Accounts receivable	1,531	None	-
5	Fast Distributed Cloud Computing Co.,Ltd.	Chinese Gamer International Corporation	Subsidiaries to subsidiaries	Operating revenue	1,724	No similar transactions with unrelated parties	-
5	Fast Distributed Cloud Computing Co.,Ltd.	Game Flier International Corporation	Subsidiaries to subsidiaries	Operating revenue	8,774	No similar transactions with unrelated parties	-
6	Neweb Technologies Co., Ltd.	The Corporation	Subsidiaries to parent	Operating revenue	2,384	No similar transactions with unrelated parties	-
7	Efun International Corporation	The Corporation	Subsidiaries to parent	Operating revenue	2,391	No similar transactions with unrelated parties	-
7	Efun International Corporation	Game Flier International Corporation	Subsidiaries to subsidiaries	Operating revenue	5,451	No similar transactions with unrelated parties	-
7	Efun International Corporation	Game Flier International Corporation	Subsidiaries to subsidiaries	Accounts receivable	1,322	None	-
7	Efun International Corporation	Game First International Corporation	Subsidiaries to subsidiaries	Accounts receivable	4,803	None	-
8	Re:Ad Media (Taiwan) Corporation	The Corporation	Subsidiaries to parent	Operating revenue	1,858	No similar transactions with unrelated parties	-
8	Re:Ad Media (Taiwan) Corporation	Game Flier International Corporation	Subsidiaries to subsidiaries	Operating revenue	5,999	No similar transactions with unrelated parties	-
8	Re:Ad Media (Taiwan) Corporation	Game Flier International Corporation	Subsidiaries to subsidiaries	Accounts receivable	1,060	None	-
8	Re:Ad Media (Taiwan) Corporation	Game First International Corporation	Subsidiaries to subsidiaries	Accounts receivable	4,659	None	-
8	Re:Ad Media (Taiwan) Corporation	Game Topia. Co. Ltd.	Subsidiaries to subsidiaries	Accounts receivable	1,113	None	-
9	Game Topia. Co. Ltd.	Fast Distributed Cloud Computing Co., Ltd.	Subsidiaries to subsidiaries	Operating revenue	3,220	No similar transactions with unrelated parties	-
9	Game Topia. Co. Ltd.	Game First International Corporation	Subsidiaries to subsidiaries	Operating revenue	1,731	No similar transactions with unrelated parties	-
10	Interactive Entertainment Technologies Corporation	Game Flier International Corporation	Subsidiaries to subsidiaries	Operating revenue	10,378	No similar transactions with unrelated parties	-
10	Interactive Entertainment Technologies Corporation	Game Flier International Corporation	Subsidiaries to subsidiaries	Accounts receivable	1,267	None	-

(Concluded)

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Number of shares	(%)	Carrying Amount			
The Corporation	Chinese Gamer International Corporation	Republic of China	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, and general advertising service, etc.	\$ 371,319	\$ 371,319	41,880,205	49.00	\$ 524,750	\$ 78,850	\$ 35,340	Subsidiary (Note 4)
The Corporation	Soft-World Technology Pte. Ltd.	Singapore	Manufacturing, processing, trading, design and selling and also an agent of various computer software and accessories, etc.	8,959	24,102	390,000	100.00	5,620	(424)	(424)	Subsidiary (Note 4)
The Corporation	Game Flier International Corporation	Republic of China	Electronic data information providing service, etc.	217,945	217,846	28,330,027	98.00	750,778	35,849	35,316	Subsidiary (Note 4)
The Corporation	Global Concept Corporation	Samoa	Investment company	295,068	295,068	9,631,253	100.00	247,384	14,627	14,627	Subsidiary (Note 4)
The Corporation	Game First International Corporation	Republic of China	Online game service	27,813	27,813	16,684,063	70.00	239,920	(15,035)	(10,525)	Subsidiary (Note 4)
The Corporation	Efun International Co., Ltd.	British Virgin Islands	Investment company	-	81,312	-	-	-	216	192	Subsidiary (Notes 2 and 4)
The Corporation	Zealot Digital International Corporation	Republic of China	Electronic data information providing service, etc.	50,874	50,874	8,904,162	99.00	71,193	(7,228)	(7,151)	Subsidiary (Note 4)
The Corporation	Zealot Digital Pte. Ltd.	Singapore	Development and sale of game software, etc.	261,882	261,882	26,460,042	100.00	548	(1,547)	(1,547)	Subsidiary (Note 4)
The Corporation	Soft-World International (Hong Kong) Corporation	Hong Kong	Trading of game software	88,858	88,858	3,883,558	100.00	535,164	30,409	30,409	Subsidiary (Note 4)
The Corporation	Dynasty International Information Corporation	Republic of China	Development, design, trading of computer software,	14,667	14,667	1,460,610	86.00	18,125	4,552	3,912	Subsidiary (Note 4)
The Corporation	Jih Long Venture Capital Corporation	Republic of China	Investment company	100,000	100,000	10,000,000	13.00	8,521	18,739	2	Subsidiary (Note 4)
The Corporation	Sofaman Corporation	Republic of China	Development and sale of game software	9,366	2,766	936,600	60.00	482	(1,551)	(931)	Subsidiary (Note 4)
The Corporation	Re: Ad Media Corporation	Samoa	Investment company	-	5,247	-	-	-	(235)	(120)	Subsidiary (Notes 2 and 4)
The Corporation	Interactive Entertainment Technology Co., Ltd.	Samoa	Investment company	15,485	15,485	480,000	80.00	15,660	295	236	Subsidiary (Note 4)
The Corporation	Fast Distributed Cloud Computing Co., Ltd.	Republic of China	Retail sale, wholesale and service for information software, etc.	17,583	17,583	2,372,919	100.00	40,857	6,351	6,351	Subsidiary (Note 4)
The Corporation	Neweb Technologies Co., Ltd.	Republic of China	Wholesale and retail sale of information software and electronic information providing service	510,567	510,567	56,232,998	50.00	440,219	(11,701)	(5,902)	Subsidiary (Note 4)
The Corporation	Efun International Corporation	Republic of China	Information software and data processing service	91,364	77,270	12,855,243	80.00	182,463	43,886	36,093	Subsidiary (Note 4)
The Corporation	Long Xiang Investment Corporation	Republic of China	Investment company	250,000	250,000	25,000,000	44.00	21,906	13,710	(79)	Subsidiary (Note 4)

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Number of shares	(%)	Carrying Amount			
The Corporation	CELAD Incorporated	Republic of China	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	\$ 17,500	\$ 10,000	1,750,000	32.00	\$ (785)	\$ (23,064)	\$ (6,672)	Subsidiary (Note 4)
The Corporation	Re: Ad Media (Taiwan) Corporation	Republic of China	General advertising service	-	14,094	-	-	-	(11,645)	1,995	Subsidiary (Note 4)
The Corporation	Joy Children Technology Co., Ltd.	Republic of China	Wholesale and retail sale of stationery articles, musical instruments and educational entertainment article, etc.	20,512	20,512	2,051,153	32.00	12,267	(4,866)	(1,613)	Note 1
The Corporation	Ijoing, Inc.	Republic of China	Wholesale and retail sale of software publication and information software, etc.	-	1,600	1,600,000	-	-	(3,079)	(84)	Note 1
The Corporation	We Can Financial Technology Co., Ltd.	Republic of China	Development of financial system and equipment, etc.	26,234	23,959	3,781,000	38.00	6,030	(10,425)	(3,929)	Note 1
Chinese Gamer International Corporation	Taichigamer (B.V.I.) Co., Ltd.	British Virgin Islands	Investment company	96,942	96,942	3,041,698	100.00	190,413	29,976	29,976	Subsidiary (Note 4)
Chinese Gamer International Corporation	Walkfun International Corporation	Republic of China	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	15,000	15,000	1,500,000	100.00	17,883	1,521	1,521	Subsidiary (Note 4)
Chinese Gamer International Corporation	CELAD Incorporated	Republic of China	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	27,500	20,000	2,750,000	50.00	(1,148)	(23,064)	(11,533)	Subsidiary (Note 4)
Chinese Gamer International Corporation	Super Game Corporation	Republic of China	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	5,000	5,000	500,000	50.00	1,026	(44)	(22)	Subsidiary (Note 4)
Chinese Gamer International Corporation	Jhjh Long Venture Capital Corporation	Republic of China	Investment company	100,000	100,000	10,000,000	13.00	100,908	18,739	2,415	Subsidiary (Note 4)
Chinese Gamer International Corporation	Star Diamond Universal Corporation	British Virgin Islands	Business related investee	82,772	82,772	52,000	100.00	86,273	(1,023)	(1,023)	Subsidiary (Note 4)
Chinese Gamer International Corporation	Fun Bear Corporation	Republic of China	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	8,000	8,000	800,000	50.00	5,665	3,456	1,728	Subsidiary (Note 4)
Chinese Gamer International Corporation	Game Topia Co.	Republic of China	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	20,000	20,000	2,910,818	50.00	38,761	19,247	10,098	Subsidiary (Note 4)
Chinese Gamer International Corporation	Oriental Dragon Digital Co., Ltd.	Republic of China	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	8,000	8,000	800,000	53.00	10,220	11,770	6,195	Subsidiary (Note 4)

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Number of shares	(%)	Carrying Amount			
Chinese Gamer International Corporation	Long Xiang Investment Corporation	Republic of China	Investment company	\$ 168,000	\$ 168,000	16,800,000	30.00	\$ 169,493	\$ 13,710	\$ 4,068	Subsidiary (Note 4)
Taichigamer (B.V.I.) Co., Ltd.	Transasiagamer (B.V.I.) Co., Ltd.	British Virgin Islands	Investment company	94,264	94,264	2,976,934	100.00	183,733	30,087	30,087	Subsidiary (Note 4)
Transasiagamer Co., Ltd.	You Long Online (Beijing) Technology Corporation	China Mainland - Beijing	Development, production of computer software and accessories; homemade products, installation of computer hardware, repair, technique consulting, technique training, and sale of homemade products	69,569	69,569	-	100.00	157,568	30,824	30,824	Subsidiary (Note 4)
Star Diamond Universal Corporation	Dragon Gamer (Hong Kong) Co., Ltd.	Hong Kong	Information service	82,772	82,772	260,000	100.00	86,273	(1,023)	(1,023)	Subsidiary (Note 4)
Game Topia. Co. Ltd.	Game Topia (Hong Kong) Technology Corporation	Hong Kong	Information software service	987	987	3,300	100.00	20,310	12,548	12,548	Subsidiary (Note 4)
Game Flier International Corporation	Soft-Orient Corporation	Brunei	Business related investee	254,872	254,872	7,784,134	100.00	16,576	168	168	Subsidiary (Note 4)
Game Flier International Corporation	Game Flier (Malaysia) Sdn. Bhd.	Malaysia	Development, manufacture and sale of game software	100,595	100,276	10,835,629	100.00	143	(153)	(153)	Subsidiary (Note 4)
Game Flier International Corporation	Mobile Flier International Corporation	Republic of China	Agents and operation of smartphone games	28,000	28,000	2,800,000	100.00	15,779	(515)	(515)	Subsidiary (Note 4)
Global Concept Corporation	Value Central Corporation	Samoa	Investment company	45,452	45,452	1,450,000	100.00	19,626	(152)	(152)	Subsidiary (Note 4)
Global Concept Corporation	Gamers Grande Corporation	Malaysia	Business related investee	179,788	179,788	6,453,621	100.00	167,934	20,052	20,052	Subsidiary (Note 4)
Global Concept Corporation	Playgame Sdn. Bhd.	Malaysia	Investment company	56,074	56,074	30,250	30.00	27,504	(16,302)	(4,931)	Note 1
Value Central Corporation	Picked United Development	Hong Kong	Acquisition and royalty for game software	20,255	20,255	4,700,000	100.00	15,932	(50)	(50)	Subsidiary (Note 4)
Game First International Corporation	Compete ! Games Interactive Entertainment Corporation	Republic of China	Agent and operation of sports games	21,342	21,342	2,941,520	100.00	8,419	226	226	Subsidiary (Note 4)
Jhieh Long Venture Capital Corporation	SkyTouch Co., Ltd.	Republic of China	Manufacture of computers and accessories	20,002	20,002	673,915	31.00	1,676	(61)	(19)	Note 1
Interactive Entertainment Technology Co., Ltd.	Interactive Entertainment Technologies Corporation	Republic of China	Wholesale and service of information software	18,000	18,000	1,800,000	100.00	18,342	359	359	Subsidiary (Note 4)
Newweb Technologies Co., Ltd.	ezPay Co., Ltd.	Republic of China	Third party payment service	966,748	966,748	61,400,000	100.00	580,936	(57,869)	(57,869)	Subsidiary (Note 4)
Newweb Technologies Co., Ltd.	Newebpay Corporation	Republic of China	Electronic data providing services	28,369	28,369	1,395,426	100.00	230,903	893	893	Subsidiary (Note 4)
Newweb Technologies Co., Ltd.	CSservice Technology Co., Ltd.	Republic of China	Information software	5,000	-	500,000	100.00	4,802	(198)	(198)	Subsidiary (Note 4)
Efun International Corporation	Re: Ad Media (Taiwan) Corporation	Republic of China	General advertising service	26,000	-	3,125,000	100.00	30,004	(11,645)	(15,557)	Subsidiary (Note 4)
Long Xiang Investment Corporation	Jhieh Long Venture Capital Corporation	Republic of China	Investment company	566,000	566,000	56,600,000	74.00	578,347	18,739	13,848	Subsidiary (Note 4)

(Concluded)

Note 1: Investment accounted for using the equity method.

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

Note 3: For investees in mainland China, refer to Table 7.

Note 4: Eliminated when preparing the consolidated financial statements.

TABLE 7

SOFT-WORLD INTERNATIONAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 2)	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
					Outward	Inward							
Lingo Soft (Beijing) Technology Co., Ltd.	Data processing services	\$ 14,091	2	\$ 7,743	\$ -	\$ -	\$ 7,743	\$ -	33.00	\$ -	\$ -	\$ -	
Soft-World International (Guangzhou) Corporation	Design, development, production, and sale of computer hardware and software	46,833	1	88,858	-	-	88,858	1,350	100.00	1,350	9,596	-	Note 3
Game Flier International Corporation (Beijing) (Note 4)	Development of techniques, transferring, service, consulting, training; production and sale of computer software and related hardware; internet information service	214,678	2	186,300	-	-	186,300	20,157	100.00	20,157	167,321	-	Note 5
Huei You Cyuan Jia Business Management Consulting (Guangzhou) Co., Ltd.	Business management consulting, design of business operation and advertising, consulting about technique, development of APP, wholesale of computers and accessories	4,497	2	3,722	-	-	3,722	-	1.00	-	987	-	
World Inside (Beijing) Technology Co., Ltd.	Business management consulting, design of business operation and advertising, consulting about technique, development of APP, design of computer software, and other design service	53,813	2	45,500	-	-	45,500	-	2.00	-	-	-	
Ke Jiou Network Technology (Shanghai) Co., Ltd.	Technique for operating internet, development of hardware and software about computer, technique transferred, technique consulting, technique service, design of illusion, product, anime, business management consulting, business information consulting, computers, software and auxiliary equipment, wholesale of materials for advertising and agents for commission, etc.	2,997	2	75	-	-	75	-	-	-	-	-	Note 6

Investee Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2019	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
The Corporation (Note 7)	\$ 332,198	\$ 332,198	\$ 3,584,258
Game Flier International Corporation (Note 8)	102,636	102,636	457,280

(Continued)

Note 1: Calculated by the spot exchange rates of USD and CNY at the end of the period, which was 29.98 and 4.305, respectively.

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

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

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

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

Note 5: Game Flier International Corporation (Beijing) distributed earnings that amounted to RMB 9,000 thousand, to Gamers Grande Corporation in August 2010. As of December 31, 2019, Game Flier International Corporation (Beijing), hasn't transferred to Taiwan.

Note 6: The Corporation indirectly holds investments in mainland China, Ke Jiou Network Technology (Shanghai) Co., Ltd., through a holding company registered in a third region, Global Concept Corporation. The Corporation had disposed all of its equity of Ke Jiou Network Technology (Shanghai) Co., Ltd. in December 2015. The related amount had not been remitted to Taiwan as of December 31, 2019.

Note 7: The amount of accumulated outward remittance for investments from Taiwan as of December 31, 2019 and investment amount authorized by the Investment Commission, MOEA are both USD10,935,900.

Note 8: The amount of accumulated outward remittance for investments from Taiwan as of December 31, 2019 and investment amount authorized by the Investment Commission, MOEA are both USD2,554,848.

(Concluded)

VI. If the company or any of its affiliated companies had, in the recent years up until the publishing of this annual report, experienced financial distress, the impacts to the company's financial status must be disclosed: None.

VII. Review of financial status, business performance, and risk management issues

I. Financial status

Unit: NTD thousands

Item \ Year	2019	2018	Variation		Analysis of variance in increase/decrease
			Increase (decrease) in amount	Variation Ratio %	
Current assets	11,164,456	10,780,940	383,516	3.56	
Property, plant, and equipment	400,700	423,285	(22,585)	(5.34)	
Intangible assets	490,894	518,941	(28,047)	(5.40)	
Other assets	712,629	672,527	40,102	5.96	
Total assets	12,768,679	12,395,693	372,986	3.01	
Current liabilities	5,429,170	5,483,499	(54,329)	(0.99)	
Non-current liabilities	235,115	162,472	72,643	44.71	Note 1
Total liabilities	5,664,285	5,645,971	18,314	0.32	
Capital stock	1,274,743	1,274,743	0	0.00	
Capital surplus	1,753,876	1,744,934	8,942	0.51	
Retained earnings	3,266,641	2,936,814	329,827	11.23	
Other equity	127,806	163,078	(35,272)	(21.63)	Note 2
Treasury stock	(449,303)	(449,303)	0	0.00	
Equity of the parent company	5,973,763	5,670,266	303,497	5.35	
Non-controlling interest	1,130,631	1,079,456	51,175	4.74	
Total shareholders' equity	7,104,394	6,749,722	354,672	5.25	
Analyze and describe ratio changes over 20% and with an amount exceeding NT\$10 million.					
Note 1: Non-current liabilities increased as the guarantee deposit received increased.					
Note 2: Decrease of other equity is primarily associated with the decrease of EXDF.					

II. Financial Performance

Unit: NTD thousands

Item \ Year	2019	2018	Variation	
			Increase (decrease)	Variation (%)
Operating revenue	5,828,654	5,552,667	275,987	4.97
Operating cost	2,647,559	2,451,317	196,242	8.01
Gross profit	3,181,095	3,101,350	79,745	2.57
Operating expenses	2,423,567	2,515,524	(91,957)	(3.66)
Net income	757,528	585,826	171,702	29.31
Non-operating revenues and expenses	75,194	67,054	8,140	12.14
Net profit before taxation	832,722	652,880	179,842	27.55
Income tax	166,779	180,861	(14,082)	(7.79)
Net income	665,943	472,019	193,924	41.08
Other comprehensive income for the period (post-tax profit or loss)	(43,805)	28,011	(71,816)	(256.38)
Current period other comprehensive income (Gross)	622,138	500,030	122,108	24.42
<p>(I) Description of ratio changes over 20% and with an amount exceeding NT\$10 million.</p> <ol style="list-style-type: none"> 1. Net income: It is increased as the income from game operations, cash flow, and advertising income increased. 2. Net profit before tax: It is increased as revenue increased. 3. Net income: It is primarily associated with the increase of operating profit. 4. Other comprehensive income (net income after tax): It is primarily associated with the decrease of EXDF. 5. Total comprehensive income: It is primarily associated with the increase of profit in the current period. <p>(II) Expected sales and the basis of estimation, the likely impacts on The Company's future financial position, and responsive plans:</p> <ol style="list-style-type: none"> 1. Expected sales in the next year and basis for this projection: Revenue of this company mainly comes from game software (including online games), software magazines, royalties and licensing fees, and advertising. As we do not make a financial forecast, no sales volume has been estimated. 2. Potential impacts on finance in the future and countermeasures: We will continue to expand sales channels and product ranges to increase the scale of operations. 				

III. Cash flow

(I) Changes of cash flow in current year analysis:

Unit: NTD thousands

Beginning of year cash balance	Expected net operating cash flow for the whole year	Annual net cash flow from investing and financing activities	Foreign exchange impact amount	Cash Balance	Plans to improve liquidity	
					Investment plans	Financing Plan
5,054,401	1,050,661	(1,076,741)	(26,556)	5,001,765	None	None

Unit: NTD thousands

Item	Year	2019 Cash Inflow (outflow)	2018 Cash Inflow (outflow)	Variation (%)
Operating activities		1,050,661	1,024,125	2.59
Investing activities		(690,501)	66,953	(1,131.32)
Finance activities		(386,240)	(796,131)	(51.49)
Foreign exchange impact amount		(26,556)	(45,553)	(41.70)
Net cash increase (reduction)		(52,636)	249,394	(121.11)

Analysis of variance in increase/decrease:

1. Increase of cash outflow in investment activities is mainly associated with increase of other financial assets.
2. Financing cash outflow decreases after subsidiaries purchased the stock of this company in 2018.
3. Net cash increase decreased as the investment cash inflow increased.

(II) Plans to improve cash flow liquidity:

As the sum of cash and cash equivalents at the end of 2019 was NT\$5,001,765,000, there was no liquidity shortfall.

Liquidity analysis:

Item	Year	2019	2018	Variation (%)
Cash flow ratio %		19.35	18.68	3.59
Cash flow adequacy ratio %		206.43	206.32	0.05
Cash flow reinvestment ratio %		11.80	12.54	(5.90)

Analysis and description of ratio changes: (changes below 20% were eliminated.)

(III) Liquidity analysis for the next year:

Unit: NTD thousands

Cash balance – beginning (1)	Projected cash inflows from operation of the year (2)	Expected performance of the entire year Cash outflow (3)	Cash surplus (deficit) (1)+(2)-(3)	Financing of cash deficits	
				Investment plans	Finance plans
5,001,765	1,060,000	335,000	5,726,765	-	-

Cash flow analysis for the next year:

Operating: It is expected online game heat will continue in the next year. We will enhance market operations to increase profit contribution of the period.

Investing: To coordinate with the collaboration with game developers, introduction of new games, and incessant innovation and R&D of new games, we will increase investments in subsidiaries and related R&D areas.

Financing: Except for cash dividend, no significant change is expected in the next year.

As the estimated sum of cash and cash equivalent at the end of 2020 will be NT\$5,726,765 thousand there will be no liquidity shortfall.

IV. Material capital expenditures in the latest year and impacts on business performance: None.

V. The major causes for profits or losses incurred by investments during the most recent year; rectifications and investment plans for the next year

Reinvestment Analysis

Remark Item	Sum of initial investment (thousand)	Policies	Main causes of profit or loss	Remedy	Other future investment plans
Chinese Gamer International Corporation	371,319	Diversify operations to synergize vertical integration	The 2019 net profit of that company was NT\$78,849 thousand, with an EPS of NT\$0.92. In 2018, we started to focus on releasing classical online games on mobile platforms. TS-Online M is very popular on Google and Apple platforms. Love Box M in Chinese and English versions was released in May 2019. Old players can enjoy the game once again. <i>Huang Yi M</i> , a mobile game masterpiece to be launched this year, incorporates Master Huang Yi's strong intellectual property from his series of literature and novels into the game to recreate the core gameplay of the previous <i>Huang Yi Online</i> . The game art design has been re-made to incorporate the innovative elements of mobile games to provide players with a fully evolved martial arts experience. Looking forward to the future, Chinese Gamer International will put its accumulated experience in the development of large-scale MMORPG to work to launch the migration of IP from online games to mobile games and bring out more products which can meet the expectations of players.	Focusing on mobile game innovation and R&D, a range of new independently developed mobile games will be launched this year.	Subject to the status of operations.
Gameflier International Corporation	217,945	Diversify operations to synergize vertical integration	The 2019 net profit of that company was NT\$35,849 thousand, with an EPS of NT\$1.25. Gameflier continues to make profits brought by end games, and actively develops the mobile market and H5 browser game market. We released the Legend of Three Kingdoms M and GuJian Online, transformed from the classical end-game IPs. The purpose is to stabilize our position the end-game market and expand the popularity of Gameflier in mobile game market and build a stable, mature image for agency.	Apart from striving for distributing domestic and international quality games, it will improve its operational strategies to improve the performance of existing online game products.	Subject to the status of operations.
Game First International Corporation	27,813	Diversify operations to synergize vertical integration	The 2019 net loss of that company was NT\$15,035 thousand. Game First International Corp. has maintained a good collaboration relationship with Blizzard Entertainment in terms of distribution. In recent years, the company has also transformed itself to providing 24-hour game customer services and been recognized by many well-known domestic and international mobile game	Apart from striving for distribution of domestic and international quality games, it will provide game customer service and operate social media.	Subject to the status of operations.

Remark Item	Sum of initial investment (thousand)	Policies	Main causes of profit or loss	Remedy	Other future investment plans
			companies. In terms of social media, e-sports and game marketing, it started the localized marketing for two Korean mobile games in 2019, and held several popular game competitions, such as <i>Identity V</i> , <i>PUBG</i> and <i>Overwatch</i> , to add more dimensions to its operation.		
Soft-World (Hong Kong) International Corporation	88,858	Diversify operations to synergize vertical integration	The 2019 net profit of that company was NT\$30,409 thousand. GTC sales in Hong Kong and Macau are the main source of income.	Continue with market expansion.	Subject to the status of operations.
Zealot Digital International Corporation	50,874	Diversify operations to synergize vertical integration	The 2019 net loss of that company was NT\$7,228 thousand. Zealot Digital and the Multimedia Development Division of Soft-World developed the business in game arts, and music and multimedia production. They accelerate production by optimizing the management and production process. In addition, Soft-World has rich IP resources and will continue to expand the cross-disciplinary applications in games, comics and animations, films and branded merchandise.	We worked with the Multimedia Development Division of Soft-World to develop the business in game arts, and music and multimedia production. They accelerate production by optimizing the management and production process.	Subject to the status of operations.
Neweb Technologies Co., Ltd.	510,567	Diversify operations to synergize vertical integration	The 2019 net loss of that company was NT\$11,701 thousand. In 2019, online collection and payment continues to grow stably. We continue to develop integrated value-added applications such as e-invoice and e-receipt to serve store customers in different aspects. Meanwhile, we actively deploy the field of offline payment and release the integrated collection system. Therefore, the business of collection and payment and cross-border payment can be extended from online shops and platforms to offline markets to satisfy the huge demand of mobile payment and diverse collection from physical stores. Neweb Technologies will continue to strive for both the agency collection and payment and electronic payment fields and commit to the vertical and horizontal integration of financial services. The strategic planning in four areas, payment, finance, stored-value membership and integration, will enable the company to realize its vision in the diverse and open internet finance and build a comprehensive mobile payment ecosystem.	Continue with market expansion.	Subject to the status of operations.
Soft-World Technology	8,959	Global deployment	The 2019 net loss of that company was NT\$424 thousand.	Continue with market expansion.	Subject to the status of

Remark Item	Sum of initial investment (thousand)	Policies	Main causes of profit or loss	Remedy	Other future investment plans
Pte.Ltd.			Enhance MyCard competitiveness in Southeast Asia and attract more upstream suppliers to achieve the vision of "No. 1 GTC in Asia." Therefore, that company will actively cultivate the Southeast Asia market and collaborate with worldwide platforms and channels to make MyCard more popular.		operations.
Joy Children Technology Co., Ltd.	20,512	Diversify operations to synergize vertical integration	The 2019 net loss of that company was NT\$4,866 thousand. That company focuses on entertainment products for children and youth, including the R&D of edutaining software, design of edutaining products, and wholesale and trading of imported educational toys and products.	Continue with market expansion.	Implement through progressive planning.
Fast Distributed Cloud Computing (Taiwan) Co., Ltd.	17,583	Diversify operations to synergize vertical integration	The 2019 net profit of that company was NT\$6,351 thousand.	Continue with market expansion.	Subject to the status of operations.
Sofaman Technologies Co., Ltd.	2,766	Diversify operations to synergize vertical integration	The 2019 net loss of that company was NT\$1,551 thousand.	Continue with market expansion.	Subject to the status of operations.
EFUN International Corporation	91,364	Diversify operations to synergize vertical integration	The 2019 net profit of that company was NT\$43,886 thousand. This company mainly focuses on the development of online advertising marketing. It is good at the all kinds of digital ad serving and overall planning of media marketing strategy. This company successfully optimized the benefit of advertising marketing for over hundreds of cooperative enterprises.	Continue with market expansion.	Subject to the status of operations.

VI. Risks and assessment in the previous year and by the date of publication of this report

- (I) The impact of changes in interest rate, exchange rate, and inflation on the Company's profit or loss in recent years to the date this report was printed, and future response measures
1. Impacts of interest rate variations to The Company's profit and loss, and responsive measures in the future:
While of the volatility both the exchange rate and the interest rate (including deposits and loans) is mild, and the share of income from interest is low in both operating profit and net profit before tax, the influence on income of changes in the interest rate and exchange rate is low.
 2. Impacts of exchange rate variations to The Company's profit and loss, and responsive measures in the future
Hong Kong is our major exporting market, with a foreign exchange gain of NT\$3,562 thousand in 2019, accounting for 0.06% of net revenue. Apart from keeping close contacts with trading banks, our financial unit keeps track of the trend of exchange rate

changes by capturing information from financial news reports and economic research reports, in order to reduce the influence on revenue and profit of the risk of exchange rate volatility.

3. Impacts of inflation to The Company's profit and loss, and responsive measures in the future:

Currently, although commodity prices rise due to inflation, entertainment remains part of daily life. As free-to-play games have become a recent trend, changing the focus from the game time to game props is more profitable. Therefore, the influence of inflation on income is limited.

- (II) Policies on high risk and highly leveraged investments, loans to others, endorsements / guarantees, and the trading of derivative instruments; describe the main causes of profit or loss and responsive measures in the future:

1. We do not engage in high-risk and high-leverage investments, and derivatives investments.
2. Capital lending, endorsements, and guarantees are carefully assessed and must conform with the "Capital Lending Regulations" and "Endorsements and Guarantees Regulations" and be approved by BOD prior to implementation.

By December 31, 2019, the Board of Soft-World approved a loan of NT\$ 16,000 thousand and NT\$ 30,000 thousand to our subsidiaries Fast Distributed Cloud Computing (Taiwan) Co., Ltd. and Neweb Technologies Co., Ltd., respectively. The Board of EFUN approved a loan of NT\$ 20,000 thousand to its subsidiary Re:Ad Media. By the end of December 31, 2019, the BOD has passed the endorsement for Neweb Technologies Co., Ltd. amounting to NT\$280,000 thousand.

- (III) Future research and development plans, and the projected expenses:

1. Future R&D:

We built an engine tool based structure of Development Process 2.0 satisfying the requirement of next-gen full 3D mobile game. We further planned for establishing the game development process integrating somatosensory technology (AR/VR/MR), AI, block chain, big data analysis and VTuber. We can design the tool and process for arts, planning, marketing, and operation integration and execution based on efficient operation and cost reduction. By combining a new generation structure with integration of program and resource management, we put cross-platform, different types of game products with same underlying structure into mass production while keeping the cost down.

Advantages of independent development of engine tools:

- (1) The specifications of the core engine can match processes with standard capacity and teams with standard habits to succeed existing practical experience to quickly develop game projects.
- (2) Tools built through engine extension can fully match the internal communication specifications of planning and art. Terms used in the forms are found in familiar process structure to ensure effortless practice, operation, and subsequent verification.
- (3) Independently developed engines are more innovative and have higher debug efficiency. They enable new module customization and quick response to adjustment and optimization based on the creative ideas of game products or the requirements of cross-platform processes.
- (4) Resource management in independently developed engines emphasis advantages including sustainability and module experience accumulation. These advantages can ease the worries about core technology discontinuity after a R&D personnel change. Apart from enabling process control and product risk monitoring among project managers, tool standardization secures core technology continuity.
- (5) Data transfer and conversion between game products with the same underlying structure are smooth. These game products are suitable for PC and mobile app. They

blend with development, integration and maintenance of cross-platform game products, including the AR/VR/MR products. These products become more ready for the next intense platform competition.

We build strong ties with the Southern Taiwan because of geographical relationship. Through our in-depth cooperation with college departments in Central, Southern and East Taiwan, we cultivate local digital talents, and build the largest cultural creative development base for game development, art design, multimedia production and game music in Southern Taiwan. With low cost in Southern Taiwan, we can create cultural and creative products with higher competitiveness and profits with advantage in cost control.

2. Estimated amount of R&D investment:

In 2020, all R&D projects of the group will continue, and the estimated amount of investments is NT\$350 million.

(IV) The effect of major changes in policies and legal practices, whether domestic or foreign, to the company's financial and business performance, and the responsive actions:

Our management team keeps close track on any policies and laws and regulations at home and abroad that may potentially influence our finance and business. The team has also established related risk management procedures.

By the date of publication of this report, there was no significant negative influence caused by changes in policies and laws and regulations.

We operate finance and business by law. Therefore, it is expected that no significant changes in policies and laws at home or abroad will affect our finance and business in the coming year.

(V) Effects of technological and industrial changes to the company's financial and business performance, and the responsive actions:

1. The use of cable and wireless broadband networks continue to grow. PC, notebook, mobile device (e.g. smart phone and tablet), wearable device and motion sensor device with high specifications and reasonable price become popular. These are the largest factors that drive consumers to play online games, mobile games and AR/VR/MR games.

2. The constant pursuit of quality and content that is more diversified and entertaining has become a basic requirement for online games and mobile games. In addition, system service stability, game ecosystem balance, the developer's attitude and speed of service for gamers, and the protection of the personal information of consumers will be the keys to success in the online and mobile game markets.

3. Consumers have raised their demand for game effects from 2D to 3D, and even towards AR/VR/MR. We have a number of 2D and 3D engine tools and constantly improve engine functions to cope with the demand for game diversity and future trends.

4. To cope with constant technological changes, we keep upgrading our technical capacity and adjusting operational strategies to adapt to changes in the game industry.

A shift from charge by game time to free-to-play games with item sales has become a trending consumption pattern. By making quick and appropriate responses to the changing consumption pattern, we have maintained continuous growth in recent years.

5. Thanks to the popularization of the application services of broadband and mobile communication, online games and mobile games have become the first entertainment choice for young people. Homebody entertainment driving the homebody economy makes more space for the growth of game industry. Stay-at-home entertainment such as online game, mobile game and online video is one of the main entertainments for gamers at the time of outbreak. The benefit of stay-at-home economy brought by stay-at-home entertainment looks promising. Given the global game market's rapid changes, Taiwan market's limited appetite, and the business' white-hot competition, overseas market cultivation will be the prime target of game developers. Therefore, to increase global visibility will be our future target.

6. Significant improvement has been seen in both the quantity and quality of broadband

following the 4G popularization and the expectations of 5G. In terms of quantity, the demand for mobile game contents will explode. In terms of quality, heavyweight or large quality mobile games will become the mainstream after lightweight mobile games have gone to the red sea market. Therefore, developing next-generation mobile games emphasizing high-speed engagement, high interactivity, and high resolutions will be the important issues and challenges for all game developers, including us.

7. In third-party payments, the annual growth rate of the global mobile payment market will be over 30%. In particular, Asia Pacific will be the world's largest market for mobile payment. The stay-at-home economy in Taiwan is rising. Third-party payment companies gradually launched their systems in 2017. Therefore, third-party payment businesses will definitely fight in the e-commerce market. COVID-19 outbreak is ongoing. To avoid infection risk incurred from physical contact, e-shopping, home delivery and corresponding virtual payment, become one of the main consumption habits or trends of the consumer. As the mobile payment service in Taiwan has entered the "warring period," following the principle that "the big ones get bigger" in business competition, and mergers and acquisitions will be the only options for survival and growing stronger in the competition.
- (VI) Impacts of changes in corporate image to the company's crisis management, and the responsive measures:
In addition to professional quality and ethical management principles, we spare no effort to carry out CSR in business operations in order to develop a sound market presence. Our listing on Taipei Exchange (TPEX, formerly Gre Tai Securities Market) in 2001 also helps raise our market presence. In the future, we will continue to carry out CSR as a listed company and seek the biggest interest for shareholders and employees. Therefore, the foreseeable risks have not been seen so far.
- (VII) The expected benefits from mergers and acquisitions, the potential risks associated, and the responsive measures:
By the date of publication of this report, no merger or acquisition activity has been implemented.
- (VIII) The expected effect and possible risk of the plant expansion, and the response measures:
By the date of publication of this report, no factory expansion has been implemented.
- (IX) The risk of concentrated purchase or sales and the response measures:
The amount of the largest trade debtor in 2019 accounted for 4% of the net sales amount. This is because Taiwanese consumers often shop at physical stores, such as convenience stores. We will continue to expand other sales channels to decentralize channels.
In procurement, we make constant efforts to expand sales channels, operate the "MyCard" and "e-PLAY" platforms steadily, and link to over 1,000 digital content products within the group. Apart from the online games of all subsidiaries, these products include the products of other game developers and digital content providers. We also distribute the cards designated by leading US community platform FB Credit.
We also actively promote MyCard, which attracts other game developers and digital content providers to join the platform to further decentralize procurement when compared to previous years.
- (X) The risks and impacts of significant shareholding transfers by directors, supervisors, or major shareholders with more than 10% ownership interest, and the responsive measures to such risks:
By the date of publication of the annual report, neither of our directors, supervisors or large shareholders with more than 10% of the shares transferred equities
- (XI) The effects, risks and responsive measures associated with changes in management:
Corporate management is the focus of our management team. With the assistance and support of directors and supervisors, there is no potential risk of any kind.
- (XII) List out the legal proceedings or non-contentious matters, or administrative actions,

involving the Company, the Directors, Supervisor, President, actual responsible persons, or dominant shareholders holding more than 10% of the shares issued by the Company and its subsidiaries, concluded with rulings or still pending, the result of which may cause significant influence on the shareholders equity or stock price of the Company. Disclose the factual account of the contention, the starting date of the proceedings, the parties concerned, and the action taken by the Company to the date this report was printed:

1. Disclose the facts in dispute, the amount of the subject matter, the start and end dates of litigious events, the principal parties involved, and the current status of major litigious events, non-litigious events, or administrative remedies with confirmed verdicts in the past two years and by the date of publication of this report or in progress by the date of publication of this report of directors, supervisors, presidents, actual responsible persons, the dominant shareholders holding more than 10% of the shares, and affiliates, with results that may cause significant impact to the rights and interests of shareholders or the stock price.
2. Major parties involved, and the current status of major litigious events, non-litigious events, or administrative remedies with confirmed verdicts in the past two years and by the date of publication of this report or in progress by the date of publication of this report of directors, supervisors, presidents, actual responsible persons, the top ten shareholders with over 10% of stakes and affiliates with results that may cause significant impact to the rights and interests of shareholders or the stock price: NA.
3. Directors, supervisors, presidents, actual person-in-charge, and top ten shareholders with over 10% of the stakes involved in the events specified in Article 157 of the Securities and Exchange Act in the previous year and by the date of publication of this report and the current status of handling: NA.

(XIII) Other significant risks and responsive measures:

Major risk assessment, including assessment and analysis of information security risks and countermeasures:

1. To enforce information security management, we have established the “Information Security Management Regulations” and their enforcement rules for implementing information security management, strictly managing data utilization and maintaining security. We have also established the firewall policy and application procedures to control the risk of information security.
2. We have established a database backup mechanism and store backup media offsite to reduce the risk of data loss. We simulate situations and test regularly to ensure the normal operation and data security of information systems to reduce unexpected system disruption caused by natural disasters and human negligence, in order to comply with the planned target system recovery time.

VII. Other important disclosures: None.

Soft-World International Corporation

**Parent Company Only Financial Statements for the
Years Ended December 31, 2019 and 2018 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Soft-World International Corporation

Opinion

We have audited the accompanying parent company only financial statements of Soft-World International Corporation (the Corporation), which comprise the parent company only balance sheets as of December 31, 2019 and 2018, the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Corporation's parent company only financial statements for the year ended December 31, 2019 are stated as follows.

Revenue Recognition - MyCard transactions

The Corporation is an agent in its exclusive card (MyCard) transactions, and other financial liabilities are recognized at the time when MyCard points are sold. When the customers used MyCard in exchange for game points via the online platform, the Corporation recognized service revenue for the net amount after deducting receipts needed to be transferred to the related game operators. Please refer to Notes 4 and 20 to the parent company only financial statements for more details. We considered the risk of material misstatement of the recognition of revenue as the risk of not correctly recording the aforementioned game points after they have been exchanged for, and the recognized revenue might not be the net amount. Therefore, we focused on the correctness of revenue from MyCard transactions.

The main audit procedures which we performed included the following:

1. We understood and tested the effectiveness of internal control of the MyCard internet platform and the interface control between MyCard and the ERP system;
2. We implemented computer-assisted audit techniques to test the accuracy of the MyCard points which were deposited, exchanged and consumed on a sample basis;
3. We verified whether the timing of points exchange and consumption on the MyCard platform was the same as that recorded in the financial statements;
4. We tested the amounts transferred from other financial liabilities and the amount needed to be transferred to the related game operators, as well as confirmed if the service revenue recognized as a net amount was accurate.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 25, 2020

Notice to Readers

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

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

SOFT-WORLD INTERNATIONAL CORPORATION

DECEMBER 31, 2019 AND 2018

(In Thousands of New Taiwan Dollars)

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

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

SOFT-WORLD INTERNATIONAL CORPORATION

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

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

(Continued)

SOFT-WORLD INTERNATIONAL CORPORATION

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

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

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

(Concluded)

SOFT-WORLD INTERNATIONAL CORPORATION

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

	Share Capital	Capital Surplus	Retained Earnings			Unappropriated Earnings	Other Equity			Subtotal	Treasury Shares	Total Equity
			Legal Reserve	Special Reserve	Exchange Differences on Translating Foreign Operations		Unrealized Gain on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE AT JANUARY 1, 2018	\$ 1,274,743	\$ 1,529,865	\$ 888,889	\$ 25,117	\$ 1,821,197	\$ (20,585)	\$ 153,999	\$ -	\$ 133,414	\$ -	\$ 5,673,225	
Effects of retrospective application and retrospective restatement	-	-	-	-	-	-	(153,999)	153,999	-	-	-	
Equity at the beginning of the period after adjustments	1,274,743	1,529,865	888,889	25,117	1,821,197	(20,585)	-	153,999	133,414	-	5,673,225	
Appropriation of 2017 earnings (Note 19)	-	-	41,756	-	(41,756)	-	-	-	-	-	-	
Legal reserve	-	-	41,756	-	(41,756)	-	-	-	-	-	-	
Cash dividends distributed by the Corporation	-	-	-	-	(254,949)	-	-	-	-	-	(254,949)	
Net profit in 2018	-	-	41,756	-	(296,705)	-	-	-	-	-	(254,949)	
Other comprehensive income (loss) in 2018, net of income tax	-	-	-	-	461,322	-	-	-	-	-	461,322	
	-	-	-	-	(4,762)	9,218	-	20,446	29,664	-	24,902	
Total comprehensive income in 2018	-	-	-	-	456,560	9,218	-	20,446	29,664	-	486,224	
Difference between consideration and carrying amount of subsidiaries acquired or disposed (Note 11)	-	59,351	-	-	-	-	-	-	-	-	59,351	
Changes in percentage of ownership interests in subsidiaries	-	145,350	-	-	-	-	-	-	-	-	145,350	
Purchase of the Corporation's shares by subsidiaries (Note 19)	-	-	-	-	-	-	-	-	-	(450,715)	(450,715)	
Disposal of the Corporation's shares held by subsidiaries (Note 19)	-	9	-	-	-	-	-	-	-	1,412	1,421	
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	10,359	-	-	-	-	-	-	-	-	10,359	
BALANCE AT DECEMBER 31, 2018	1,274,743	1,744,934	930,645	25,117	1,981,052	(11,367)	-	174,445	163,078	(449,303)	5,670,266	
Appropriation of 2018 earnings (Note 19)	-	-	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)	
Net profit in 2019	-	-	46,132	95,407	(421,983)	-	-	-	-	-	(280,444)	
Other comprehensive loss in 2019, net of income tax	-	-	-	-	610,580	-	-	-	-	-	610,580	
	-	-	-	-	(309)	(17,734)	-	(17,538)	(35,272)	-	(35,581)	
Total comprehensive income (loss) in 2019	-	-	-	-	610,271	(17,734)	-	(17,538)	(35,272)	-	574,999	
Adjustment to capital surplus arising from dividends paid to subsidiaries (Note 19)	-	11,726	-	-	-	-	-	-	-	-	11,726	
Changes in percentage of ownership interests in subsidiaries	-	(2,784)	-	-	-	-	-	-	-	-	(2,784)	
BALANCE AT DECEMBER 31, 2019	\$ 1,274,743	\$ 1,753,876	\$ 976,777	\$ 120,524	\$ 2,169,340	\$ (29,101)	\$ -	\$ 156,907	\$ 127,806	\$ (449,303)	\$ 5,973,763	

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

SOFT-WORLD INTERNATIONAL CORPORATION

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

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

(Continued)

SOFT-WORLD INTERNATIONAL CORPORATION

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

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

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

(Concluded)

SOFT-WORLD INTERNATIONAL CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Corporation's board of directors on March 25, 2020.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

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

- 1) IFRS 16 "Leases"

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

Definition of a lease

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

The Corporation as lessee

The Corporation recognizes right-of-use assets or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the parent company only balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the parent company only statements of comprehensive income, the Corporation presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the parent company only statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts, including property interest qualified as investment properties, were recognized as expenses on a straight-line basis. Cash flows for operating leases were classified within operating activities on the parent company only statements of cash flows. Leased assets and finance lease payables were recognized on the parent company only balance sheets for contracts classified as finance leases.

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

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

The Corporation also applies the following practical expedients:

- a) The Corporation accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- b) The Corporation excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- c) The Corporation uses hindsight, such as in determining lease terms, to measure lease liabilities.

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

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

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

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

The Corporation as lessor

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

2) IFRIC 23 "Uncertainty over Income Tax Treatments"

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

Upon initial application of IFRIC 23, the application would not have a material impact on the Corporation's assets, liabilities, and equity as of January 1, 2019.

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

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

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

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

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

Amendments to IFRS 3 “Definition of a Business”

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

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

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

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2022

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

Amendments to IFRS 10 and IAS 28

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

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

c. Classification of current and noncurrent assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

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

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

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

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

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

e. Inventories

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

f. Investments accounted for using the equity method

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

1) Investments in subsidiaries

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

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

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

When the Corporation's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and

long-term interests that, in substance, form part of the Corporation's net investment in the subsidiary), the Corporation continues recognizing its share of further losses.

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

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

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

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

2) Investments in associates

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

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

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

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

surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

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

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

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

g. Property, plant and equipment

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

Land is not depreciated.

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

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

h. Other intangible assets

1) Intangible assets acquired separately

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

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

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

3) Derecognition of intangible assets

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

i. Impairment of tangible and intangible assets

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

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category of financial assets

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

i Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable at amortized cost, other receivables, other

financial assets and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

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

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

ii Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

date.

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

- i Internal or external information show that the debtor is unlikely to pay its creditors.
- ii When a financial asset is more than 90 days past due unless the Corporation has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

k. Revenue recognition

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

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

current liabilities) and right to recover a product (classified under other current assets).

1) Sale of goods

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

2) Rendering of services

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

b) Other revenue from the rendering of services

Other services refer to the services of advertising design projects, etc. and revenue is recognized when the project has been completed and transferred to the customer. Advance receipts of services are recognized as “Contract liabilities”.

3) Licensing revenue

When the nature of the Corporation’s promises in granting the licences meets all of the following criteria which means providing the Corporation with the right to access the intellectual property, the Corporation shall recognize revenue over time. Conversely, if that granting of the licence is the right to access the intellectual property existing at point in time at which the licence is granted, the Corporation shall recognize revenue when the licence granted is transferred. Advance receipts of royalty is recognized as “Contract liabilities”.

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

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

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

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

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

l. Leases

2019

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

1) The Corporation as lessor

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

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

2) The Corporation as lessee

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

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

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

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

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

2018

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

m. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

n. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws)

that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key Sources of Estimation Uncertainty - Estimated impairment of financial assets

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

6. CASH AND CASH EQUIVALENTS

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

7. NOTES AND ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

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

a. Notes receivable

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

The aging analysis of notes receivable was as follows:

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Up to 90 days	\$ 1,751	\$ 1,044
91-180 days	-	1,125
181-365 days	<u>-</u>	<u>57</u>
	<u>\$ 1,751</u>	<u>\$ 2,226</u>

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

b. Accounts receivable

The Corporation's average credit period is 30 to 120 days. The Corporation adopted a policy of only dealing with entities that have good credit ratings and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Corporation uses other publicly

available financial information or its own trading records to rate its major customers. The Corporation's exposure and the credit ratings of its counterparties are continuously monitored. Also, credit exposure is controlled by counterparty limits that are reviewed and approved.

The Corporation measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position. As the Corporation's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Corporation's different customer base.

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

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

For the year ended December 31, 2019

	Less than 90 Days	91 to 180 Days	181 to 365 Days	More than 1year	Total
Expected credit loss rate (%)	-	3	30	100	
Gross carrying amount	\$ 84,658	\$ -	\$ -	\$ 876	\$ 85,534
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(876)</u>	<u>(876)</u>
Amortized cost	<u>\$ 84,658</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,658</u>

For the year ended December 31, 2018

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

c. Other receivables

Receipts under custody receivables are from the sale of the Corporation's exclusive card (MyCard). The Corporation sold MyCard to customers through cooperative channels (see Note 20), and the average credit period of receivables for channels were 30 to 120 days.

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

For the year ended December 31, 2019

	Less than 90 Days	91 to 180 Days	181 to 365 Days	More than 1year	Total
Expected credit loss rate (%)	-	3	30	100	
Gross carrying amount	\$ 1,646,528	\$ 48,675	\$ 26,150	\$ 50,531	\$ 1,771,884
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>(1,467)</u>	<u>(9,360)</u>	<u>(50,531)</u>	<u>(61,358)</u>
Amortized cost	<u>\$ 1,646,528</u>	<u>\$ 47,208</u>	<u>\$ 16,790</u>	<u>\$ -</u>	<u>\$ 1,710,526</u>

For the year ended December 31, 2018

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

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

	For the Year Ended December 31, 2019		
	Accounts Receivable	Other Receivables	Total
Balance at January 1	\$ 496	\$ 67,643	\$ 68,139
Add: Net remeasurement of loss allowance	380	10,179	10,559
Less: Amounts written off	<u>-</u>	<u>(16,464)</u>	<u>(16,464)</u>
Balance at December 31	<u>\$ 876</u>	<u>\$ 61,358</u>	<u>\$ 62,234</u>
	For the Year Ended December 31, 2018		
	Accounts Receivable	Other Receivables	Total
Balance at January 1 per IAS 39	\$ 64,176	\$ -	\$ 64,176
Adjustment on initial application of IFRS 9	-	-	-
Adjustment on initial application of IFRS 15	<u>(64,068)</u>	<u>64,068</u>	<u>-</u>
Balance at January 1 as adjusted	108	64,068	64,176
Add: Net remeasurement of loss allowance	388	14,280	14,668
Less: Amounts written off	<u>-</u>	<u>(10,705)</u>	<u>(10,705)</u>
Balance at December 31	<u>\$ 496</u>	<u>\$ 67,643</u>	<u>\$ 68,139</u>

8. INVENTORIES

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

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

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

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

9. OTHER FINANCIAL ASSETS

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

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

	<u>December 31</u>	
	2019	2018
Listed shares	\$ 130,995	\$ 117,474
Private - placement shares of listed companies	163,000	149,600
Domestic unlisted shares	1,418	-
Foreign unlisted shares	<u>-</u>	<u>45,500</u>
	<u>\$ 295,413</u>	<u>\$ 312,574</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

a. Investments in subsidiaries

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

(Continued)

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

(Concluded)

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

	December 31	
	2019	2018
Chinese Gamer	<u>\$ 3,714,774</u>	<u>\$ 1,537,004</u>

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

- 1) Part of Chinese Gamer's shares were sold by the Corporation in 2018, and the disposal price was \$79,478 thousand. The difference between the disposal price and book value was recognized as capital surplus - the difference between the consideration received and the carrying amount of the subsidiaries' net assets during actual disposal was \$59,351 thousand.
- 2) The Corporation continuously increased its investments in Game Flier in 2019 and 2018 which amounted to \$99 thousand and \$12 thousand, respectively. As of December 31, 2019, the total amount of investments in Game Flier was \$217,945 thousand.

- 3) The Corporation acquired Neweb Technologies and its subsidiaries' shares by exchanging the shares of its original subsidiaries, Smartpath Digital and Pay2go. The record date for the exchange of shares was April 9, 2018. Under IFRS 3: Business Combinations, the aforementioned transaction was deemed as a reverse acquisition of Neweb Technologies, refer to Note 27: Business Combinations to the consolidated financial statements for the year ended December 31, 2019 for the details.
- 4) Game First carried out a capital reduction in June 2018, and the Corporation decreased its investment according to the proportion of capital reduction and received a refund of shares of \$30,800 thousand. As of December 31, 2019, the amount of investments the Corporation held in Game First International Corporation was \$27,813 thousand.
- 5) Efun International Corporation carried out a capital reduction for offsetting accumulated deficits of \$20,876 thousand in June 2018. In the same month, Efun International Corporation increased capital in cash of \$80,000 thousand, for which the Corporation's subsidiary Efun International Co. Ltd. did not subscribe, and the Corporation subscribed for shares amounting to \$70,952 thousand; The Corporation acquired Efun International Corporation's shares from Efun International Co. Ltd. in the amount of \$6,318 thousand in August 2018. Besides, in May 2019, Efun International Corporation issued new shares amounting to \$26,000 thousand in exchange for the Corporation's 51% equity stake in the subsidiary, Re: Ad Media (Taiwan), and the remaining outstanding shares of Re: Ad Media (Taiwan). As a result, the ownership percentage of the Corporation decreased to 80%. As of December 31, 2019, the amount of investments in Efun International Corporation was \$91,364 thousand.
- 6) Jhih Long increased capital in cash in May and September 2018, respectively; however, the Corporation did not subscribe for the shares in accordance with the original shareholding percentage, and thus, the Corporation's shareholding percentage decreased to 13%. The Corporation and its subsidiaries have 100% ownership of Jhih Long, and has the practical ability to direct the relevant activities of Jhih Long unilaterally. Therefore, Jhih Long was recognized as a subsidiary of the Corporation.
- 7) Soft-World Technology Pte. Ltd. implemented a capital reduction in November 2019, and the Corporation decreased the amount of investments according to the percentage of capital reduction and received a refund of shares of \$15,142 thousand. As of December 31, 2019, the amount of investments in Soft-World Technology Pte. Ltd. was \$8,959 thousand.
- 8) Re: Ad Media implemented a capital reduction in October 2018, and the Corporation decreased its investment according to the proportion of capital reduction and received a refund of shares of \$5,512 thousand. In December 2019, Re: Ad Media completed its liquidation procedures, and refunded shares of \$6,407 thousand.
- 9) Efun International Co., Ltd. completed liquidation in June 2019, and refunded shares of \$6,378 thousand.
- 10) In May 2018, the Corporation and its subsidiary Chinese Gamer collectively invested in and established Long Xiang, whose main business was investment. As of December 31, 2019, the amount of the investments in Long Xiang was \$250,000 thousand.
- 11) CELAD increased capital in cash in June 2018; however, the Corporation's subsidiary Chinese Gamer did not subscribe for the shares. In the meantime, the Corporation subscribed for the shares in the amount of \$10,000 thousand. CELAD increased capital in cash in June 2019, and the Corporation subscribed for the shares for \$7,500 thousand. As of December 31, 2019, the total amount of investments in CELAD was \$17,500 thousand.
- 12) Re: Ad Media (Taiwan) increased capital in cash of \$20,000 thousand, and the Corporation subscribed for the shares with \$10,200 thousand; In addition, the Corporation acquired the shares of

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

- 13) Jorsen increased capital in cash in February 2018, and the Corporation subscribed for the shares for \$3,703 thousand not in proportion to the original shareholding percentage. In September 2018, Jorsen completed liquidation, and refunded \$575 thousand in distributable assets.
- 14) Sofaman increased capital in cash of 11,000 thousand in March 2019, and the Corporation subscribed for the shares for \$6,600 thousand in accordance with the original shareholding percentage. As of December 31, 2019, investments in Sofaman was \$9,366 thousand.
- 15) The Corporation increased its investments in Zealot which amounted to \$25,417 thousand (SGD1,122 thousand) for the year ended December 31, 2018. As of December 31, 2018, changes in registration have not been completed for investments of \$6,946 thousand (SGD304 thousand). The Corporation has the intention to continuously support Zealot's operations, and thus continually recognized its loss. As of December 31, 2018, the amount of long-term investments was negative, and therefore the Corporation wrote-off its prepaid long-term investments that amounted to \$6,946 thousand. As of December 31, 2019, the amount of investments in Zealot was \$261,882 thousand, for which the Corporation had completed the procedures for change in registration.

b. Investments in associates

	<u>December 31</u>	
	2019	2018
Investments in associates - associates that are not individually material	<u>\$ 18,297</u>	<u>\$ 21,648</u>
Aggregate information of associates that are not individually material :		
	<u>For the Year Ended December 31</u>	
	2019	2018
The Corporation's share of:		
Total loss and other comprehensive loss for the year	<u>\$ (5,626)</u>	<u>\$ (8,894)</u>

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

12. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2019

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

(Continued)

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

(Concluded)

For the year ended December 31, 2018

	Land	Buildings	Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Total
<u>Cost</u>							
Balance at January 1, 2018	\$ 215,321	\$ 183,407	\$ 14,657	\$ 2,670	\$ 1,098	\$ 2,799	\$ 419,952
Additions	-	-	2,469	-	180	-	2,649
Disposals	-	-	(11,511)	(2,670)	(1,098)	(2,444)	(17,723)
Balance at December 31, 2018	<u>\$ 215,321</u>	<u>\$ 183,407</u>	<u>\$ 5,615</u>	<u>\$ -</u>	<u>\$ 180</u>	<u>\$ 355</u>	<u>\$ 404,878</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2018	\$ -	\$ 45,459	\$ 13,867	\$ 2,670	\$ 1,098	\$ 2,346	\$ 65,440
Depreciation expenses	-	4,304	633	-	25	276	5,238
Disposals	-	-	(11,511)	(2,670)	(1,098)	(2,444)	(17,723)
Balance at December 31, 2018	<u>\$ -</u>	<u>\$ 49,763</u>	<u>\$ 2,989</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 178</u>	<u>\$ 52,955</u>
Carrying amounts at December 31, 2018	<u>\$ 215,321</u>	<u>\$ 133,644</u>	<u>\$ 2,626</u>	<u>\$ -</u>	<u>\$ 155</u>	<u>\$ 177</u>	<u>\$ 351,923</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	25-55years
Equipment	3years
Transportation Equipment	5years
Office Equipment	3years
Miscellaneous Equipment	3-5years

13. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	Buildings
<u>Cost</u>	
Balance at January 1, 2019	\$ 9,122
Additions	<u>10,160</u>
Balance at December 31, 2019	<u>\$ 19,282</u>

(Continued)

BuildingsAccumulated Depreciation

Balance at January 1, 2019	\$ -
Depreciation expenses	<u>4,569</u>
Balance at December 31, 2019	<u>\$ 4,569</u>
Carrying amount at December 31, 2019	<u>\$ 14,713</u> (Concluded)

b. Lease liabilities - 2019

**December 31,
2019**

Carrying amounts	
Current	<u>\$ 6,736</u>
Noncurrent	<u>\$ 8,059</u>

Range of discount rate for lease liabilities was as follows:

**December 31,
2019**

Buildings (%)	2.11-2.20
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c. Material lease activities and terms

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

d. Other lease information

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

Expenses relating to short-term leases	<u>\$ 6,953</u>
Expenses relating to low-value asset leases	<u>\$ 82</u>
Total cash outflow for leases	<u>\$ 11,726</u>

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

2018

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

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

14. OTHER INTANGIBLE ASSETS

For the year ended December 31, 2019

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

For the year ended December 31, 2018

	Computer Software
<u>Cost</u>	
Balance at January 1, 2018	\$ 45,475
Additions	47,334
Write-off	<u>(37,563)</u>
Balance at December 31, 2018	<u>\$ 55,246</u>

(Continued)

Accumulated amortization	Computer Software
Balance at January 1, 2018	\$ 42,156
Amortization expenses	23,502
Write-off	<u>(37,563)</u>
Balance at December 31, 2018	<u>\$ 28,095</u>
Carrying amount at December 31, 2018	<u>\$ 27,151</u> (Concluded)

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

15. NOTES PAYABLE AND ACCOUNTS PAYABLE

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

16. OTHER PAYABLES - UNRELATED PARTIES

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

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

17. OTHER FINANCIAL LIABILITIES - CURRENT

	December 31	
	2019	2018
Other financial liabilities - current		
Temporary receipts from the sale of MyCard	<u>\$ 635,164</u>	<u>\$ 687,411</u>

The Corporation's sale of MyCard is recognized as an agency transaction under MyCard transactions. The temporary receipts from the sale of MyCard is recognized as "Other financial liabilities - current".

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

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

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

Movements of net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2018	<u>\$ 103,836</u>	<u>\$ (23,786)</u>	<u>\$ 80,050</u>
Service cost			
Current service cost	524	-	524
Past service cost	2,423	-	2,423
Interest expense (income)	<u>1,428</u>	<u>(336)</u>	<u>1,092</u>
Recognized in profit or loss	<u>4,375</u>	<u>(336)</u>	<u>4,039</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (649)	\$ (649)
Actuarial loss			
changes in demographic assumptions	903	-	903
changes in financial assumptions	1,642	-	1,642
experience adjustments	<u>4,418</u>	<u>-</u>	<u>4,418</u>
Recognized in other comprehensive income	<u>6,963</u>	<u>(649)</u>	<u>6,314</u>
Contributions from the employer	-	(8,924)	(8,924)
Benefits paid	<u>(10,209)</u>	<u>10,209</u>	<u>-</u>
	<u>(10,209)</u>	<u>1,285</u>	<u>(8,924)</u>
Balance at December 31, 2018	<u>104,965</u>	<u>(23,486)</u>	<u>81,479</u>
Service cost			
Current service cost	1,013	-	1,013
Interest expense (income)	<u>1,281</u>	<u>(271)</u>	<u>1,010</u>
Recognized in profit or loss	<u>2,294</u>	<u>(271)</u>	<u>2,023</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(877)	(877)
Actuarial loss (gain)			
changes in demographic assumptions	1,776	-	1,776
changes in financial assumptions	4,675	-	4,675
experience adjustments	<u>(4,214)</u>	<u>-</u>	<u>(4,214)</u>
Recognized in other comprehensive income	<u>2,237</u>	<u>(877)</u>	<u>1,360</u>
Contributions from the employer	-	(11,365)	(11,365)
Benefits paid	<u>(4,903)</u>	<u>4,903</u>	<u>-</u>
	<u>(4,903)</u>	<u>(6,462)</u>	<u>(11,365)</u>
Balance at December 31, 2019	<u>\$ 104,593</u>	<u>\$ (31,096)</u>	<u>\$ 73,497</u>

(Concluded)

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

1) Investment risk

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

2) Interest risk

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

plan's debt investments.

3) Salary risk

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

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

	December 31	
	2019	2018
Discount rate (%)	0.875	1.250
Expected rate of salary increase (%)	2.500	2.500

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

	December 31	
	2019	2018
Discount rate		
0.25% increase	<u>\$ (3,171)</u>	<u>\$ (3,266)</u>
0.25% decrease	<u>\$ 3,305</u>	<u>\$ 3,407</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 3,200</u>	<u>\$ 3,311</u>
0.25% decrease	<u>\$ (3,087)</u>	<u>\$ (3,190)</u>

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

	December 31	
	2019	2018
The expected contributions to the plan for the next year	<u>\$ 2,320</u>	<u>\$ 1,320</u>
The average duration of the defined benefit obligation (year)	12.6	13.0

19. EQUITY

a. Ordinary share capital

	December 31	
	2019	2018
Number of shares authorized (in thousands)	<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

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
May be used to offset deficits, distributed as cash dividends or transferred to share capital (see 1 below)		
Issuance of ordinary shares	\$ 1,229,758	\$ 1,229,758
Conversion of bonds	245,975	245,975
Treasury share transactions	59,810	48,084
Difference between the consideration and carrying amount of subsidiaries acquired or disposed	59,351	59,351
May be used to offset deficits only (see 2 below)		
Changes in percentage of ownership interests in subsidiaries	152,027	154,811
Changes in percentage of ownership interests in associates	<u>6,955</u>	<u>6,955</u>
	<u>\$ 1,753,876</u>	<u>\$ 1,744,934</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries/associates resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries/associates accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, until the legal reserve equals the Corporation's paid-in capital. Besides, the profit shall be set aside or reversed as a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors, refer to employees' compensation and remuneration of directors and supervisors in Note 21 (f) Employees' compensation and remuneration of directors and supervisors.

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

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

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

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

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

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

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

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

d. Special reserve

Accumulated adjusted amounts on translating the financial statements that were transferred to retained earnings on the initial adoption of IFRSs was \$25,117 thousand, and the Corporation had accrued an equal amount of special reserve. In June 2019, the shareholders approved the recognition of the difference between the market price of the shares and the carrying amount of the shares of the Corporation held by its subsidiaries at the end of 2018 of \$95,407 thousand, which was calculated based on the Corporation’s comprehensive shareholding ratio. Should the market price increase in the future, the increase in the difference can subsequently be reversed.

e. Other equity items

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

	<u>For the Year Ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ (11,367)	\$ (20,585)
Effect of change in tax rate	-	(783)
		(Continued)

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

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

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

f. Treasury shares

Purpose of Treasury Shares	Thousand Shares			December 31	
	Beginning of the Year	Addition	Reduction	Thousand Shares	Book Value
For the year ended December 31, 2019					
The Corporation's shares held by its subsidiaries	<u>5,330</u>	<u>-</u>	<u>-</u>	<u>5,330</u>	<u>\$ 449,303</u>
For the year ended December 31, 2018					
The Corporation's shares held by its subsidiaries	<u>-</u>	<u>5,347</u>	<u>17</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.

For the Corporation's shares held by its subsidiaries, refer to the Table 3. For the year ended December 31, 2018, a total of 27 thousand shares of the Corporation held by its subsidiaries were sold for proceeds of \$2,252 thousand. Calculated by the shareholding percentage, the proceeds of treasury shares sold was \$1,421 thousand, and after deducting book values, the remainder amounted to \$9 thousand, which was recognized as capital surplus.

As of December 31, 2019 and 2018, the market value of the treasury shares calculated by the combined shareholding percentage was \$443,436 thousand and \$353,896 thousand, respectively.

20. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
	2019	2018
Rendering of services	\$ 2,147,791	\$ 2,149,988
Sale of goods	179,682	229,900
Licensing revenue	<u>8,115</u>	<u>22,575</u>
	<u>\$ 2,335,588</u>	<u>\$ 2,402,463</u>

1) Rendering of services

Revenue from the rendering of services includes services for usage of the MyCard online platform and from the sale of points, and other revenue from the rendering of services.

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

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

2) Sale of goods

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

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

3) Licensing revenue

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

b. Contract balances

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

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

21. PROFIT BEFORE INCOME TAX

a. Other income

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

b. Other gains and losses

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

c. Finance costs

	For the Year Ended December 31	
	2019	2018
Interest on lease liabilities	<u>\$ 204</u>	<u>\$ -</u>

d. Depreciation and amortization

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

e. Employee benefits

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

f. Employees' compensation and remuneration of directors and supervisors

According to the Articles of Incorporation of the Corporation, the Corporation accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 2% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employee's compensation and the remuneration of directors and supervisors for the years ended December 31, 2019 and 2018, which were approved by the Corporation's board of directors on March 25, 2020 and March 21, 2019, respectively, are as follows:

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

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

For the years ended December 31, 2018 and 2017, there is no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2018 and 2017.

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

g. Gains or losses on foreign currency exchange

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

22. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2019	2018
Current tax		
In respect of the current year	\$ 109,482	\$ 111,255
Income tax on unappropriated earnings	1,729	12,028
Adjustments for prior years	<u>5,151</u>	<u>40</u>
	<u>116,362</u>	<u>123,323</u>
Deferred tax		
In respect of the current year	19,775	6,599
Effect of tax changes	<u>-</u>	<u>(3,167)</u>
	<u>19,775</u>	<u>3,432</u>
Income tax expense recognized in profit or loss	<u>\$ 136,137</u>	<u>\$ 126,755</u>

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

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

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

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

	For the Year Ended December 31	
	2019	2018
Effect of change in tax rate		
Translation of foreign operations	\$ -	\$ (783)
Remeasurement on defined benefit plan	-	693
Recognized during the period		
Translation of foreign operations	3,237	(2,173)
Remeasurement on defined benefit plan	<u>272</u>	<u>1,263</u>
	<u>\$ 3,509</u>	<u>\$ (1,000)</u>

c. Current tax liabilities

	December 31	
	2019	2018
Current tax liabilities		
Income tax payable	<u>\$ 51,893</u>	<u>\$ 77,893</u>

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

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
<hr/> <u>Deferred tax assets</u> <hr/>				
Temporary differences				
Defined benefit obligations	\$ 16,576	\$ (2,172)	\$ 272	\$ 14,676
Bad debts over limits	9,438	2,834	-	12,272
Loss on inventories	2,744	83	-	2,827
Others	<u>6,106</u>	<u>420</u>	<u>-</u>	<u>6,526</u>
	<u>\$ 34,864</u>	<u>\$ 1,165</u>	<u>\$ 272</u>	<u>\$ 36,301</u>
<hr/> <u>Deferred tax liabilities</u> <hr/>				
Temporary differences				
Gain from foreign investments accounted for using the equity methods	\$ 14,316	\$ 21,035	\$ -	\$ 35,351
Exchange differences on translating the financial statements of foreign operations	7,392	-	(3,237)	4,155
Others	<u>150</u>	<u>(95)</u>	<u>-</u>	<u>55</u>
	<u>\$ 21,858</u>	<u>\$ 20,940</u>	<u>\$ (3,237)</u>	<u>\$ 39,561</u>

For the year ended December 31, 2018

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

(Continued)

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Exchange differences on translating the financial statements of foreign operations	\$ 4,436	\$ -	\$ 2,956	\$ 7,392
Others	<u>8</u>	<u>142</u>	<u>-</u>	<u>150</u>
	<u>\$ 14,108</u>	<u>\$ 4,794</u>	<u>\$ 2,956</u>	<u>\$ 21,858</u> (Concluded)

e. Income tax assessments

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

23. EARNINGS PER SHARE

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

a. Net profit for the year

	For the Year Ended December 31	
	2019	2018
Net profit for the year	<u>\$ 610,580</u>	<u>\$ 461,322</u>

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

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

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

24. CAPITAL MANAGEMENT

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

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

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

25. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2019

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

December 31, 2018

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

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

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

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

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

The fair values of domestic and foreign unlisted shares were assessed and determined by the management - based on observable market prices.

c. Categories of financial instruments

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

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

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities are set out in Note 29.

Sensitivity analysis

The Corporation is mainly exposed to the USD and HKD.

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

	Impact on Profit or Loss	
	For the Year Ended December 31	
	2019	2018
USD	\$ 106	\$ 81
HKD	342	1,169

b) Interest rate risk

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

	December 31	
	2019	2018
Cash flow interest rate risk		
Financial assets	\$ 2,697,548	\$ 2,552,784

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

Sensitivity analysis

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

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2019 and 2018 would increase/decrease by \$26,975 thousand and \$25,528 thousand, respectively, which was mainly attributable to the Corporation's variable-rate bank deposits and borrowings.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the year ended December 31, 2019 and 2018 would have increased/decreased by \$2,954 thousand and \$3,126 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

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

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

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Group A	\$ 621,052	\$ 648,221
Group B	<u>273,605</u>	<u>321,259</u>
	<u>\$ 894,657</u>	<u>\$ 969,480</u>

The Corporation's concentration of credit risk accounted for 48% and 46% of total accounts receivable and other receivables (receivables for receipts under custody) from the above-mentioned groups as of December 31, 2019 and 2018, respectively.

3) Liquidity risk

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

Liquidity risk for non-derivative financial liabilities

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

	Within 4 Months	At least 5 Months	More than 1 year	Total
<u>December 31, 2019</u>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 3,431,556	\$ 55,099	\$ 350	\$ 3,487,005
Lease liabilities	2,383	4,593	8,197	15,173
Financial guarantee contracts	<u>35,000</u>	<u>100,000</u>	<u>-</u>	<u>135,000</u>
	<u>\$ 3,468,939</u>	<u>\$ 159,692</u>	<u>\$ 8,547</u>	<u>\$ 3,637,178</u>
<u>December 31, 2018</u>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 3,842,069	\$ 44,403	\$ 225	\$ 3,886,697
Financial guarantee contracts	<u>75,000</u>	<u>100,000</u>	<u>-</u>	<u>175,000</u>
	<u>\$ 3,917,069</u>	<u>\$ 144,403</u>	<u>\$ 225</u>	<u>\$ 4,061,697</u>

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

26. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Chinese Gamer International Corporation (Chinese Gamer)	Subsidiaries
Game Flier International Corporation (Game Flier)	Subsidiaries
Game First International Corporation (Game First)	Subsidiaries
Soft-World International (Hong Kong) Corporation	Subsidiaries
Zealot Digital International Corporation	Subsidiaries
Pay2go Corporation (Pay2 go)	Subsidiaries
Fast Distributed Cloud Computing Co., Ltd.	Subsidiaries
Neweb Technologies Co., Ltd. (Neweb Technologies)	Subsidiaries
Efun International Co., Ltd.	Subsidiaries
CELAD Incorporated	Subsidiaries
Dyansty International Information Corporation	Subsidiaries

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
Game Topia. Co. Ltd. (Game Topia)	Subsidiaries of Chinese Gamer International Corporation
Dragon Gamer (Hong Kong) Co., Ltd. (Dragon Gamer)	Subsidiaries of Chinese Gamer International Corporation
Oriental Dragon Digital Co., Ltd.	Subsidiaries of Chinese Gamer International Corporation
ezPay Co., Ltd.	Subsidiaries of Neweb Technologies
Compete ! Games Interactive Entertainment Corporation	Subsidiaries of Game First International Corporation
Re: Ad Media (Taiwan) Corporation	Subsidiaries of Efun International Corporation
We Can Financial Technology Co., Ltd.	Associates
Taiwan Taomee Co., Ltd.	Associates
Fun Yours Technology Co., Ltd.	Related party in substance (The Corporation as legal directors of investee companies)
Asure Corporation	Related party in substance (The person in charge is the second-degree relative of the Corporation's chairman)
Ko, Hsiu -Yen	Related party in substance (Second-degree relative of the Corporation's chairman)
	(Concluded)

b. Operating Revenues

Line Item	Related Party Category	<u>For the Year Ended December 31</u>	
		2019	2018
Sale of goods	Related party in substance	<u>\$ 14,712</u>	<u>\$ 2,368</u>
Rendering of services	Subsidiaries	\$ 181,437	\$ 199,196
	Associates	<u>9,274</u>	<u>10,318</u>
		<u>\$ 190,711</u>	<u>\$ 209,514</u>
Licensing revenue	Subsidiaries	<u>\$ 100</u>	<u>\$ 11,634</u>

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

c. Purchase (return) of goods

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

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

d. Receivables (excluding loans receivable from related parties)

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

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

The outstanding accounts receivable from related parties were unsecured. There was no bad debt expense under the item of accounts receivable from related parties.

e. Payables to related parties

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

(Continued)

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

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

The outstanding payables to related parties are unsecured.

f. Loans to related parties

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

Interest revenue

Related Party Category/Name	For the Year Ended December 31	
	2019	2018
Subsidiaries		
Neweb Technologies	<u>\$ 212</u>	<u>\$ 495</u>

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

g. Endorsements and guarantees

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

h. Others

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

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

i. Compensation of key management personnel

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

	For the Year Ended December 31	
	2019	2018
Short-term employee benefits	\$ 16,253	\$ 15,314
Post-employment benefits	<u>108</u>	<u>109</u>
	<u>\$ 16,361</u>	<u>\$ 15,423</u>

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

27. ASSETS PLEDGED AS COLLATERAL OR SECURITY

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

	December 31	
	2019	2018
Other financial assets - current		
Pledged demand deposits	\$ -	\$ 17,359
Pledged time deposits	<u>35,000</u>	<u>-</u>
	<u>\$ 35,000</u>	<u>\$ 17,359</u>

(Continued)

	December 31	
	2019	2018
Property, plant and equipment		
Land	\$ 109,463	\$ 109,463
Buildings	<u>84,620</u>	<u>86,982</u>
	<u>194,083</u>	<u>196,445</u>
	<u>\$ 229,083</u>	<u>\$ 213,804</u>
		(Concluded)

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Apart from Note 26, as disclosed in Note 27, the Corporation provided demand deposits, time deposits and property, plant and equipment as collateral for performance guarantees of unused MyCard points. As of December 31, 2019 and 2018, the credit line committed by banks were both \$800,000 thousand.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

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

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
<u>December 31, 2019</u>				
Financial assets				
Monetary items				
USD	\$ 454	29.980	(USD:NTD)	\$ 13,620
HKD	8,892	3.849	(HKD:NTD)	34,224
Non-monetary items				
Subsidiaries accounted for using the equity method				
HKD	139,040	3.849	(HKD:NTD)	535,164
SGD	252	22.280	(SGD:NTD)	5,620
Financial assets at fair value through other comprehensive income				
HKD	456	3.849	(HKD:NTD)	1,755
Financial liabilities				
Monetary items				
USD	100	29.980	(USD:NTD)	2,988

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
<u>December 31, 2018</u>				
Financial assets				
Monetary items				
USD	\$ 406	30.715	(USD:NTD)	\$ 12,475
HKD	29,803	3.921	(HKD:NTD)	116,857
Non-monetary items				
Subsidiaries accounted for using the equity method				
HKD	131,320	3.921	(HKD:NTD)	514,906
SGD	911	22.48	(SGD:NTD)	20,479
Financial assets at fair value through other comprehensive income				
HKD	624	3.921	(HKD:NTD)	2,447
Financial liabilities				
Monetary items				
USD	141	30.715	(USD:NTD)	4,344 (Concluded)

For the years ended December 31, 2019 and 2018, realized and unrealized net foreign exchange gains were \$6,921 thousand and \$13,401 thousand, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies.

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others: Table 1
- 2) Endorsements/guarantees provided: Table 2
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 3
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
 - 9) Trading in derivative instruments: None
 - 10) Information on investees: Table 5
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None

TABLE 1

SOFT-WORLD INTERNATIONAL CORPORATION AND INVESTEEES

**FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2019**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Year	Ending Balance	Actual Amount Drawn	Interest Rate (%)	Nature for Financing	Transaction Amount	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Total Financing Limit	Note
													Item	Value			
0	The Corporation	Fast Distributed Cloud Computing Co.,Ltd.	Other receivables - related parties	Yes	\$ 16,000	\$ -	\$ -	2.63	The need for short-term financing	\$ -	Operating capital	\$ -	None	\$ -	\$ 896,064	\$ 2,389,505	Note
0	The Corporation	Neweb Technologies Co., Ltd.	Other receivables - related parties	Yes	30,000	-	-	2.63	The need for short-term financing	-	Operating capital	-	None	-	896,064	2,389,505	Note
1	Re: Ad Media (Taiwan) Corporation (Re: Ad Media (Taiwan))	Efun International Corporation	Other receivables - related parties	Yes	6,000	-	-	2.63	The need for short-term financing	-	Operating capital	-	None	-	4,501	12,002	Note
1	Efun International Corporation	Re: Ad Media (Taiwan) Corporation (Re: Ad Media (Taiwan))	Other receivables - related parties	Yes	20,000	20,000	-	2.63	The need for short-term financing	-	Operating capital	-	None	-	34,200	91,200	Note

Note: The financing limit for each borrowing company shall not exceed 15% of the net worth of the financing company. The total financing limit shall not exceed 40% of the net worth of the financing company.

SOFT-WORLD INTERNATIONAL CORPORATION AND INVESTEEES

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Amount Provided to Each Guaranteed Party	Maximum Balance for the Year	Ending Balance	Amount Actually Drawn	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship (Note 1)											
0	The Corporation	Neweb Technologies Co., Ltd.	2	\$ 1,194,753	\$ 380,000	\$ 280,000	\$ 135,000	\$ 35,000	5.00	\$ 2,986,882	Y	N	N	Note 2

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

- 1) A company that the Corporation has a business relationship with.
- 2) The Corporation owns directly or indirectly over 50% of the equity of the investee company.
- 3) The company that owns directly or indirectly hold over 50% of the equity of the Corporation.
- 4) Companies in which over 90% of voting shares combined are directly or indirectly owned by an entity.
- 5) The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract.
- 6) Shareholder of the investee provides endorsements/guarantees to the company in proportion to their shareholding percentages.
- 7) According to the Consumer Protection Act, companies in the same industry enter into collateral performance guarantees for pre-construction home sales agreements.

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

SOFT-WORLD INTERNATIONAL CORPORATION AND INVESTEEES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	December 31, 2019				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
The Corporation	Stock							
	Userjoy Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	464,206	\$ 47,581	1	\$ 47,581	
	Softstar Entertainment Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	2,000,000	163,000	4	163,000	
	China Communications Media Group Co.,Ltd	-	Financial assets at fair value through other comprehensive income - noncurrent	270,351	987	1	987	
	Fun Yours Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	2,045,366	60,031	12	60,031	
	Kuobrothers Corporation	-	Financial assets at fair value through other comprehensive income - noncurrent	531,289	20,641	2	20,641	
	Gameone Holdings Limited.	-	Financial assets at fair value through other comprehensive income - noncurrent	1,200,000	1,755	1	1,755	
	China Digital Interactive Technology Group Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	350,000	-	2	-	
Mobix Corporation	-	Financial assets at fair value through other comprehensive income - noncurrent	103,207	1,418	1	1,418		
					<u>\$ 295,413</u>		<u>\$ 295,413</u>	
Game Flier International Corporation	Stock							
	Softstar Entertainment Inc.	-	Financial assets at fair value through other comprehensive income - noncurrent	1,150,000	<u>\$ 94,400</u>	2	<u>\$ 94,400</u>	
Jhih Long Venture Capital Corporation	Stock							
	9Splay Entertainment Technology Co., LTD	-	Financial assets at fair value through other comprehensive income - noncurrent	956,919	\$ 34,554	4	\$ 34,554	
	Soft-World International Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - noncurrent	8,509,000	717,315	7	717,315	Note
					<u>\$ 751,869</u>		<u>\$ 751,869</u>	

(Continued)

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	December 31, 2019				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Neweb Technologies Co., Ltd.	Stock Green World Hotels Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	258,625	\$ 3,789	-	\$ 3,789	
	Taiwan Smart Card Co.	-	Financial assets at fair value through other comprehensive income - noncurrent	3,140,671	16,502	20	16,502	
					<u>\$ 20,291</u>		<u>\$ 20,291</u>	

(Concluded)

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

SOFT-WORLD INTERNATIONAL CORPORATION AND INVESTEES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 DECEMBER 31, 2019
 (In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Game First International Corporation	Soft-World International Corporation	Parent company	\$ 151,688	-	\$ -	-	\$ 101,688	\$ -

SOFT-WORLD INTERNATIONAL CORPORATION AND INVESTEEES

INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Number of shares	(%)	Carrying Amount			
The Corporation	Chinese Gamer International Corporation	Republic of China	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, and general advertising service, etc.	\$ 371,319	\$ 371,319	41,880,205	49.00	\$ 524,750	\$ 78,850	\$ 35,340	Subsidiary
The Corporation	Soft-World Technology Pte. Ltd.	Singapore	Manufacturing, processing, trading, , design and selling and also an agent of various computer software and accessories, etc.	8,959	24,102	390,000	100.00	5,620	(424)	(424)	Subsidiary
The Corporation	Game Flier International Corporation	Republic of China	Electronic data information providing service, etc.	217,945	217,846	28,330,027	98.00	750,778	35,849	35,316	Subsidiary
The Corporation	Global Concept Corporation	Samoa	Investment company	295,068	295,068	9,631,253	100.00	247,384	14,627	14,627	Subsidiary
The Corporation	Game First International Corporation	Republic of China	Online game service	27,813	27,813	16,684,063	70.00	239,920	(15,035)	(10,525)	Subsidiary
The Corporation	Efun International Co., Ltd.	British Virgin Islands	Investment company	-	81,312	-	-	-	216	192	Subsidiary (Note 2)
The Corporation	Zealot Digital International Corporation	Republic of China	Electronic data information providing service, etc.	50,874	50,874	8,904,162	99.00	71,193	(7,228)	(7,151)	Subsidiary
The Corporation	Zealot Digital Pte. Ltd.	Singapore	Development and sale of game software, etc.	261,882	261,882	26,460,042	100.00	548	(1,547)	(1,547)	Subsidiary
The Corporation	Soft-World International (Hong Kong) Corporation	Hong Kong	Trading of game software	88,858	88,858	3,883,558	100.00	535,164	30,409	30,409	Subsidiary
The Corporation	Dynasty International Information Corporation	Republic of China	Development, design, trading of computer software,	14,667	14,667	1,460,610	86.00	18,125	4,552	3,912	Subsidiary
The Corporation	Jhih Long Venture Capital Corporation	Republic of China	Investment company	100,000	100,000	10,000,000	13.00	8,521	18,739	2	Subsidiary
The Corporation	Sofaman Corporation	Republic of China	Development and sale of game software	9,366	2,766	936,600	60.00	482	(1,551)	(931)	Subsidiary
The Corporation	Re: Ad Media Corporation	Samoa	Investment company	-	5,247	-	-	-	(235)	(120)	Subsidiary (Note 2)
The Corporation	Interactive Entertainment Technology Co., Ltd.	Samoa	Investment company	15,485	15,485	480,000	80.00	15,660	295	236	Subsidiary
The Corporation	Fast Distributed Cloud Computing Co., Ltd.	Republic of China	Retail sale, wholesale and service for information software, etc.	17,583	17,583	2,372,919	100.00	40,857	6,351	6,351	Subsidiary
The Corporation	Neweb Technologies Co., Ltd.	Republic of China	Wholesale and retail sale of information software and electronic information providing service	510,567	510,567	56,232,998	50.00	440,219	(11,701)	(5,902)	Subsidiary
The Corporation	Efun International Corporation	Republic of China	Information software and data processing service	91,364	77,270	12,855,243	80.00	182,463	43,886	36,093	Subsidiary
The Corporation	Long Xiang Investment Corporation	Republic of China	Investment company	250,000	250,000	25,000,000	44.00	21,906	13,710	(79)	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Number of shares	(%)	Carrying Amount			
The Corporation	CELAD Incorporated	Republic of China	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	\$ 17,500	\$ 10,000	1,750,000	32.00	\$ (785)	\$ (23,064)	\$ (6,672)	Subsidiary
The Corporation	Re: Ad Media (Taiwan) Corporation	Republic of China	General advertising service	-	14,094	-	-	-	(11,645)	1,995	Subsidiary
The Corporation	Joy Children Technology Co., Ltd.	Republic of China	Wholesale and retail sale of stationery articles, musical instruments and educational entertainment article, etc.	20,512	20,512	2,051,153	32.00	12,267	(4,866)	(1,613)	Note 1
The Corporation	Ijoing, Inc.	Republic of China	Wholesale and retail sale of software publication and information software, etc.	-	1,600	1,600,000	-	-	(3,079)	(84)	Note 1
The Corporation	We Can Financial Technology Co., Ltd.	Republic of China	Development of financial system and equipment, etc.	26,234	23,959	3,781,000	38.00	6,030	(10,425)	(3,929)	Note 1
Chinese Gamer International Corporation	Taichigamer (B.V.I.) Co., Ltd.	British Virgin Islands	Investment company	96,942	96,942	3,041,698	100.00	190,413	29,976	29,976	Subsidiary
Chinese Gamer International Corporation	Walkfun International Corporation	Republic of China	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	15,000	15,000	1,500,000	100.00	17,883	1,521	1,521	Subsidiary
Chinese Gamer International Corporation	CELAD Incorporated	Republic of China	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	27,500	20,000	2,750,000	50.00	(1,148)	(23,064)	(11,533)	Subsidiary
Chinese Gamer International Corporation	Super Game Corporation	Republic of China	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	5,000	5,000	500,000	50.00	1,026	(44)	(22)	Subsidiary
Chinese Gamer International Corporation	Jhieh Long Venture Capital Corporation	Republic of China	Investment company	100,000	100,000	10,000,000	13.00	100,908	18,739	2,415	Subsidiary
Chinese Gamer International Corporation	Star Diamond Universal Corporation	British Virgin Islands	Business related investee	82,772	82,772	52,000	100.00	86,273	(1,023)	(1,023)	Subsidiary
Chinese Gamer International Corporation	Fun Bear Corporation	Republic of China	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	8,000	8,000	800,000	50.00	5,665	3,456	1,728	Subsidiary
Chinese Gamer International Corporation	Game Topia Co.	Republic of China	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	20,000	20,000	2,910,818	50.00	38,761	19,247	10,098	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2019	December 31, 2018	Number of shares	(%)	Carrying Amount			
Chinese Gamer International Corporation	Oriental Dragon Digital Co., Ltd.	Republic of China	Network authentication, data storage, manufacture of equipment, data processing service, electronic information providing service, general advertising service, etc.	\$ 8,000	\$ 8,000	800,000	53.00	\$ 10,220	\$ 11,770	\$ 6,195	Subsidiary
Chinese Gamer International Corporation	Long Xiang Investment Corporation	Republic of China	Investment company	168,000	168,000	16,800,000	30.00	169,493	13,710	4,068	Subsidiary
Taichigamer (B.V.I.) Co., Ltd.	Transasiagamer (B.V.I.) Co., Ltd.	British Virgin Islands	Investment company	94,264	94,264	2,976,934	100.00	183,733	30,087	30,087	Subsidiary
Transasiagamer Co., Ltd.	You Long Online (Beijing) Technology Corporation	China Mainland - Beijing	Development, production of computer software and accessories; homemade products, installation of computer hardware, repair, technique consulting, technique training, and sale of homemade products	69,569	69,569	-	100.00	157,568	30,824	30,824	Subsidiary
Star Diamond Universal Corporation	Dragon Gamer (Hong Kong) Co., Ltd.	Hong Kong	Information service	82,772	82,772	260,000	100.00	86,273	(1,023)	(1,023)	Subsidiary
Game Topia. Co. Ltd.	Game Topia (Hong Kong) Technology Corporation	Hong Kong	Information software service	987	987	3,300	100.00	20,310	12,548	12,548	Subsidiary
Game Flier International Corporation	Soft-Orient Corporation	Brunei	Business related investee	254,872	254,872	7,784,134	100.00	16,576	168	168	Subsidiary
Game Flier International Corporation	Game Flier (Malaysia) Sdn. Bhd.	Malaysia	Development, manufacture and sale of game software	100,595	100,276	10,835,629	100.00	143	(153)	(153)	Subsidiary
Game Flier International Corporation	Mobile Flier International Corporation	Republic of China	Agents and operation of smartphone games	28,000	28,000	2,800,000	100.00	15,779	(515)	(515)	Subsidiary
Global Concept Corporation	Value Central Corporation	Samoa	Investment company	45,452	45,452	1,450,000	100.00	19,626	(152)	(152)	Subsidiary
Global Concept Corporation	Gamers Grande Corporation	Malaysia	Business related investee	179,788	179,788	6,453,621	100.00	167,934	20,052	20,052	Subsidiary
Global Concept Corporation	Playgame Sdn. Bhd.	Malaysia	Investment company	56,074	56,074	30,250	30.00	27,504	(16,302)	(4,931)	Note 1
Value Central Corporation	Picked United Development	Hong Kong	Acquisition and royalty for game software	20,255	20,255	4,700,000	100.00	15,932	(50)	(50)	Subsidiary
Game First International Corporation	Compete ! Games Interactive Entertainment Corporation	Republic of China	Agent and operation of sports games	21,342	21,342	2,941,520	100.00	8,419	226	226	Subsidiary
Jhieh Long Venture Capital Corporation	SkyTouch Co., Ltd.	Republic of China	Manufacture of computers and accessories	20,002	20,002	673,915	31.00	1,676	(61)	(19)	Note 1
Interactive Entertainment Technology Co., Ltd.	Interactive Entertainment Technologies Corporation	Republic of China	Wholesale and service of information software	18,000	18,000	1,800,000	100.00	18,342	359	359	Subsidiary
Neweb Technologies Co., Ltd.	ezPay Co., Ltd.	Republic of China	Third party payment service	966,748	966,748	61,400,000	100.00	580,936	(57,869)	(57,869)	Subsidiary
Neweb Technologies Co., Ltd.	Newebpay Corporation	Republic of China	Electronic data providing services	28,369	28,369	1,395,426	100.00	230,903	893	893	Subsidiary
Neweb Technologies Co., Ltd.	CService Technology Co., Ltd.	Republic of China	Information software	5,000	-	500,000	100.00	4,802	(198)	(198)	Subsidiary
Efun International Corporation	Re: Ad Media (Taiwan) Corporation	Republic of China	General advertising service	26,000	-	3,125,000	100.00	30,004	(11,645)	(15,557)	Subsidiary
Long Xiang Investment Corporation	Jhieh Long Venture Capital Corporation	Republic of China	Investment company	566,000	566,000	56,600,000	74.00	578,347	18,739	13,848	Subsidiary

(Concluded)

Note 1: Investment accounted for using the equity method.

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

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

TABLE 6

SOFT-WORLD INTERNATIONAL CORPORATION AND INVESTEEES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 2)	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
					Outward	Inward							
Lingo Soft (Beijing) Technology Co., Ltd.	Data processing services	\$ 14,091	2	\$ 7,743	\$ -	\$ -	\$ 7,743	\$ -	33.00	\$ -	\$ -	\$ -	
Soft-World International (Guangzhou) Corporation	Design, development, production, and sale of computer hardware and software	46,833	1	88,858	-	-	88,858	1,350	100.00	1,350	9,596	-	Note 3
Game Flier International Corporation (Beijing) (Note 4)	Development of techniques, transferring, service, consulting, training; production and sale of computer software and related hardware; internet information service	214,678	2	186,300	-	-	186,300	20,157	100.00	20,157	167,321	-	Note 5
Huei You Cyuan Jia Business Management Consulting (Guangzhou) Co., Ltd.	Business management consulting, design of business operation and advertising, consulting about technique, development of APP, wholesale of computers and accessories	4,497	2	3,722	-	-	3,722	-	1.00	-	987	-	
World Inside (Beijing) Technology Co., Ltd.	Business management consulting, design of business operation and advertising, consulting about technique, development of APP, design of computer software, and other design service	53,813	2	45,500	-	-	45,500	-	2.00	-	-	-	
Ke Jiou Network Technology (Shanghai) Co., Ltd.	Technique for operating internet, development of hardware and software about computer, technique transferred, technique consulting, technique service, design of illusion, product, anime, business management consulting, business information consulting, computers, software and auxiliary equipment, wholesale of materials for advertising and agents for commission, etc.	2,997	2	75	-	-	75	-	-	-	-	-	Note 6

Investee Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2019	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
The Corporation (Note 7)	\$ 332,198	\$ 332,198	\$ 3,584,258
Game Flier International Corporation (Note 8)	102,636	102,636	457,280

(Continued)

Note 1: Calculated by the spot exchange rates of USD and CNY at the end of the period, which was 29.98 and 4.305, respectively.

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

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

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

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

Note 5: Game Flier International Corporation (Beijing) distributed earnings that amounted to RMB 9,000 thousand, to Gamers Grande Corporation in August 2010. As of December 31, 2019, Game Flier International Corporation (Beijing), hasn't transferred to Taiwan.

Note 6: The Corporation indirectly holds investments in mainland China, Ke Jiou Network Technology (Shanghai) Co., Ltd., through a holding company registered in a third region, Global Concept Corporation. The Corporation had disposed all of its equity of Ke Jiou Network Technology (Shanghai) Co., Ltd. in December 2015. The related amount had not been remitted to Taiwan as of December 31, 2019.

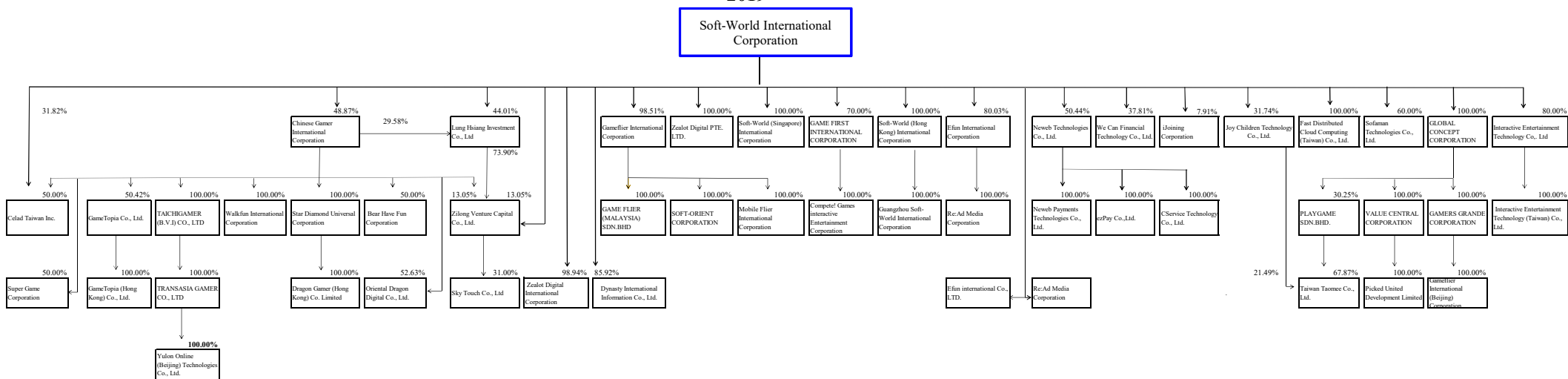
Note 7: The amount of accumulated outward remittance for investments from Taiwan as of December 31, 2019 and investment amount authorized by the Investment Commission, MOEA are both USD10,935,900.

Note 8: The amount of accumulated outward remittance for investments from Taiwan as of December 31, 2019 and investment amount authorized by the Investment Commission, MOEA are both USD2,554,848.

(Concluded)

Organization chart for affiliates of Soft-World Group

2019



Note 1: Efunliquidated on May 1.

Note 2: Re: Ad has been liquidated on December 12, and the profit and loss will be recognized to the day

2. Stakes of affiliates

Serial No.	Name of affiliated enterprises	Intersect Holdings	Ratio of Shareholding	Invested Shares	Sum of initial investment (NT\$ thousands)
1	CHINESE GAMER INTERNATIONAL CORPORATION	Shares of Chinese Gamer International (subsidiary) held by Soft-World International	49%	41,880,205	371,319
		Shares of Soft-World International held by Chinese Gamer International (subsidiary)	None	None	None
2	Gameflieger International Corporation	Shares of Gameflieger International (subsidiary) held by Soft-World International	98%	28,330,027	217,945
		Shares of Soft-World International held by Gameflieger International (subsidiary)	None	None	None
3	Game First International Corporation	Shares of Game First International (subsidiary) held by Soft-World International	70%	16,684,063	27,813
		Shares of Soft-World International held by Game First International (subsidiary)	None	None	None
4	Global Concept Corporation	Shares of Global Concept Corporation (subsidiary) held by Soft-World International	100%	9,631,253	295,068
		Shares of Soft-World International held by Global Concept Corporation (subsidiary)	None	None	None
5	Soft-World (Hong Kong) International Corporation	Shares of Soft World (Hong Kong) International (subsidiary) held by Soft-World International	100%	3,883,558	88,858
		Shares of Soft-World International held by Soft World (Hong Kong) International (subsidiary)	None	None	None
6	Zealot Digital International Corporation	Shares of Zealot Digital International (subsidiary) held by Soft-World International	99%	8,904,162	50,874
		Shares of Soft-World International held by Zealot Digital International (subsidiary)	None	None	None
7	Efun Internaional Co.,Ltd.	Shares of Efun International (subsidiary) held by Soft-World International	Note 1	Note 1	Note 1
		Shares of Soft-World International held by Efun International (subsidiary)	None	None	None
8	Soft-World Technology Pte. Ltd.	Shares of Soft-World (subsidiary) held by Soft-World International	100%	390,000	8,959
		Shares of Soft-World International held by Soft-World (subsidiary)	None	None	None
9	Dynasty International Information Co., Ltd.	Shares of Dynasty International (subsidiary) held by Soft-World International	86%	1,460,610	14,667
		Shares of Soft-World International held by Dynasty International (subsidiary)	None	None	None
10	Zilong Venture Capital Co., Ltd.	Shares of Zilong Venture Capital Co., Ltd. (subsidiary) held by Soft-World International	13%	10,000,000	100,000
		Shares of Soft-World International held by Zilong Venture Capital Co., Ltd. (subsidiary)	7%	8,509,000	717,315
11	Zealot Digital Ptd.Ltd.	Shares of Zealot (subsidiary) held by Soft-World International	100%	26,460,042	261,882
		Shares of Soft-World International held by Zealot (subsidiary)	None	None	None
12	Sofaman Technologies Co., Ltd.	Shares of Sofaman Technologies (subsidiary) held by Soft-World International	60%	936,600	9,366
		Shares of Soft-World International held by Sofaman Technologies (subsidiary)	None	None	None
13	Re:Ad Media Corporation	Shares of Re:Ad (subsidiary) held by Soft-World International	Note 1	Note 1	Note 1
		Shares of Soft-World International held by Re:Ad (subsidiary)	None	None	None

Serial No.	Name of affiliated enterprises	Intersect Holdings	Ratio of Shareholding	Invested Shares	Sum of initial investment (NT\$ thousands)
14	Fast Distributed Cloud Computing (Taiwan) Co., Ltd.	Shares of Fast Distributed Cloud Computing (subsidiary) held by Soft-World International	100%	2,372,919	17,583
		Shares of Soft-World International held by Fast Distributed Cloud Computing (subsidiary)	None	None	None
15	Interactive Entertainment Technology Co., Ltd.	Shares of Interactive (subsidiary) held by Soft-World International	80%	480,000	15,485
		Shares of Soft-World International held by Interactive (subsidiary)	None	None	None
16	Neweb Technologies Co., Ltd.	Shares of Neweb Technologies (subsidiary) held by Soft-World International	50%	56,232,998	510,567
		Shares of Soft-World International held by Neweb Technologies (subsidiary)	None	None	None
17	Lung Hsiang Investment Co., Ltd.	Shares of Longxiang Investment (subsidiary) held by Soft-World International	44%	25,000,000	250,000
		Shares of Soft-World International held by Longxiang Investment (subsidiary)	None	None	None
18	EFUN International Co., Ltd.	Shares of EFUN International (subsidiary) held by Soft-World International	80%	12,855,243	91,364
		Shares of Soft-World International held by EFUN International (subsidiary)	None	None	None
19	Celad Taiwan Inc.	Shares of Celad Taiwan (subsidiary) held by Soft-World International	32%	1,750,000	17,500
		Shares of Soft-World International held by Celad Taiwan (subsidiary)	None	None	None
		Shares of Celad Taiwan (subsidiary) held by Chinese Gamer International	50%	2,750,000	27,500
		Shares of Chinese Gamer International held by Celad Taiwan (subsidiary)	None	None	None
20	Taichigamer (B.V.I) Co., Ltd.	Shares of Taichigamer (subsidiary) held by Chinese Gamer International	100%	3,041,698	96,942
		Shares of Chinese Gamer International held by Taichigamer (subsidiary)	None	None	None
21	Walkfun International Corporation	Shares of Walkfun International (subsidiary) held by Chinese Gamer International	100%	1,500,000	15,000
		Shares of Chinese Gamer International held by Walkfun International (subsidiary)	None	None	None
22	Super Game Corporation	Shares of Super Game (subsidiary) held by Chinese Gamer International	50%	500,000	5,000
		Shares of Chinese Gamer International held by Super Game (subsidiary)	None	None	None
23	Star Diamond (B.V.I)Co.,Ltd.	Shares of Star Diamond (subsidiary) held by Chinese Gamer International	100%	52,000	82,772
		Shares of Chinese Gamer International held by Star Diamond (subsidiary)	None	None	None
24	Bear Have Fun Corporation	Shares of Bear Have Fun (subsidiary) held by Chinese Gamer International	50%	800,000	8,000
		Shares of Chinese Gamer International held by Bear Have Fun (subsidiary)	None	None	None
25	GameTopia Co., Ltd.	Shares of GameTopia (subsidiary) held by Chinese Gamer International	50%	2,910,818	20,000
		Shares of Chinese Gamer International held by GameTopia (subsidiary)	None	None	None
26	Oriental Dragon Digital Co., Ltd.	Shares of Oriental Dragon Digital (subsidiary) held by Chinese Gamer International	53%	800,000	8,000
		Shares of Chinese Gamer International held by	None	None	None

Serial No.	Name of affiliated enterprises	Intersect Holdings	Ratio of Shareholding	Invested Shares	Sum of initial investment (NT\$ thousands)
		Oriental Dragon Digital (subsidiary)			
27	TRANSASIAGAMER(B.V.I) CO., LTD.	Shares of Transasiagamer (subsidiary) held by Taichigamer (B.V.I)	100%	2,976,934	94,264
		Shares of Taichigamer (B.V.I) held by Transasiagamer (subsidiary)	None	None	None
28	Yulon Online (Beijing) Technologies Co., Ltd.	Shares of Yulon Online (Beijing) (subsidiary) held by Transasiagamer	100%	-	69,569
		Shares of Transasiagamer held by Yulon Online (Beijing) (subsidiary)	None	None	None
29	DRAGON GAMER (HONG KONG) CO., LTD	Shares of Dragon Gamer (Hong Kong) Co., Ltd. (subsidiary) held by Star Diamond (B.V.I) Co., Ltd.	100%	260,000	82,772
		Shares of Star Diamond (B.V.I) Co., Ltd. held by Dragon Gamer (Hong Kong) Co., Ltd. (subsidiary)	None	None	None
30	GameTopia (Hong Kong) Co., Ltd.	Shares of GameTopia (Hong Kong) Co., Ltd. (subsidiary) held by GameTopia	100%	3,300	987
		Shares of GameTopia held by GameTopia (Hong Kong) (subsidiary)	None	None	None
31	Value Central Corporation	Shares of Value Central (subsidiary) held by Global Concept Corporation	100%	1,450,000	45,452
		Shares of Global Concept Corporation held by Value Central (subsidiary)	None	None	None
32	Gamers grande Corporation	Shares of Gamers Grande Corporation (subsidiary) held by Gamers grande Corporation	100%	6,453,621	179,788
		Gamers grande Corporation held by Gamers Grande Corporation (subsidiary)	None	None	None
33	Gameflier International (Beijing) Corporation	Shares of Gameflier International (Beijing) Corporation (subsidiary) held by Gamers	100%	-	214,678
		Shares of Gamers (subsidiary) held by Gameflier International (Beijing) Corporation	None	None	None
34	Picked United Development Limited	Shares of Picked United (subsidiary) held by Value Central	100%	4,700,000	20,255
		Shares of Value Central held by Picked United (subsidiary)	None	None	None
35	Soft-orient Corporation	Shares of Soft-orient (subsidiary) held by Gameflier International	100%	7,784,134	254,872
		Shares of Gameflier International held by Soft-orient (subsidiary)	None	None	None
36	Game Flier (Malaysia) Sdn.Bhd.	Shares of Game Flier (subsidiary) held by Gameflier International	100%	10,835,629	100,595
		Shares of Gameflier International held by Game Flier (subsidiary)	None	None	None
37	Mobile Flier International Corporation	Shares of Mobileflier (subsidiary) held by Gameflier International	100%	2,800,000	28,000
		Shares of Gameflier International held by Mobileflier (subsidiary)	None	None	None
38	Compete! Games Interactive Entertainment Corporation	Shares of Compete! Games Interactive (subsidiary) held by Gameflier International	100%	2,941,520	21,342
		Shares of Gameflier International held by Compete! Games Interactive (subsidiary)	None	None	None

Serial No.	Name of affiliated enterprises	Intersect Holdings	Ratio of Shareholding	Invested Shares	Sum of initial investment (NT\$ thousands)
39	Guangzhou Soft-World International Corporation	Shares of Guangzhou Soft-World International (subsidiary) held by HK Soft-World International	100%	-	46,833
		Shares of HK Soft-World International held by Guangzhou Soft-World International (subsidiary)	None	None	None
40	Interactive Entertainment Technology (Taiwan) Co., Ltd.	Interactive Entertainment Technology (subsidiary)	100%	1,800,000	18,000
		Shares of Interactive (subsidiary) held by Interactive Entertainment Technology	None	None	None
41	ezPay Co.,Ltd.	Shares of Interactive Entertainment Technology held by Interactive (subsidiary)	100%	61,400,000	966,748
		Shares of ezPay (subsidiary) held by Neweb Technologies Technology	None	None	None
42	Neweb Technologies Co., Ltd.	Shares of Neweb Technologies held by Neweb Payments (subsidiary)	100%	1,395,426	28,369
		Shares of Neweb Payments (subsidiary) held by Neweb Technologies Technology	None	None	None
43	CService Technology Co., Ltd.	Shares of CService Technology Co., Ltd. held by Neweb Payments (subsidiary)	100%	500,000	5,000
		Shares of Neweb Payments held by CService Technology Co., Ltd. (subsidiary)	None	None	None
44	Re:Ad Media (Taiwan) Corporation (Note 2)	Shares of Re:Ad Media (subsidiary) held by EFUN International Co., Ltd.	100%	3,125,000	26,000
		Shares of EFUN International Co., Ltd. held by Re:Ad Media (subsidiary)	None	None	None

Note 1: The liquidation process was completed in 2019.

Note 2: EFUN released NT\$ 26,000 thousand of new shares in May 2019 to exchange these with our 51% of shares of Re:Ad Media.

3. Profiles of the bank's subsidiaries

Unit : NT\$ thousand; Foreign currency amount dollar

Serial No.	Name of enterprise	Date of establishment	Address	Paid-in shares Capital	Major operations
1	CHINESE GAMER INTERNATIONAL CORPORATION	2000.03.28	4F, No. 2, Lane 47, Section 3, Nangang Road, Nangang District, Taipei City	857,044	Internet authentication service, data storage media and processing units manufacturing, data processing services, digital information supply services, general advertising services.
2	Gameflier International Corporation	2002.07.02	2F, No. 99-10, Section 2, Nangang Road, Nangang District, Taipei City	287,579	Internet authentication service, data processing services, digital information supply services, general advertising services, data storage media and processing unit manufacturing.
3	Game First International Corporation	2005.07.25	2F, No. 99-10, Section 2, Nangang Road, Nangang District, Taipei City	238,343	Online game software distribution Non-prohibited or non-restricted businesses, in addition to the permitted business
4	Global Concept Corporation	2002.10.28	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia Samoa	USD 9,631,253	General investment business
5	Soft-World (Hong Kong) International Corporation	2007.10.19	19 Cheung Shun Street, Unit B, 7/F, Yeung Yiu Chung (No.6) Industrial Building, Cheung Shan Wan, Kowloon, Hong Kong.	HKD 3,883,558	Wholesale of computer software and computer magazine sales
6	Zealot Digital International Corporation	2008.02.14	8F, No. 18, Zhongzheng 2 nd Road, Lingya District, Kaohsiung	90,000	Art agency project entrusted by the customer
7	Efun Internaional Co.,Ltd. (Note)	2007.02.15	Jipfa Building, 3rd Floor, 142 Main Street, Road Town, Tortola British Virgin Islands.	USD 2,670,000	General investment business
8	Soft-World Technology Pte.Ltd.	1998.03.25	133 NEW BRIDGE ROAD #08-03 CHINATOWN POINT SINGAPORE(059413)	SGD 390,000	Manufacturing, processing, trading, agency, and design of various computer equipment, computer software, and peripherals.
9	Dynasty International Information Co., Ltd.	1992.03.27	8F, No. 18, Zhongzheng 2 nd Road, Lingya District, Kaohsiung	17,000	Design, development, and trading of computer software.
10	Zilong Venture Capital Co., Ltd.	2014.12.08	No. 99-10, Section 2, Nangang Road, Nangang District, Taipei City	766,000	Investing Company
11	Zealot Digital Pte.Ltd.	2007.07.13	6 SHENTON WAY #33-00 OUE DOWNTOWN SINGAPORE(068809)	SGD 26,460,042	R&D of computer games
12	Sofaman Technologies Co., Ltd.	2015.04.10	No. 99-10, Section 2, Nangang Road, Nangang District, Taipei City	15,610	Software design services and data processing services
13	Re:Ad Media Corporation (Note)	2015.07.30	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa	USD 317,000	General investment business

Serial No.	Name of enterprise	Date of establishment	Address	Paid-in shares Capital	Major operations
14	Fast Distributed Cloud Computing (Taiwan) Co., Ltd.	2011.11.29	2F, No. 99-10, Section 2, Nangang Road, Nangang Road, Nangang District, Taipei City	23,729	Retail sale of computer software, computers and computing peripherals manufacturing
15	Interactive Entertainment Technology Co., Ltd.	2015.09.07	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Samoa	USD 600,000	General investment business
16	Neweb Technologies Co., Ltd.	2000.05.26	No. 99-10, Section 2, Nangang Road, Nangang Road, Nangang District, Taipei City	1,114,841	Retail sale of computer software, computers and digital information supply services
17	Lung Hsiang Investment Co., Ltd.	2018.05.18	1F, No. 37-2, Lainan Street, Yanceng District, Kaohsiung City	56,800	General investment business
18	EFUN International Co., Ltd.	2007.10.04	No. 99-10, Section 2, Nangang Road, Nangang Road, Nangang District, Taipei City	160,635	Digital media advertising services
19	Celad Taiwan Inc.	2014.12.17	4F, No. 2, Lane 47, Section 3, Nangang Road, Nangang District, Taipei City	55,000	Online gaming service
20	Taichigamer (B.V.I) Co., Ltd.	2002.01.10	30 DeCastro Street,P.O.Box 4519,Road Town,Tortola,British Virgin Islands	USD 3,041,698	General investment business
21	Walkfun International Corporation	2013.01.24	4F, No. 2, Lane 47, Section 3, Nangang Road, Nangang District, Taipei City	15,000	Online gaming service
22	Super Game Corporation	2015.09.01	4F, No. 2, Lane 47, Section 3, Nangang Road, Nangang District, Taipei City	10,000	Online gaming service
23	Star Diamond (BVI) Co.,Ltd	2015.09.23	Simmonds Building,Wickhams Cay 1,P.O. Box 4519,Road Town,Tortola,British Virgin Islands	USD 2,600,000	General investment business
24	Bear Have Fun Corporation	2016.09.08	4F, No. 2, Lane 47, Section 3, Nangang Road, Nangang District, Taipei City	16,000	Online gaming service
25	GameTopia Co., Ltd.	2016.10.07	4F, No. 2, Lane 47, Section 3, Nangang Road, Nangang District, Taipei City	57,730	Online gaming service
26	Oriental Dragon Digital Co., Ltd.	2016.12.16	4F, No. 2, Lane 47, Section 3, Nangang Road, Nangang District, Taipei City	15,200	Online gaming service
27	Transasiagamer (BVI)Co., Ltd.	2002.01.10	30 DeCastro Street,P.O.Box 4519, Road Town,Tortola,British Virgin Islands	USD 2,976,934	Re-investments Operations
28	Yulon Online (Beijing) Technologies Co., Ltd.	2002.03.18	Rm. 116, 1F., No. 36, Chuangyehzhong Rd., Haidian Dist., Beijing	USD 2,200,000	Online gaming service
29	Dragon Gamer (Hong Kong) Co., Ltd	2015.10.16	19 Cheung Shun Street, Unit B, 8/F, Yeung Yiu Chung (No.6) Industrial Building, Cheung Shan Wan, Lai Chi Kok, Kowloon, Hong Kong.	USD 2,600,000	Online gaming service
30	GameTopia (Hong Kong) Co., Ltd.	2017.05.19	19 Cheung Shun Street, Unit B, 8/F, Yeung Yiu Chung (No.6) Industrial Building, Cheung Shan Wan, Lai Chi Kok, Kowloon, Hong Kong.	USD 33,000	Information software service
31	Value Central Corporation	2002.10.28	Vistra Corporate Services Centre, Ground Floor NPF Building,Beach Road,Apia Samoa	USD 1,450,000	General investment business

Serial No.	Name of enterprise	Date of establishment	Address	Paid-in shares Capital	Major operations
32	Gamers grande Corporation	2002.10.16	2nd. Floor, lat 19, Lazenda Commercial Centre, Phasw 3, 8700 Federalterritory Of Labuan Malaysia	USD 6,212,066	General investment business
33	Gameflier International (Beijing) Corporation	2002.01.23	1F, No. 36, Chuangye Middle Road, Shangdi, Haidian District, Beijing City	USD 6,400,000	Production of computer software and hardware; development, service, consulting and training of software technology; and sales of our own brand's products
34	Picked United Development Limited	2015.10.09	RMS 604-7 DOMINION CTR 43-59 QUEEN'S RD EAST HK	HKD 4,700,000	Acquisition and licensing of game software
35	Soft-orient Corporation	2002.10.02	Registered Office Locates at Pillar 9 House, Suite 5, Saleufi Street, Apia Samoa.	USD 7,784,134	General investment business
36	Game Flier(Malaysia) Sdn.Bhd.	2003.05.27	18-3 · Jalan 2/114, Kuchai Business Centre, Off Jalan Klang Lama, 58200 Kuala Lumpur.	USD 3,025,521	R&D, manufacture, and sales of game software
37	Mobile Flier International Corporation	2014.10.30	No, 99-10, Section 2, Nangang Road, Nangang Road, Nangang District, Taipei City	28,000	Distribution and operation of smartphone games and platform connection and joint operation
38	Compete! Games Interactive Entertainment Corporation	2013.10.25	2F, No, 99-10, Section 2, Nangang Road, Nangang Road, Nangang District, Taipei City	29,415	Distribution and operation of s-sports games.
39	Guangzhou Soft-World International Corporation	2007.10.19	Pacific Industrial Zone, Xintang Industrial Processing Zone, Zengcheng District, Guangzhou	USD 1,300,000	Design, development, production and sales of our own brand's computer hardware and software
40	Interactive Entertainment Technology (Taiwan) Co., Ltd.	2016.06.03	No, 99-10, Section 2, Nangang Road, Nangang Road, Nangang District, Taipei City	18,000	Wholesale and service of information software
41	ezPay Co.,Ltd.	2013.08.22	8F, No. 97, Section 2, Nangang Road, Nangang District, Taipei City	614,000	e-Payment
42	Neweb Payments Co., Ltd.	2010.03.24	No, 99-10, Section 2, Nangang Road, Nangang Road, Nangang District, Taipei City	13,954	Retail sale of computer software, computers and digital information supply services
43	CService Technology Co., Ltd.	2019.07.17	No, 99-10, Section 2, Nangang Road, Nangang Road, Nangang District, Taipei City	5,000	The customer service integrating the cash flow system
44	Re:Ad Media (Taiwan) Corporation	2015.11.13	No, 99-10, Section 2, Nangang Road, Nangang Road, Nangang District, Taipei City	31,250	Digital media advertising services

Note: The liquidation process was completed in 2019.

4. Data of shareholders with designated control or affiliation as specified in Article 369 of the Company Act: NA.
5. The industries housed in the same business location of the whole Affiliated Enterprises :
 - (1) Trades covered by the scope of business
R&D, distribution, and sales of information software and investments.
 - (2) Division of labor, if any, based on the scope of business
 - A. Soft-World International
Focusing on marketing, distribution, and media, Soft-World International persistently develops online game products for the group or agency for

distribution of online game products at home and abroad for marketing. We are committed to becoming the publisher and distributor in the Asia game market.

B. Chinese Gamers International

As a leading online game developer in the Chinese-speaking market, Chinese Gamers will continue to expand its R&D team and develop a multifaceted range of products. Positioning towards online game product R&D, Chinese Gamers aims to distribute independently developed online games worldwide.

C. Gameflier International, Game First International

Gameflier continues to make profits brought by end games, and actively develops the mobile market and H5 browser game market. We released the Legend of Three Kingdoms M and GuJian Online, transformed from the classical end-game IPs. The purpose is to stabilize our position the end-game market and expand the popularity of Gameflier in mobile game market and build a stable, mature image for agency.

Game First International Corp. has maintained a good collaboration relationship with Blizzard Entertainment in terms of distribution. In recent years, the company has also transformed itself to providing 24-hour game customer services and been recognized by many well-known domestic and international mobile game companies. In terms of social media, e-sports and game marketing, it started the localized marketing for two Korean mobile games in 2019, and held several popular game competitions, such as *Identity V*, *PUBG* and *Overwatch*, to add more dimensions to its operation.

D. Zealot Digital International

Zealot Digital and the Multimedia Development Division of Soft-World developed the business in game arts, and music and multimedia production. They accelerate production by optimizing the management and production process. In addition, Soft-World has rich IP resources and will continue to expand the cross-disciplinary applications in games, comics and animations, films and branded merchandise.

E. Others are regional game companies, holding companies, and investment companies.

6. Profiles of directors, supervisors, and presidents of affiliated enterprises:

Unit: NT\$ thousand; Shares; %

Serial No.	Name of enterprise	Title	Company name or representative	Status of shareholding	
				Quantity	Ratio of Shareholding
1	CHINESE GAMER INTERNATIONAL CORPORATION	Chairman	Soft-World International Corporation Representative: Wang, Chin-Po	41,880,205	48.87%
		Director and Executive Vice President	Yu-Min Liu	1,409,478	1.64%
		Director / President	Leu, Shyue-Sen	1,414,478	1.65%
		Director	Ssu-Chun Wang	24,382	0.03%
		Independent director	Shen-Yi Fang	0	0%
		Independent director	Lin, Hsuan-Chu	0	0%
		Director / Vice President	Chih-Min Chen	67,232	0.08%
		Supervisor	Jie Sheng Investment Co., Ltd. Representative: Pai, Fon-Tsao	830,438	0.97%
		Supervisor	Ming-Lung Wang	0	0%
		Supervisor	Chien, Chin-Cheng	28,237	0.03%
2	Gameflieger International Corporation	Chairman	Soft-World International Corporation Representative: Wang, Chin-Po	28,330,027	98.51%
		Director / President	Yi Min Chang	0	0%
		Director	Wang, Hsuan-Tse	9,246	0.03%
		Director	Chun Yao Hung	0	0%
		Director	Ming-Chuan Hsieh	0	0%
		Supervisor	Ssu-Chun Wang	19,418	0.07%
		Supervisor	Chih Chan Tsai	3,698	0.01%
3	Game First International Corporation	Chairman	Soft-World International Corporation Representative: Wang, Chin-Po	16,684,063	70%
		Director	Soft-World International Corporation Representative: Ssu-Chun Wang	16,684,063	70%
		Director	Soft-World International Corporation Representative: Hsuan Yuan Wang	16,684,063	70%
		Director	Star Diamond (B.V.I) Co., Ltd. Representative: Tun Ho Weng	7,150,312	30%
		Director	Star Diamond (B.V.I) Co., Ltd. Representative: Chiang Chia Yu	7,150,312	30%
		Supervisor	Lee, Yin-Chiang	0	0%
4	Global Concept Corporation	Director	Ssu-Chun Wang	0	0%
5	Soft-World (Hong Kong) International Corporation	Chairman	Soft-World International Corporation Representative: Wang, Chin-Po	3,883,558	100%
		Director	Soft-World International Corporation Representative: Tung Yu Wu	3,883,558	100%
		Director	Soft-World International Corporation Representative: Ssu-Chun Wang	3,883,558	100%
6	Zealot Digital International Corporation	Chairman / President	Soft-World International Corporation Representative: Wang, Chin-Po	8,904,162	98.94%
		Director	Ming-Fen Huang	0	0%
		Director	Chih Chan Tsai	0	0%
		Director	WANG, HSUAN-TSE	1,287	0.01%
		Director	Yi Min Chang	0	0%

Serial No.	Name of enterprise	Title	Company name or representative	Status of shareholding	
				Quantity	Ratio of Shareholding
		Supervisor	Chien Hsiang Lin	0	0%
		Supervisor	Hengshang Construction Co., Ltd	45,264	0.5%
7	Efun International Co., Ltd. (Note)	Director	Chun Yao Hung	0	0%
8	Soft-World Technology Pte.Ltd.	Director	Soft-World International Corporation Representative: Wang, Chin-Po	390,000	100%
		Director	Soft-World International Corporation Representative: Cui Tiebing	390,000	100%
9	Dynasty International Information Co., Ltd.	Chairman	Hengshang Construction Co., Ltd Representative: Chen, Ching-Jung	118,092	6.95%
		Director	Hengshang Construction Co., Ltd Representative: Wen Chung Chen	118,092	6.95%
		Director	Hao Jan Chao	34,232	2.01%
		Director	Soft-World International Corporation Representative: Wang, Chin-Po	1,460,610	85.92%
		Director	Soft-World International Corporation Representative: Tsai Chih Chan	1,460,610	85.92%
		Supervisor	Ming-Fen Huang	43	0%
		Supervisor	Wen Ho Chen	0	0%
10	Zilong Venture Capital Co., Ltd.	Chairman	Wang, Lee-Jung	0	0%
		Director	Ching Hung Wang	0	0%
		Director	Wen Hsiung Hsieh	0	0%
		Supervisor	Chinese Gamer International Corporation Representative: Tsai-Lin Chiang	10,000,000	13%
11	Zealot Digital Pte.Ltd.	Director	Soft-World International Corporation Representative: Wan Ka Ki Imedlda	26,460,042	100%
		Director	Soft-World International Corporation Representative: Weng Hsuan-Tse	26,460,042	100%
12	Sofaman Technologies Co., Ltd.	Chairman	Hsi Shun Yu	624,400	40%
		Director	Soft-World International Corporation Representative: Wang, Hsuan-Tse	936,600	60%
		Director	Soft-World International Corporation Representative: Wei Liu	936,600	60%
		Supervisor	Ssu-Chun Wang	0	0%
13	Re:Ad Media Corporation (Note)	Director	Wang, Chin-Po	0	0%
		Director	Wang, Hsuan-Tse	0	0%
		Director	Lee, Yin-Chiang	0	0%
14	Fast Distributed Cloud Computing (Taiwan) Co., Ltd.	Chairman	Soft-World International Corporation Representative: Wang, Chin-Po	2,372,919	100%
		Director	Soft-World International Corporation	2,372,919	100%

Serial No.	Name of enterprise	Title	Company name or representative	Status of shareholding	
				Quantity	Ratio of Shareholding
			Representative: Lee, Yin-Chiang		
		Director	Soft-World International Corporation Representative: Seo Heo Jeong	2,372,919	100%
		Supervisor	Soft-World International Corporation Representative: Ssu-Chun Wang	2,372,919	100%
15	Interactive Entertainment Technology Co., Ltd.	Director	Wang, Chin-Po	0	0%
		Director	Lee, Yin-Chiang	0	0%
		Director	Wang, Hsuan-Tse	0	0%
		Director	Ssu-Chun Wang	0	0%
		Director	Wei Liu	0	0%
		Director	Chen, Shuyi	0	0%
16	Neweb Technologies Co., Ltd.	Chairman	Soft-World International Corporation Representative: Wang, Chin-Po	56,232,998	50.4%
		Director	Soft-World International Corporation Representative: Chung, Hsing- Po	56,232,998	50.4%
		Director	Soft-World International Corporation Representative: Lee, Yin-Chiang	56,232,998	50.4%
		Director	Soft-World International Corporation Representative: Hsueh-Sen Lu	56,232,998	50.4%
		Director	Chander Electronics Corp. Representative: Yu-Ta Chang	36,376,587	32.6%
		Director	Chander Electronics Corp. Representative: Chih Cheng Wu	36,376,587	32.6%
		Director	Chander Electronics Corp. Representative: Chun Jung Tu	36,376,587	32.6%
		Supervisor	Ssu-Chun Wang	669,194	0.6%
		Supervisor	United Weimar Co., Ltd. Representative: Fang Shu Hsieh	10,000	0%
17	Lung Hsiang Investment Co., Ltd.	Chairman	Ching Hung Wang	0	0%
		Director	Hsien Chang Lin	2,000,000	4%
		Director	Chun Hung Chia	3,000,000	5%
		Supervisor	Soft-World International Corporation Representative: Wang, Hsuan-Tse	25,000,000	44%
18	EFUN International Co., Ltd.	Chairman	Soft-World International Corporation Representative: Wang, Chin-Po	12,855,243	80.03%
		Director	Soft-World International Corporation Representative: Lee, Yin-Chiang	12,855,243	80.03%
		Director	Soft-World International Corporation Representative: Chun Yao Hung	12,855,243	80.03%
		Supervisor	Ssu-Chun Wang	0	0
19	Celad Taiwan Inc.	Chairman	Chinese Gamer International Corporation Representative: Hsueh-Sen Lu	2,750,000	50%

Serial No.	Name of enterprise	Title	Company name or representative	Status of shareholding	
				Quantity	Ratio of Shareholding
		Director	Yu-Min Liu	300,000	5.5%
		Director	Vacancy	0	0%
		Supervisor	Tsai-Lin Chiang	0	0%
20	Taichigamer (B.V.I) Co., Ltd.	Director	Chinese Gamer International Corporation Representative: Yu-Min Liu	3,041,698	100%
21	Walkfun International Corporation	Chairman	Chinese Gamer International Corporation Representative: Hsueh-Sen Lu	1,500,000	100%
		Director	Chinese Gamer International Corporation Representative: Yu-Min Liu	1,500,000	100%
		Director	Chinese Gamer International Corporation Representative: Tao-Jen Chang	1,500,000	100%
		Supervisor	Chinese Gamer International Corporation Representative: Tsai-Lin Chiang	1,500,000	100%
22	Super Game Corporation	Chairman	Chinese Gamer International Corporation Representative: Hsueh-Sen Lu	500,000	50%
		Director	Yu-Min Liu	100,000	10%
		Director	Cheng Chuan Liu	20,000	2%
		Supervisor	Tsai-Lin Chiang	0	0%
23	Star Diamond (BVI) Co.,Ltd	Chairman	Chinese Gamer International Corporation Representative: Yu-Min Liu	52,000	100%
24	Bear Have Fun Corporation	Chairman	Chinese Gamer International Corporation Representative: Leu, Shyue-Sen	800,000	50%
		Director	Yu-Min Liu	150,000	9.38%
		Director	Kai Hsiung Chuang	150,000	9.38%
		Supervisor	Tsai-Lin Chiang	0	0%
25	GameTopia Co., Ltd.	Chairman	Chinese Gamer International Corporation Representative: Chih-Min Chen	2,910,818	50.42%
		Director	Leu, Shyue-Sen	0	0%
		Director	Yu-Min Liu	0	0%
		Supervisor	Tsai-Lin Chiang	0	0%
26	Oriental Dragon Digital Co., Ltd.	Chairman	Chinese Gamer International Corporation Representative: Leu, Shyue-Sen	800,000	52.63%
		Director	Yu-Min Liu	150,000	9.87%
		Director	Hung Pin Tseng	100,000	6.58%
		Supervisor	Tsai-Lin Chiang	0	0%
27	Transasiagamer (BVI)Co., Ltd.	Director	Taichigamer (Bvi) Co.,Ltd Representative: Yu-Min Liu	2,976,934	100%
28	Yulon Online (Beijing) Technologies Co., Ltd.	Director	Transasiagamer Co.,Ltd. Representative: Lan Ni She	0	100%
29	Dragon Gamer (Hong Kong) Co., Ltd	Chairman	Star Diamond (B.V.I) Co.,Ltd	260,000	100%
30	GameTopia (Hong Kong) Co., Ltd.	Director	Gametopia Co., Ltd.	3,300	100%
31	Value Central Corporation	Director	Ssu-Chun Wang	0	0%
32	Gamers grande Corporation	Director	Ssu-Chun Wang	0	0%
33	Gameflieger International (Beijing) Corporation	Director	Gamers Grande Corporation	0	100%
34	Picked United Development Limited	Director	Value Central Corporation Representative: Chun Yao Hung	0	0

Serial No.	Name of enterprise	Title	Company name or representative	Status of shareholding	
				Quantity	Ratio of Shareholding
		Director	Value Central Corporation Representative: Wei Liu	0	0
35	SOFT ORIENT Corporation	Director	Wang,Szu-Chun	0	0%
36	Game Flier (MA- LAYSIA) Sdn.Bhd.	Director	Yong Yih Fang	0	0%
		Director	Ong Eet Perng	0	0%
37	Mobile Flier International Corporation	Chairman	Representative Of Game Flier International Corporation: WANG, CHIN-PO	2,800,000	100%
38	Compete! Games Interactive Entertainment Corporation	Chairman	Game First International Corporation Representative: Wang, Chin-Po	2,941,520	100%
		Director	Game First International Corporation Representative: Hsuan Yuan Wang	2,941,520	100%
		Director	Game First International Corporation Representative: Lee, Yin-Chiang	2,941,520	100%
		Director	Game First International Corporation Representative: Tun Ho Weng	2,941,520	100%
		Director	Game First International Corporation Representative: Chiang Chia Yu	2,941,520	100%
		Supervisor	Game First International Corporation Representative: Ssu-Chun Wang	2,941,520	100%
39	Guangzhou Soft-World International Corporation	Director	Soft-World (Hong Kong) International Corporation Representative: Tung Yu Wu	0	100%
40	Interactive Entertainment Technology (Taiwan) Co., Ltd.	Chairman	Interactive Entertainment Technology Co., Ltd. Representative: Wang, Chin-Po	18,000,000	100%
		Director	Interactive Entertainment Technology Co., Ltd. Representative: Lee, Yin-Chiang	18,000,000	100%
		Director	Interactive Entertainment Technology Co., Ltd. Representative: Wang, Hsuan-Tse	18,000,000	100%
		Supervisor	Interactive Entertainment Technology Co., Ltd. Representative: Ssu-Chun Wang	18,000,000	100%
41	ezPay Co.,Ltd.	Chairman	Neweb Technologies Co., Ltd. Representative: Wang, Chin-Po	61,400,000	100%
		Director	Neweb Technologies Co., Ltd. Representative: Lee, Yin-Chiang	61,400,000	100%
		Director / President	Neweb Technologies Co., Ltd. Representative: Chung, Hsing- Po	61,400,000	100%
		Supervisor	Neweb Technologies Co., Ltd. Representative: Leu, Shyue-Sen	61,400,000	100%

Serial No.	Name of enterprise	Title	Company name or representative	Status of shareholding	
				Quantity	Ratio of Shareholding
42	Neweb payments Co., Ltd.	Chairman	Neweb Technologies Co., Ltd. Representative: Wang, Chin-Po	1,395,426	100%
		Director	Neweb Technologies Co., Ltd. Representative: Lee, Yin-Chiang	1,395,426	100%
		Director	Neweb Technologies Co., Ltd. Representative: Wang, Hsuan-Tse	1,395,426	100%
		Supervisor	Neweb Technologies Co., Ltd. Representative: Ssu-Chun Wang	1,395,426	100%
43	CService Technology Co., Ltd.	Chairman	Neweb Technologies Co., Ltd. Representative: Wang, Chin-Po	500,000	100%
44	Re:Ad Media (Taiwan) Corporation	Chairman	Efun International Co., Ltd. Representative: Wang, Chin-Po	3,125,000	100%

Note: The liquidation process was completed in 2019.

7. Business Performance of Affiliated Enterprises

Unit : NT\$ thousand; Foreign currency amount dollar; Earnings (loss) per share Unit : dollar

Serial No.	Name of enterprise	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating gains and losses	Current period profit (after tax)	Earnings (losses) per share (After income tax)
1	CHINESE GAMER INTERNATIONAL CORPORATION	857,044	1,252,163	109,551	1,142,612	448,531	38,791	78,849	0.92
2	Gameflifer International Corporation	287,579	926,082	163,948	762,134	349,201	30,483	35,849	1.25
3	Game First International Corporation	238,344	414,711	71,968	342,743	408,564	(18,237)	(15,035)	(0.63)
4	Global Concept Corporation	USD 9,631,253	290,089	42,705	247,384	-	(27,653)	14,627	1.52
5	Soft-World (Hong Kong) International Corporation	HKD 3,883,558	697,130	175,059	522,071	75,484	30,579	30,409	7.83
6	Zealot Digital International Corporation	90,000	82,009	10,054	71,955	48,799	(7,940)	(7,228)	(0.80)
7	Efun International Co., Ltd.	USD 2,670,000	-	-	-	-	(768)	216	Note
8	Soft-World Technology PTE. LTD.	SGD 390,000	5,898	278	5,620	3,159	(424)	(424)	(1.14)
9	Dynasty International Information Co., Ltd.	17,000	21,178	83	21,095	4,542	4,417	4,552	2.68
10	Zilong Venture Capital Co., Ltd.	766,000	773,377	135	773,242	19,211	18,739	18,739	0.24
11	Zealot Digital Pte.Ltd.	SGD 26,460,042	838	290	548	-	(1,911)	(1,547)	(0.06)
12	Sofaman Technologies Co., Ltd.	15,610	804	-	804	800	(1,748)	(1,551)	(1.15)
13	Re:Ad Media Corporation	USD 317,000	-	-	-	-	(201)	(235)	Note
14	Fast Distributed Cloud Computing (Taiwan) Co., Ltd.	23,729	68,803	22,946	40,857	163,205	7,627	6,351	2.68
15	Interactive Entertainment Technology Co., Ltd.	USD 600,000	19,578	3	19,575	-	(40)	295	0.49
16	Neweb Technologies Co., Ltd.	1,114,841	2,017,143	1,144,386	872,757	655,406	36,969	(11,701)	(0.10)
17	Lung Hsiang Investment Co., Ltd.	568,000	573,099	100	572,999	0	(139)	13,710	0.24
18	EFUN International Co., Ltd.	160,635	425,249	197,248	228,001	811,152	73,404	43,886	2.98
19	Celad Taiwan Inc.	55,000	8,184	10,565	(2,381)	8,148	(23,051)	(23,064)	(4.19)
20	Taichigamer (B.V.I) Co., Ltd.	USD 3,041,698	190,413	0	190,413	0	0	29,976	9.85
21	Walkfun International Corporation	15,000	21,865	3,982	17,883	10,990	2,208	1,521	1.01
22	Super Game Corporation	10,000	2,052	0	2,052	(5)	(45)	(44)	(0.04)
23	Star Diamond (BVI) Co.,Ltd	USD 2,600,000	86,273	0	86,273	0	0	(1,023)	(19.67)
24	Bear Have Fun Corporation	16,000	15,090	4,002	11,088	11,912	3,487	3,456	2.16

Serial No.	Name of enterprise	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating gains and losses	Current period profit (after tax)	Earnings (losses) per share (After income tax)
25	GameTopia Co., Ltd.	57,730	117,014	33,978	83,036	85,212	9,311	19,247	3.33
26	Oriental Dragon Digital Co., Ltd.	15,200	25,563	6,220	19,343	46,040	12,956	11,770	7.74
27	Transasiagamer Co., Ltd.	USD 2,976,934	183,733	0	183,733	0	(1)	30,087	10.11
28	Yulon Online (Beijing) Technologies Co., Ltd.	USD 2,200,000	179,939	22,371	157,568	29,259	19,459	30,824	-
29	Dragon Gamer (Hong Kong) Co., Ltd.	USD 2,600,000	107,668	21,396	86,272	46,919	474	(1,023)	(3.93)
30	GameTopia (Hong Kong) Co., Ltd.	USD 33,000	47,410	27,101	20,309	25,029	13,106	12,548	4,182.67
31	Value Central Corporation	USD 1,450,000	19,626	-	19,626	-	(28)	(152)	-
32	Gamers grande Corporation	USD 6,212,066	167,934	-	167,934	-	(121)	20,052	3.23
33	Gameflier International (Beijing) Corporation	USD 6,400,000	171,775	18,207	153,568	69,117	17,557	20,157	-
34	Picked United Development Limited	HKD 4,700,000	16,371	439	15,932	-	(162)	(50)	-
35	Soft-orient Corporation	USD 7,784,134	16,576	-	16,576	-	(40)	168	0.007
36	Game Flier (Malaysia) Sdn.Bhd.	USD 3,025,521	143	-	143	-	(153)	(153)	(0.02)
37	Mobile Flier International Corporation	28,000	15,890	111	15,779	6	(595)	(515)	(0.18)
38	Compete! Games Interactive Entertainment Corporation	29,415	8,419	-	8,419	-	(43)	226	0.08
39	Guangzhou Soft-World International Corporation	USD 1,300,000	12,369	2,773	9,596	-	(231)	1,350	-
40	Interactive Entertainment Technology (Taiwan) Co., Ltd.	18,000	20,165	1,823	18,342	10,378	388	359	0.20
41	ezPay Co.,Ltd.	614,000	585,863	30,638	555,225	41,646	(99,571)	(57,869)	(0.72)
42	Neweb Payments Co., Ltd.	13,954	132,257	116,598	15,659	150,310	1,112	893	0.64
43	CService Technology Co., Ltd.	5,000	4,802	0	4,802	0	(198)	(198)	(0.40)
44	Re:Ad Media (Taiwan) Corporation	31,250	63,180	33,176	30,004	316,659	(14,754)	(11,645)	(3.73)

Note: The liquidation process was completed in 2019.

II. Private placement of securities during the latest year up till the publication date of this annual report: none.

III. Holding or disposal of the company's shares by its subsidiaries during the latest financial year, up to the publication date of this annual report: None.

IV. Other supplementary information: None.

IX. Occurrences of events defined under Article 36-3-2 of the Securities Exchange Act in the latest year up till the publishing date of this annual report that significantly impacted shareholders' equity or security prices: None

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