ARES INTERNATIONAL CORP.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2019 AND 2018

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Ares International Corp.

Opinion

We have audited the accompanying parent company only balance sheets of Ares International Corp. (the "Company") as at December 31, 2019 and 2018, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and reports of other independent accountants, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2019 and 2018, and its parent company only financial performance and its parent company only 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 generally accepted auditing standards in the Republic of China ("ROC GAAS"). Our responsibilities under those standards are further described in the *Independent Accountant's Responsibilities for the Audit of Parent Company Only Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and reports of other independent accountants, 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 judgement, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

Service revenue recognition

Description

Refer to Note 4(24) for accounting policies on service revenue recognition and Note 6(16) for details of service revenue.

The Company recognises service revenue by considering the possibility of incurred cost recovery when unable to reasonably measure the performance obligation result of the service contract. The Company recognises service revenue within the amount of incurred costs when the incurred costs are likely to be recovered before the acceptance by the client. At the time the work performed is accepted by the client, the service revenue for the period is recognised based on the difference between total contract price and accumulated recognised service revenue. Therefore, the timing of service revenue recognition is affected by the accuracy of the time of client acceptance, and service revenue recognition was identified as a key audit matter.

How our audit addressed the matter

The procedures that we have performed in response to specific aspects of the abovementioned key audit matter are summarised as follows:

A. Obtained an understanding of the internal control relevant to the service revenue process and assessed the effectiveness of its implementation.

B. Obtained a summary of service revenue and performed the following procedures on contracts which could not be reasonably estimated:

   (a) Service contracts accepted by clients during the year:

   - Sampled and checked the certificate of client acceptance confirmation.
   - Verified the total contract price.
   - Ascertained whether the date on the certificate of acceptance was consistent with the timing of the recognition of service revenue and the appropriate accounting entry was made.

   (b) Service contracts which have not been accepted by the client during the year:

   - Reconciled the amount of input costs with service revenue recognition.
   - Sampled and checked the consistency between the input costs and original documents.

Other matter – Scope of the Audit

For the years ended December 31, 2019 and 2018, the parent company only financial statements of certain investees accounted for using equity method were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, is based solely on the audit reports of the other independent accountants. These investments accounted for using equity method amounted to NT$55,825 thousand and NT$50,298 thousand, constituting 4.60% and 4.51% of the total assets as of December 31, 2019 and 2018, respectively and total comprehensive income amounted to NT$10,612 thousand and NT$8,336 thousand, constituting 14.16% and 13.99% of the total comprehensive income for the years then ended, respectively.

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Independent accountant's 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 auditor's 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 ROC GAAS 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 ROC GAAS, we exercise professional judgement 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 Company’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 Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s 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 auditor’s report. However, future events or conditions may cause the Company 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

CPA Lin, Yi-Fan
CPA Yu, Shu-Fen

For and on behalf of PricewaterhouseCoopers, Taiwan
March 20, 2020

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ARES INTERNATIONAL CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2019			December 31, 2018		
				AMOUNT	%		AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$	507,829	42	$	476,064	43
1136	Financial assets at amortised cost - current	6(2) and 8		288,463	24		233,960	21
1140	Contract assets - current	6(16)		63,411	5		55,406	5
1150	Notes receivable, net	6(3)		668	-		4,871	1
1170	Accounts receivable, net	6(3)		95,517	8		103,998	9
1180	Accounts receivable - related parties, net	7		1,339	-		4,846	-
1200	Other receivables			2,382	-		4,755	-
1210	Other receivables - related parties	7		133	-		-	-
1410	Prepayments	6(4)		27,410	2		31,647	3
1470	Other current assets	8		49,773	4		50,284	5
11XX	**Total current assets**			1,036,925	85		965,831	87
	Non-current assets							
1517	Financial assets at fair value through other comprehensive income - non-current	6(5)		1,785	-		2,775	-
1550	Investments accounted for under equity method	6(6)		114,559	9		102,136	9
1600	Property, plant and equipment	6(7)		6,744	1		7,779	1
1755	Right-of-use assets	6(8)		15,799	1		-	-
1780	Intangible assets			96	-		1,247	-
1840	Deferred income tax assets	6(21)		31,315	3		28,285	2
1920	Guarantee deposits paid	8		7,360	1		7,314	1
15XX	**Total non-current assets**			177,658	15		149,536	13
1XXX	**Total assets**		$	1,214,583	100	$	1,115,367	100

(Continued)

ARES INTERNATIONAL CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%
	Current liabilities					
2130	Contract liabilities - current	6(16)	$ 140,331	12	$ 90,782	8
2170	Accounts payable	6(9)	40,157	3	49,253	5
2180	Accounts payable - related parties	7	3,939	-	11,821	1
2200	Other payables	6(10)	113,804	10	98,202	9
2230	Current income tax liabilities		14,663	1	3,007	-
2250	Provisions for liabilities - current	6(12)	1,101	-	2,152	-
2280	Current lease liabilities		14,685	1	-	-
21XX	**Total current liabilities**		328,680	27	255,217	23
	Non-current liabilities					
2570	Deferred income tax liabilities	6(21)	-	-	217	-
2580	Non-current lease liabilities		1,309	-	-	-
2640	Accrued pension liabilities	6(11)	142,326	12	135,946	12
25XX	**Total non-current liabilities**		143,635	12	136,163	12
2XXX	**Total liabilities**		472,315	39	391,380	35
	Equity					
	Share capital	6(13)				
3110	Share capital - common stock		472,539	39	472,539	42
	Capital surplus	6(14)				
3200	Capital surplus		142,897	12	146,592	13
	Retained earnings	6(15)				
3310	Legal reserve		51,866	4	45,439	4
3320	Special reserve		7,708	1	2,858	-
3350	Unappropriated retained earnings		76,501	6	64,267	6
	Other equity interest					
3400	Other equity interest		(9,243)	(1)	(7,708)	-
3XXX	**Total equity**		742,268	61	723,987	65
	Significant contingent liabilities and unrecognised contract commitents	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 1,214,583	100	$ 1,115,367	100

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

ARES INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Year ended December 31			
			2019		2018	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(16) and 7	$ 679,978	100	$ 642,095	100
5000	**Operating cost**	6(19)(20) and 7	(401,561)	(59)	(400,413)	(62)
5950	**Gross profit**		278,417	41	241,682	38
	Operating expenses	6(19)(20) and 7				
6100	Selling expenses		(59,562)	(9)	(58,121)	(9)
6200	General and administrative expenses		(53,843)	(8)	(51,666)	(8)
6300	Research and development expenses		(87,586)	(13)	(91,063)	(14)
6450	Reversal of expected credit losses	6(19) and 12(2)	1,814	-	2,363	-
6000	**Total operating expenses**		(199,177)	(30)	(198,487)	(31)
6900	**Operating profit**		79,240	11	43,195	7
	Non-operating income and expenses					
7010	Other income	6(17) and 7	10,189	2	7,250	1
7020	Other gains and losses	6(18)	(10,679)	(2)	4,656	1
7050	Finance costs		(572)	-	(273)	-
7070	Share of profit/(loss) of associates and joint ventures accounted for using equity method	6(6)	19,630	3	8,561	1
7000	**Total non-operating income and expenses**		18,568	3	20,194	3
7900	**Profit before income tax**		97,808	14	63,389	10
7950	Income tax expense	6(21)	(17,736)	(2)	(6,204)	(1)
8200	**Profit for the year**		$ 80,072	12	$ 57,185	9
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial (loss) gain on defined benefit plan	6(11)	($ 4,464)	(1)	$ 1,665	-
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(5)	204	-	705	-
8349	Income tax relating to components of other comprehensive income	6(21)	852	-	(110)	-
8310	**Other comprehensive (loss) income that will not be reclassified to profit or loss**		(3,408)	(1)	2,260	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(6)	(2,122)	-	63	-
8399	Income tax relating to components of other comprehensive income	6(21)	424	-	91	-
8360	**Other comprehensive (loss) income that will be reclassified to profit or loss**		(1,698)	-	154	-
8500	**Total comprehensive income for the year**		$ 74,966	11	$ 59,599	9
	Earnings per share					
9750	**Basic earnings per share**	6(22)	$	1.69	$	1.21
9850	**Diluted earnings per share**	6(22)	$	1.67	$	1.20

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

ARES INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings			Other Equity Interest		
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
Year ended December 31, 2018									
Balance at January 1, 2018		$ 472,539	$ 164,777	$ 42,609	$ 6,430	$ 28,297	($ 2,858)	$ -	$ 711,794
Effect of retrospective application and restatement		-	-	-	-	5,386	-	(5,568)	(182)
Balance after restatement on January 1		472,539	164,777	42,609	6,430	33,683	(2,858)	(5,568)	711,612
Profit for the year		-	-	-	-	57,185	-	-	57,185
Other comprehensive income		-	-	-	-	1,696	154	564	2,414
Total comprehensive income		-	-	-	-	58,881	154	564	59,599
Appropriations of 2017 earnings	6(15)								
Legal reserve		-	-	2,830	-	(2,830)	-	-	-
Reversal of special reserve		-	-	-	(3,572)	3,572	-	-	-
Cash dividends		-	-	-	-	(29,039)	-	-	(29,039)
Capital surplus distributed as dividends	6(14)	-	(18,214)	-	-	-	-	-	(18,214)
Donated by the shareholders		-	29	-	-	-	-	-	29
Balance at December 31, 2018		$ 472,539	$ 146,592	$ 45,439	$ 2,858	$ 64,267	($ 2,704)	($ 5,004)	$ 723,987
Year ended December 31, 2019									
Balance at January 1, 2019		$ 472,539	$ 146,592	$ 45,439	$ 2,858	$ 64,267	($ 2,704)	($ 5,004)	$ 723,987
Profit for the year		-	-	-	-	80,072	-	-	80,072
Other comprehensive income		-	-	-	-	(3,571)	(1,698)	163	(5,106)
Total comprehensive income		-	-	-	-	76,501	(1,698)	163	74,966
Appropriations of 2018 earnings	6(15)								
Legal reserve		-	-	6,427	-	(6,427)	-	-	-
Special reserve		-	-	-	4,850	(4,850)	-	-	-
Cash dividends		-	-	-	-	(52,990)	-	-	(52,990)
Capital surplus distributed as dividends	6(14)	-	(3,715)	-	-	-	-	-	(3,715)
Donated by the shareholders		-	20	-	-	-	-	-	20
Balance at December 31, 2019		$ 472,539	$ 142,897	$ 51,866	$ 7,708	$ 76,501	($ 4,402)	($ 4,841)	$ 742,268

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

ARES INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 97,808	$ 63,389
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on expected credit loss impairment	12(2)	(1,814)	(2,363)
Depreciation of property, plant and equipment	6(7)(19)	2,891	5,790
Depreciation of right-of-use asset	6(8)(19)	15,093	-
Amortisation	6(19)	1,151	1,151
Interest income	6(17)	(9,053)	(6,842)
Interest expense		572	273
Share of profit of associates and joint ventures accounted for under equity method	6(6)	(19,630)	(8,561)
Gain on disposal of property, plant and equipment	6(18)	(81)	(286)
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets - current		-	(23,697)
Notes receivable		4,203	(2,900)
Accounts receivable		2,290	23,207
Accounts receivable - related parties		3,507	(3,913)
Other receivables		1,569	3,027
Other receivables - related parties		(133)	-
Prepayments		2,881	(7,278)
Other current assets		2,562	(6,823)
Changes in operating liabilities			
Contract liabilities		49,549	36,379
Accounts payable		(9,096)	(10,789)
Accounts payable - related parties		(7,882)	(3,753)
Other payables		15,602	10,708
Provisions for liabilities - current		(1,051)	(3,632)
Other current liabilities		-	(1,012)
Accrued pension liabilities		1,914	(3,754)
Cash inflow generated from operations		152,852	58,321
Interest received		9,857	6,434
Income tax paid		(6,695)	(572)
Net cash flows from operating activities		156,014	64,183

(Continued)

ARES INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at amortised cost - current		($ 283,888)	($ 163,788)
Decrease in financial assets at amortised cost - current		227,334	157,742
Increase in investments accounted for under equity method	6(6)	-	(6,865)
Dividends received	6(6)	5,085	5,487
Acquisition of property, plant and equipment	6(24)	(1,856)	(8,764)
Proceeds from disposals of property, plant and equipment		81	286
(Increase) decrease in refundable deposits		(46)	30
Decrease in long-term notes and accounts receivable - related parties		-	5,343
Financial assets at fair value through other comprehensive income - proceeds from capital reduction	6(5)	1,194	-
Net cash flows used in investing activities		(52,096)	(10,529)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability		(15,468)	-
Cash dividends paid	6(15)	(52,990)	(29,039)
Capital surplus distributed as cash dividends paid	6(15)	(3,715)	(18,214)
Donation by the shareholders		20	29
Net cash flows used in financing activities		(72,153)	(47,224)
Net increase in cash and cash equivalents		31,765	6,430
Cash and cash equivalents at beginning of year		476,064	469,634
Cash and cash equivalents at end of year		$ 507,829	$ 476,064

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

ARES INTERNATIONAL CORP.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

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

1. HISTORY AND ORGANISATION

Ares International Corp. (hereinafter referred to as 'the Company') was established on December 3, 1980. The Company is mainly engaged in the design, sales, lease, maintenance and technology consultation of computer equipment, internet and related software, and analysis, design, modification, installment and maintenance of application software. The Company's stock was traded on the Taipei Exchange from March 1999, and was listed on the Taiwan Stock Exchange after the application of listing was approved.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 20, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

IFRS 16, 'Leases'

A. IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

B. The Company has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Company increased 'right-of-use asset' and 'lease liability' both by $29,846 with respect to the lease contracts of lessees on January 1, 2019.

C. The Company has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
   (a) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
   (b) The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of $721 was recognised for the year ended December 31, 2019.
   (c) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.
   (d) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

D. The Company calculated the present value of lease liabilities by using weighted average incremental borrowing interest rate of 2.54%.

E. The Company recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitment disclosed by applying IAS 17 as at December 31, 2018	$	30,121
Less: Short-term lease	(	275)
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	$	29,846
Incremental borrowing interest rate at the date of initial application		2.54%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	$	29,846

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

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28,'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or noncurrent	January 1, 2022

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

These parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Statements by Securities Issuers".

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through other comprehensive income.

(b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Foreign currency translation

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

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

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

The Company's business includes sale of computer equipment and software and system integration design services. The operating cycle lasts more than one year. Therefore all assets and liabilities associated with the sale of computer equipment and software and system integration design services are classified as current or non-current based on the length of the operating cycle. The classification criteria for all other accounts are as follows:

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

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

(5) Cash equivalents

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

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, but for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.

(b) The assets' contractual cash flows represent particularly payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

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

(7) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent particularly payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Subsequently, interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Company's time deposits which is not in consonance with cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

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

(11) Investments accounted for using equity method / subsidiaries and associates

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise the losses in proportion to the ownership.

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

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

F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

G. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

H. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

I. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

L. In accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the profit or loss and other comprehensive income or loss presented on the parent company only financial statements are consistent with those presented on the consolidated financial statements. In addition, owner's equity presented on the parent company only is consistent with equity attributable to owners of parent presented on the consolidated financial statements.

(12) Property, plant and equipment

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

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Machinery and equipment	3~10 years
Transportation equipment	5~6 years
Office equipment	8~11 years
Leasehold improvements	3~10 years
Leased assets	5 years
Other equipment	5~11 years

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

Effective 2019

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments is comprised of fixed payments, less any lease incentives receivable.

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

(14) Leased assets/ operating leases (lessee)

Applicable for 2018

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the Company assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) A finance lease is recognised as an asset and a liability at the lease's commencement at the lower of the fair value of the leased asset or the present value of the minimum lease payments.

(b) The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are allocated to each period over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(c) Property, plant and equipment held under finance leases are depreciated over their estimated useful lives. If there is no reasonable certainty that the Company will obtain ownership at the end of the lease, the asset shall be depreciated over the shorter of the lease term and its useful life.

B. Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(15) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

(16) Impairment of non-financial assets

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

(17) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or repaid on due.

(19) Provisions

Provisions (including warranties, etc.) are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(20) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date).

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(21) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(22) <u>Share capital</u>

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

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(23) <u>Dividends</u>

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(24) Revenue recognition

A. Sales revenue - sales of software

The Company engages in the research, development and sale of computer software and related products. Revenue is measured at the fair value of the consideration received or receivable taking into account business tax, sales returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company's activities. Revenue arising from the sales of goods is recognised when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably, and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. Service revenue - IT Consulting services

The Company provides business IT management, design, implementation and support services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labor hours spent relative to the total estimated labor hours. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Some contracts include sales and installation services of equipment. The equipment and the installation services provided by the Company are not distinct and are identified to be one performance obligation satisfied over time since the installation services involve significant customisation and modification. The Company recognises revenue on the basis of costs incurred relative to the total estimated costs of that performance obligation. Conversely, the Company recognises revenue at an amount equal to the cost of a good if the good is not distinct and its cost is significant relative to the total estimated costs, the customer is expected to obtain control of the good significantly before receiving services related to the good, and the Company procures the good from a third party and is not involved in designing and manufacturing the good by acting as a principal.

The Company's estimate on revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to estimated revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

Revenue from a service contract in which the Company bills a fixed amount for each hour of service provided is recognised at the amount to which the Company has the right to issue.

While the Company is unable to reasonably measure the result of performance obligations but is able to estimate the recoverable costs incurred arising from satisfying performance obligations, in such case, the Company could only recognise revenue within the amount of costs incurred until the result of performance obligations can be measured reasonably.

C. Sales revenue - revenue from licencing intellectual property

The Company entered into a contract with a customer to grant a licence of computer software to the customer. Given the licence is distinct from other promised goods or services in the contract, the Company recognises the revenue from licencing when the licence is transferred to a customer either at a point in time or over time based on the nature of the licence granted. The nature of the Company's promise in granting a licence is a promise to provide a right to access the Company's intellectual property if the Company undertakes activities that significantly affect the computer software to which the customer has rights, the customer is affected by the Company's activities, and those activities do not result in the transfer of a good or a service to the customer as they occur. The royalties are recognised as revenue on a straight-line basis throughout the licencing period. In case the abovementioned conditions are not met, the nature of the Company's promise in granting a licence is a promise to provide a right to use the Company's intellectual property. Therefore, the revenue is recognised when transferring the licence to a customer at a point in time.

(25) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Company has no uncertainty of critical accounting judgements, estimates and assumption.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand and revolving funds	$ 155	$ 113
Checking accounts and demand deposits	229,498	230,682
Time deposits	278,176	245,269
	$ 507,829	$ 476,064

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2019 and 2018, cash and cash equivalents were restricted to the bid bonds and performance guarantee. Please refer to Note 8.

(2) Financial assets at amortised cost

Items	December 31, 2019	December 31, 2018
Current items:		
Time deposits with maturity over three months	$ 283,888	$ 227,335
Pledged time deposits	4,575	6,625
	$ 288,463	$ 233,960
Interest rate range of time deposits	0.15%~2.65%	0.15%~3.40%

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Years ended December 31,	
	2019	2018
Interest income	$ 6,223	$ 3,395

B. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was $288,463 and 233,960, respectively.

C. Details of the Company’s financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(3) Notes and accounts receivable

	December 31, 2019	December 31, 2018
Notes receivable	$ 668	$ 4,871
Less: Allowance for uncollectible accounts	-	-
	$ 668	$ 4,871
Accounts receivable	$ 97,772	$ 108,067
Less: Allowance for uncollectible accounts	(2,255)	(4,069)
	$ 95,517	$ 103,998

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

	December 31, 2019		December 31, 2018	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Up to 90 days	$ 79,810	$ 668	$ 91,906	$ 4,391
91 to 180 days	9,326	-	5,525	-
181 to 365 days	6,583	-	6,610	480
Over 365 days	2,053	-	4,026	-
	$ 97,772	$ 668	$ 108,067	$ 4,871

The above ageing analysis was based on invoice date.

B. As of December 31, 2019 and 2018, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2018, the balance of receivables from contracts with customers amounted to $158,522.

C. The Company has no notes and accounts receivable pledged to others.

D. The Company has no discounted notes receivable.

E. The Company does not hold any collateral as security.

F. As at December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents notes and accounts receivable held by the Company was $96,185 and $108,869, respectively.

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

(4) Prepayments

	December 31, 2019	December 31, 2018
Prepaid project cost	$ 19,776	$ 26,343
Other prepayments	7,634	5,304
	$ 27,410	$ 31,647

(5) Financial assets at fair value through other comprehensive income - non-current

Items	December 31, 2019	December 31, 2018
Non-current items:		
Equity instruments		
Unlisted stocks	$ 6,444	$ 7,638
Valuation adjustment	(4,659)	(4,863)
	$ 1,785	$ 2,775

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $1,785 and $2,775 as at December 31, 2019 and 2018, respectively.

B. For the years ended December 31, 2019 and 2018, the Company recognised $204 and $705, respectively, in profit or loss and other comprehensive income.

C. The Company received proceeds from capital reduction of the equity instruments in the amount of $1,194 in August 2019.

D. The Company has no financial assets at fair value through other comprehensive income pledged to others.

(6) Investments accounted for using equity method

	2019	2018
At January 1	$ 102,136	$ 92,134
Addition of investments accounted for using equity method	-	6,865
Share of profit of investments accounted for using equity method	19,630	8,561
Earnings distribution of investments accounted for using equity method	(5,085)	(5,487)
Changes in other equity interest	(2,122)	63
At December 31	$ 114,559	$ 102,136

	December 31, 2019	December 31, 2018
Subsidiaries	$ 50,903	$ 44,964
Associates	63,656	57,172
	$ 114,559	$ 102,136

A. Please refer to Note 4(3) to the consolidated financial statements for the year ended December 31, 2019 for information on the Company’s subsidiaries.

B. In July 2018, the Company set up ARES INTERNATIONAL (THAILAND) CO., LTD. for investment by cash of $6,865 for a shareholding ratio of 49%. On October 31, 2018, the Investment Commission of the Ministry of Economic Affairs (MOEA) approved the investment.

C. Associates:

(a) The basic information of the associates of the Company is as follows:

Company name	Principal place of business	Ownership (%) December 31, 2019	Ownership (%) December 31, 2018	Nature of relationship	Method of measurement
ARES INTERNATIONAL (THAILAND) CO., LTD.	Thailand	49.00%	49.00%	Sale	Equity method
ARGO INTERNATIONAL CORPORATION	Taiwan	34.83%	34.83%	Purchase	Equity method
M-Power Information Co., Ltd.	Taiwan	24.39%	24.39%	Sale	Equity method

(b) The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarised below:

As of December 31, 2019 and 2018, the carrying amount of the Company's individually immaterial associates amounted to $63,656 and $57,172, respectively.

	Year ended December 31, 2019	Year ended December 31, 2018
Profit for the year from continuing operations	$ 11,158	$ 8,207
Other comprehensive income, net of tax	-	-
Total comprehensive income	$ 11,158	$ 8,207

(c) The aforementioned investments accounted for using the equity method, ARGO INTERNATIONAL CORPORATION and M-Power Information Co., Ltd., were valued based on the financial statements audited by independent accountants appointed by the respective companies.

(7) Property, plant and equipment

	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other facilities	Total
At January 1, 2019						
Cost	$ 6,482	$ 12,058	$ 1,681	$ 5,335	$ 268	$ 25,824
Accumulated depreciation and impairment	(5,627)	(6,307)	(1,205)	(4,699)	(207)	(18,045)
	$ 855	$ 5,751	$ 476	$ 636	$ 61	$ 7,779
2019						
At January 1	$ 855	$ 5,751	$ 476	$ 636	$ 61	$ 7,779
Additions	110	1,000	-	-	746	1,856
Depreciation charges	(474)	(1,909)	(150)	(282)	(76)	(2,891)
At December 31	$ 491	$ 4,842	$ 326	$ 354	$ 731	$ 6,744
At December 31, 2019						
Cost	$ 5,957	$ 12,190	$ 1,681	$ 5,335	$ 1,014	$ 26,177
Accumulated depreciation and impairment	(5,466)	(7,348)	(1,355)	(4,981)	(283)	(19,433)
	$ 491	$ 4,842	$ 326	$ 354	$ 731	$ 6,744

	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Leased assets	Other facilities	Total
At January 1, 2018							
Cost	$ 8,791	$ 9,892	$ 1,720	$ 5,335	$ 20,173	$ 439	$ 46,350
Accumulated depreciation and impairment	(7,385)	(7,824)	(1,196)	(4,417)	(336)	(352)	(21,510)
	$ 1,406	$ 2,068	$ 524	$ 918	$ 19,837	$ 87	$ 24,840
2018							
At January 1	$ 1,406	$ 2,068	$ 524	$ 918	$ 19,837	$ 87	$ 24,840
Additions	-	5,436	104	-	-	-	5,540
Disposals	-	-	-	-	(16,811)	-	(16,811)
Depreciation charges	(551)	(1,753)	(152)	(282)	(3,026)	(26)	(5,790)
At December 31	$ 855	$ 5,751	$ 476	$ 636	$ -	$ 61	$ 7,779
At December 31, 2018							
Cost	$ 6,482	$ 12,058	$ 1,681	$ 5,335	$ -	$ 268	$ 25,824
Accumulated depreciation and impairment	(5,627)	(6,307)	(1,205)	(4,699)	-	(207)	(18,045)
	$ 855	$ 5,751	$ 476	$ 636	$ -	$ 61	$ 7,779

A. The Company has no interest capitalised.

B. The Company has no property, plant and equipment pledged to others.

(8) Leasing arrangements—lessee

Effective 2019

A. The Company's leased assets are buildings. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Right-of-use assets are not recognised for short-term leases with a lease term of 12 months or less for part of leased buildings of the Company.

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

	December 31, 2019	Year ended December 31, 2019
	Carrying amount	Depreciation charge
Buildings	$ 15,799	$ 15,093

D. For the year ended December 31, 2019, the additions to right-of-use assets was $1,046.

E. Information on profit or loss not recognised as depreciation charge but in relation to lease contracts is as follows:

	Year ended December 31, 2019
Items affecting profit or loss	
Interest expense on lease liabilities	$ 572
Expense on short-term lease contracts	721
	$ 1,293

F. For the year ended December 31, 2019, the Company's total cash outflow for leases was $16,189.

(9) Accounts payable

	December 31, 2019	December 31, 2018
Accounts payable	$ 8,030	$ 16,551
Project costs payable	32,127	32,702
	$ 40,157	$ 49,253

(10) Other payables

	December 31, 2019	December 31, 2018
Wages and bonus payable	$ 83,174	$ 71,735
Labor and health insurance fees payable	3,584	3,418
Employees' compensation and directors' and supervisors' remuneration payable	13,338	8,644
Other accrued expenses	13,708	14,405
	$ 113,804	$ 98,202

(11) Pensions

A. Defined benefit plan

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	($ 186,935)	($ 182,268)
Fair value of plan assets	44,609	46,322
Net defined benefit liability	($ 142,326)	($ 135,946)

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2019			
Balance at January 1	$ 182,268	$ 46,322	$ 135,946
Current service cost	2,529	-	2,529
Interest cost	1,640	-	1,640
Interest income	-	417	(417)
	186,437	46,739	139,698
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)			
Change in financial assumptions	2,990	-	2,990
Experience adjustments	3,110	1,636	1,474
	6,100	1,636	4,464
Pension fund contribution	-	1,792	1,792
Paid pension	(5,602)	(5,558)	(44)
Balance at December 31	$ 186,935	$ 44,609	$ 142,326

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2018			
Balance at January 1	$ 182,633	$ 40,403	$ 142,230
Current service cost	2,621	-	2,621
Interest cost	2,009	-	2,009
Interest income	-	444	(444)
	187,263	40,847	146,416
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)			
Change in financial assumptions	3,049	-	3,049
Experience adjustments	(3,556)	1,158	(4,714)
	(507)	1,158	(1,665)
Pension fund contribution	-	8,805	(8,805)
Paid pension	(4,488)	(4,488)	-
Balance at December 31	$ 182,268	$ 46,322	$ 135,946

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31, 2019	Years ended December 31, 2018
Discount rate	0.70%	0.90%
Future salary increases	4.00%	4.00%

For the years ended December 31, 2019 and 2018, future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2019				
Effect on present value of defined benefit obligation	($ 3,724)	$ 3,857	$ 3,345	($ 3,254)
December 31, 2018				
Effect on present value of defined benefit obligation	($ 3,797)	$ 3,938	$ 3,436	($ 3,338)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2020 amount to $1,778.

(g) As of December 31, 2019, the weighted average duration of the retirement plan is 9 years.

B. Defined contribution plan:

(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount no less than 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2019 and 2018 were $11,767 and $11,762, respectively.

(12) Provisions

	Warranty	
	2019	2018
Balance at January 1	$ 2,152	$ 5,784
Additional provisions	1,803	3,144
Used during the year	(850)	(3,062)
Unused amounts reversed	(2,004)	(3,714)
Balance at December 31	$ 1,101	$ 2,152

Analysis of total provisions:

	December 31, 2019	December 31, 2018
Current	$ 1,101	$ 2,152

The Company provides warranties on project contract. Provision for warranty is estimated based on historical warranty data.

(13) Share capital

As of December 31, 2019, the Company's authorised capital was $1,156,000 (including 10 million shares reserved for employee stock options and 20 million shares reserved for convertible bonds issued by the Company), and the paid-in capital was $472,539, consisting of 47,254 thousand shares of ordinary stock with a par value of $10 (in dollars) per share.

(14) Capital surplus

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

	2019				
	Share premium	Treasury share transactions	Donated assets received	Changes in equity of associates and joint ventures accounted for using equity method	Total
At January 1	$ 96,554	$ 48,738	$ 121	$ 1,179	$ 146,592
Cash dividends from capital surplus	(3,715)	-	-	-	(3,715)
Donated by the shareholders (note)	-	-	20	-	20
At December 31	$ 92,839	$ 48,738	$ 141	$ 1,179	$ 142,897

	2018				
	Share premium	Treasury share transactions	Donated assets received	Changes in equity of associates and joint ventures accounted for using equity method	Total
At January 1	$ 114,768	$ 48,738	$ 92	$ 1,179	$ 164,777
Cash dividends from capital surplus	(18,214)	-	-	-	(18,214)
Donated by the shareholders (note)	-	-	29	-	29
At December 31	$ 96,554	$ 48,738	$ 121	$ 1,179	$ 146,592

Note: Capital surplus arising from donation pertain to unclaimed dividends over 5 years past due.

(15) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following methods and order:

(a) Pay all taxes.

(b) Offset prior years' operating losses.

(c) 10% of the remaining amount shall be set aside as legal reserve.

(d) Set aside or reverse a special reserve in accordance with related laws.

The remaining earnings shall be proposed by the Board of Directors and resolved by the shareholders as dividends to shareholders. The Board of Directors could retain earnings for operation needs.

B. The dividend policy of the Company is as follows: The Company is engaged in information technology, which is a rapidly advancing and growing market, based on the requirement of capital expenditure and optimal financial plan for long-term operation. When the Board of Directors propose the distribution of retained earnings from the remainder of the above items (a)~(d), they decide the proportion of cash dividends and share dividends based on the operation requirement. The proportion of cash dividends shall not be less than 10% of the total dividends. However, the proportion of cash dividends could be adjusted based on the operating situation of the current year.

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

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

E. Distribution of retained earnings:

(a) On June 21, 2019 and June 20, 2018, the shareholders during their meeting resolved the distribution of 2018 and 2017 retained earnings, respectively as follows:

	Year ended December 31, 2018		Year ended December 31, 2017	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 6,427		$ 2,830	
Appropriation for (Reversal of) special reserve	4,850		(3,572)	
Cash dividends	52,990	$ 1.12	29,039	$ 0.61

For the years ended December 31, 2018 and 2017, except for the above retained earnings, the distribution of cash in the amount of $3,715 and $18,214, respectively, from capital surplus was proposed.

(b) On March 20, 2020, the Company's Board of Directors proposed for the distribution of 2019 retained earnings as follows:

	Year ended December 31, 2019	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 7,650	
Appropriation for special reserve	1,535	
Cash dividends	67,316	$ 1.42

As of March 20, 2020, the abovementioned distribution of 2019 retained earnings has not yet been resolved at the stockholders' meeting.

F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(20).

(16) Operating revenue

Revenue from contracts with customers	Years ended December 31, 2019	2018
Sales revenue	$ 47,133	$ 55,353
Service revenue	632,845	586,742
	$ 679,978	$ 642,095

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major geographical regions:

Year ended December 31, 2019	Asia	America	Taiwan	Others	Total
Timing of revenue recognition					
At a point in time	$ 12,905	$ 659	$ 33,569	$ -	$ 47,133
Over time	83,596	221	548,401	627	632,845
	$ 96,501	$ 880	$ 581,970	$ 627	$ 679,978

Year ended December 31, 2018	Asia	America	Taiwan	Total
Timing of revenue recognition				
At a point in time	$ 7,259	$ 587	$ 47,507	$ 55,353
Over time	60,469	972	525,301	586,742
	$ 67,728	$ 1,559	$ 572,808	$ 642,095

B. Contract assets and liabilities

(a) The Company has recognised the following revenue-related contract assets and liabilities:

	December 31, 2019	December 31, 2018	January 1, 2018
Contract assets-customer contract	$ 63,411	$ 55,406	$ 31,709
Contract liabilities-advance receipt from customers	$ 140,331	$ 90,782	$ 54,403

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year

	Years ended December 31, 2019	2018
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
Advance receipts	$ 59,853	$ 40,813

The Company does not expect to have any contracts where in the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year or contracts that are billed in accordance with actual service hours. As permitted under

IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(17) Other income

	Years ended December 31, 2019	Years ended December 31, 2018
Interest income:		
Interest income from bank deposits	$ 2,830	$ 3,447
Interest income from financial assets measured at amortised cost	6,223	3,395
Total interest income	9,053	6,842
Commission income	-	50
Other income	1,136	358
	$ 10,189	$ 7,250

(18) Other gains and losses

	Years ended December 31, 2019	Years ended December 31, 2018
Foreign exchange (losses) gains	($ 10,474)	$ 4,590
Gains on disposals of property, plant and equipment	81	286
Miscellaneous disbursements	(286)	(220)
	($ 10,679)	$ 4,656

(19) Expenses by nature

	Years ended December 31, 2019	Years ended December 31, 2018
Employee benefit expense	$ 370,151	$ 348,157
Depreciation charges on property, plant and equipment	2,891	5,790
Depreciation charges on right-of-use asset	15,093	-
Amortisation	1,151	1,151
Advertising costs	723	724
Operating lease payments	721	17,077
Traveling expense	5,958	5,223
Service fees	7,196	8,763
Outsourcing software	152,513	153,806
Reversal of expected credit losses	(1,814)	(2,363)
Other expenses	14,174	19,076
Cost of sales	31,981	41,496
Operating costs and expenses	$ 600,738	$ 598,900

(20) Employee benefit expense

	Years ended December 31,	
	2019	2018
Wages and salaries	$ 317,661	$ 295,893
Labor and health insurance fees	22,256	21,743
Pension costs	15,519	15,948
Directors' remuneration	5,317	4,384
Other personnel expenses	9,398	10,189
	$ 370,151	$ 348,157

As of December 31, 2019 and 2018, the Company had 274 and 272 employees, respectively. There were 4 non-employee directors for both years.

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 5% and not higher than 15% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at $10,003 and $6,483, respectively; while directors' and supervisors' remuneration was accrued at $3,334 and $2,161, respectively. The aforementioned amounts were recognised in salary expenses.

C. For the years ended December 31, 2019 and 2018, the average employee benefit expenses were $1,351 and $1,283, and the average employees salaries were $1,177 and $1,104, respectively; the adjustments of average employees salaries was 6.61%.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 9% and 3% of distributable profit of current year for the year ended December 31, 2019, respectively. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were $10,003 and $3,334, respectively, and will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2018, as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2018 financial statements.

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

(21) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31, 2019	Years ended December 31, 2018
Current tax:		
Current tax on profits for the year	$ 18,151	$ 3,579
Prior year income tax under (over) estimation	1,556	(6)
Total current tax	19,707	3,573
Deferred tax:		
Origination and reversal of temporary differences	(1,971)	7,584
Impact of change in tax rate	-	(4,953)
Total deferred tax	(1,971)	2,631
Income tax expense	$ 17,736	$ 6,204

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

	Years ended December 31, 2019	Years ended December 31, 2018
Changes in fair value of financial assets at fair value through other comprehensive income	$ 41	($ 141)
Remeasurement of defined benefit obligations	(893)	(333)
Currency translation differences	(424)	(13)
Impact of change in tax rate	-	468

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31, 2019	Years ended December 31, 2018
Tax calculated based on profit before tax and statutory tax rate	$ 19,561	$ 12,678
Tax exempt income by tax regulation	(3,381)	(1,525)
Change in assessment of realisation of deferred tax assets	-	10
Prior year income tax under (over) estimation	1,556	(6)
Effect from changes in tax regulation	-	(4,953)
Income tax expense	$ 17,736	$ 6,204

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

	2019				
	At January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	At December 31
Deferred tax assets:					
Temporary differencess:					
Warranty cost	$ 432	($ 212)	$ -	$ -	$ 220
Allowance for bad debts in excess of allowable limit	467	(343)	-	-	124
Unrealised impairment loss on financial assets	204	-	(41)	-	163
Unrealised exchange loss	-	2,012	-	-	2,012
Unappropriated pensions	21,143	383	893	-	22,419
Unused annual leave	1,160	356	-	-	1,516
Loss on investment in foreign companies	4,879	(442)	424	-	4,861
	28,285	1,754	1,276	-	31,315
Deferred tax liabilities:					
Temporary differencess:					
Unrealised exchange gain	(217)	217	-	-	-
	$ 28,068	$ 1,971	$ 1,276	$ -	$ 31,315

	2018				
	At January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	At December 31
Deferred tax assets:					
Temporary differencess:					
Warranty cost	$ 983	($ 551)	$ -	$ -	$ 432
Allowance for bad debts in excess of allowable limit	804	(337)	-	-	467
Unrealised impairment loss on financial assets	294	51	(141)	-	204
Unrealised exchange loss	585	(585)	-	-	-
Unappropriated pensions	19,040	2,072	31	-	21,143
Unused annual leave	1,015	145	-	-	1,160
Loss on investment in foreign companies	4,229	559	91	-	4,879
Loss carryforward	3,768	(3,768)	-	-	-
	30,718	(2,414)	(19)	-	28,285
Deferred tax liabilities:					
Temporary differencess:					
Unrealised exchange gain	-	(217)	-	-	(217)
	$ 30,718	($ 2,631)	($ 19)	$ -	$ 28,068

D. The amounts of deductible temporary differences that were not recognised as deferred tax assets:

	December 31, 2019	December 31, 2018
Unrealised impairment loss	$ 400	$ 400
Deductible temporary differences	$ 400	$ 400

E. As of December 31, 2019, the Company's income tax returns through 2017 have been assessed and approved by the Tax Authority.

F. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Company has assessed the impact of the change in income tax rate.

(22) Earnings per share

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit for the year	$ 80,072	47,254	$ 1.69
Diluted earnings per share			
Profit for the year	80,072	47,254	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	$ 572	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 80,072	47,826	$ 1.67

	Year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit for the year	$ 57,185	47,254	$ 1.21
Diluted earnings per share			
Profit for the year	57,185	47,254	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	472	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 57,185	47,726	$ 1.20

(23) Operating leases

Applicable for 2018

The Company leases office buildings under operating leases, with lease terms between 1 to 2 years, and the lease could be renewed. Rental is adjusted every year based on the market price of the nearby area. The adjustment of rent should be notified to the lessee at least three months before the next year of the lease. The Company recognised rental expense of $17,077 for the year ended December 31, 2018. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2018
Not later than one year	$ 15,212
Later than one year but not later than five years	14,909
	$ 30,121

(24) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2019	2018
Purchase of property, plant and equipment	$ 1,856	$ 5,540
Add: Opening balance of lease obligations payable	-	20,173
Less: Derecognised lease obligations payable	-	(16,949)
Cash paid during the year	$ 1,856	$ 8,764

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
ARGO INTERNATIONAL CORPORATION	Associate
M-Power Information Co., Ltd.	Associate
ARES INTERNATIONAL (THAILAND) CO., LTD.	Associate
MiTAC INC.	Key management
SHUTTLE INC.	Other related party
APLUSOFT (SUZHOU) CORPORATION	Third-tier subsidiary

Note: For related party transactions, the subsidiaries mentioned in Note 7(2) refer to the total number of the aforementioned related parties.

(2) Significant related party transactions

A. Operating revenue

	Years ended December 31,	
	2019	2018
Sales of goods:		
-Subsidiaries	$ 4,202	$ 2,464
-Associates	1,514	1,581
-Other related parties	270	271
-Key management	179	488
	$ 6,165	$ 4,804

Most of the transactions in relation to sales, services and maintenance made with related parties are separate cases, thus the transaction prices are determined based on mutual agreement. Except for the payment term which is 60 days after monthly billings, other terms would be available to third parties.

B. Purchases

	Years ended December 31,	
	2019	2018
Purchases of goods:		
-Associates	$ 5,710	$ 15,994
Purchases of services:		
-Subsidiaries	6,937	2,065
-Associates	21,884	11,903
	$ 34,531	$ 29,962

(a) The Company's purchases are made for each system integration project, and only purchases from related parties, therefore, the purchase price is determined based on mutual agreement. Except for the payment term which is 60 days after monthly billings, other terms would be available to third parties.

(b) Most of transactions in relation to services and maintenance made with related parties are separate cases, thus the transaction prices are determined based on mutual agreement. Except for the payment term which is 60 days after monthly billings, other terms would be available to third parties.

(c) Certain integrated system projects are subcontracted to related parties. The transaction prices are determined through negotiations between the two parties, and the payment terms are 60 days after the end of the month. The rest of the conditions are not significantly different from those with other vendors.

C. Receivables from related parties

	December 31, 2019	December 31, 2018
Accounts receivables		
-APLUSOFT (SUZHOU) CORPORATION	$ -	$ 3,307
-M-Power Information Co., Ltd.	-	200
-ARES INTERNATIONAL (THAILAND) CO., LTD.	1,339	1,339
	$ 1,339	$ 4,846
Other receivables		
-APLUSOFT (SUZHOU) CORPORATION	$ 133	$ -

D. Payables to related parties

	December 31, 2019	December 31, 2018
Accounts payable		
-APLUSOFT (SUZHOU) CORPORATION	$ 1,049	$ 9,079
-ARGO INTERNATIONAL CORPORATION	2,890	2,742
	$ 3,939	$ 11,821

E. In 2018, the Company entered into three-year ArgoERP maintenance contracts with an associate in the amounts of $720. For the years ended December 31, 2019 and 2018, operating expenses were both recognised in the amounts of $240 for both years.

F. The Company paid the service fee to the associate. For the years ended December 31, 2019 and 2018, operating expenses were recognised amount to $90 and $272, respectively.

G. The Company referred business to associates and received commission income of $50 which was recognised as other income for the year ended December 31, 2018.

H. The Company entered into a commissioned service and supervisory fee agreement with the subsidiary. For the year ended December 31, 2019, the Company recognised other income amounting to $747.

(3) Key management compensation

	Years ended December 31,	
	2019	2018
Salaries and other short-term employee benefits	$ 47,392	$ 39,075

8. PLEDGED ASSETS

The Company’s assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2019	December 31, 2018	Purpose
Pledged as time deposits (shown as financial assets at amortised cost - current)	$ 4,575	$ 6,625	Bid bond and performance bond
Guarantee deposits paid (shown as other current assets)	49,773	50,284	Bid bond and performance bond
Guarantee deposits paid	7,360	7,314	Guarantees provided for leasing
	$ 61,708	$ 64,223	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

A complainant purchased the software package and hardware from the Company, and commissioned the Company to customise a software. However, there was a disagreement between both parties, and the complainant terminated the agreement, and claimed that the Company has not completed its obligation. The complainant filed a civil lawsuit to claim compensation in the amount of $7,483 in October, 2014. The Company has commissioned a lawyer to deal with this lawsuit, and it is still under the court’s assessment. The Company has not accrued and recognised any amount for possible loss because the amount cannot be reliably assessed. This case will not impact the Company’s operating and financial condition based on the Company’s assessment.

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2019	December 31, 2018
Software products	$ 6,334	$ 14,959

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On March 20, 2020, the Company’s Board of Directors proposed for the distribution of 2019 retained earnings. Please refer to Note 6(15) for details.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

In 2019, the Company's strategy, which was unchanged from 2018, was to maintain the gearing ratio as low as possible.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2019	December 31, 2018
Financial assets		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 1,785	$ 2,775
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	507,829	476,064
Current financial assets at amortised cost	288,463	233,960
Notes receivable	668	4,871
Accounts receivable	95,517	103,998
Accounts receivable due from related parties	1,339	4,846
Other receivables	2,382	4,755
Other receivables from related parties	133	-
Guarantee deposits paid (shown as other currents assets)	49,773	50,284
Guarantee deposits paid	7,360	7,314
	$ 955,249	$ 888,867
Financial liabilities		
Financial liabilities at amortised cost		
Accounts payable	$ 40,157	$ 49,253
Accounts payable to related parties	3,939	11,821
Other payables	113,804	98,202
Lease liabilities	15,994	-
	$ 173,894	$ 159,276

B. Financial risk management policies

The Company's financial risks are primarily risks associated with its investments in financial instruments and foreign exchange risk arising from foreign currency transactions. The Company uses the most rigorous controls to manage the financial risks from investments in various financial products. Each investment is assessed comprehensively, taking into account market risk, credit risk, liquidity risk and cash flow risk, with the goal of choosing the investment with the smallest risk. According to the policy goals of risk management, the Company manages its foreign exchange risk from foreign currency transactions by optimizing the risk exposure and maintaining an appropriate level of exposure to liquidity risk, thus achieving the best possible hedging strategy.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2019		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 8,125	29.98	$ 243,588
HKD:NTD	10,093	3.85	38,858
AUD:NTD	477	21.01	10,022
EUR:NTD	114	33.59	3,829
RMB:NTD	19,586	4.31	84,416
Non-monetary items			
USD:NTD	486	29.98	14,570
THB:NTD	7,755	1.01	7,833

	December 31, 2018		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 7,059	30.72	$ 216,852
HKD:NTD	8,902	3.92	34,896
AUD:NTD	471	21.67	10,207
EUR:NTD	114	35.20	4,013
RMB:NTD	17,533	4.47	78,373
Non-monetary items			
USD:NTD	451	30.72	13,855
THB:NTD	7,212	0.95	6,851
Financial liabilities			
Monetary items			
RMB:NTD	636	4.47	2,843

iv. Please refer to the following table for the details of unrealised exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Company.

	Year ended December 31, 2019		
	Exchange gain (loss)		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD		29.98	($ 8,130)
HKD:NTD		3.85	(1,022)
AUD:NTD		21.01	19
EUR:NTD		33.59	(41)
RMB:NTD		4.31	(882)

	Year ended December 31, 2018		
	Exchange gain (loss)		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD		30.72	$ 580
HKD:NTD		3.92	132
AUD:NTD		21.67	(175)
EUR:NTD		35.20	(32)
RMB:NTD		4.47	580

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2019		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1.00%	$ 2,436	$ -
HKD:NTD	1.00%	389	-
AUD:NTD	1.00%	100	-
EUR:NTD	1.00%	38	-
RMB:NTD	1.00%	844	-
Non-monetary items			
USD:NTD	1.00%	-	146
THB:NTD	1.00%	-	78

	Year ended December 31, 2018		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1.00%	$ 2,169	$ -
HKD:NTD	1.00%	349	-
AUD:NTD	1.00%	102	-
EUR:NTD	1.00%	40	-
RMB:NTD	1.00%	784	-
Non-monetary items			
USD:NTD	1.00%	-	139
THB:NTD	1.00%	-	69
Financial liabilities			
Monetary items			
RMB:NTD	1.00%	28	-

Price risk

i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company's investments in equity securities comprise equity instruments issued by domestic companies. The prices of equity securities would change due to the variation of the future value of investee companies. If the prices of these equity securities had increased or decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2019 and 2018 would have increased or decreased by $18 and $28, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.

ii. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.

Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

v. The Company classifies customers' accounts receivable and contract assets in accordance with customer types. The Company applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.

vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
(ii) The disappearance of an active market for that financial asset because of financial difficulties;
(iii) Default or delinquency in interest or principal repayments;
(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vii. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. On December 31, 2019 and 2018, the provision matrix and loss rate methodology is as follows:

Group 1	Not past due	Up to 90 days	91-180 days	181-270 days	Over 271 days	Total
December 31, 2019						
Expected loss rate	0%	0.05%~ 0.17%	0.25%~ 1.37%	3.30%~ 33.33%	100%	
Total book value	$ 52,244	$ 9,326	$ 2,253	$ 3,790	$ 2,053	$ 69,666
Loss allowance	$ 2	$ 7	$ 7	$ 186	$ 2,053	$ 2,255

Group 1	Not past due	Up to 90 days	91-180 days	181-270 days	Over 271 days	Total
December 31, 2018						
Expected loss rate	0%	0.05%~ 0.17%	0.27%~ 1.31%	3.92%~ 41.67%	100%	
Total book value	$ 59,800	$ 5,525	$ 6,610	$ -	$ 4,026	$ 75,961
Loss allowance	$ 2	$ 6	$ 35	$ -	$ 4,026	$ 4,069

		Group 2		Group 3		Total
December 31, 2019						
Expected loss rate		0%		0%		
Total book value	$	12,703	$	15,403	$	28,106
Loss allowance	$	-	$	-	$	-

		Group 2		Group 3		Total
December 31, 2018						
Expected loss rate		0%		0%		
Total book value	$	19,581	$	12,525	$	32,106
Loss allowance	$	-	$	-	$	-

Group 1: General business

Group 2: Government-owned corporation

Group 3: Government organizations

As of December 31, 2019 and 2018, contract assets amounted to $63,411 and $55,406, respectively, and loss allowance was $0 if measured at expected credit loss rate of 0%.

ix. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable and contract assets are as follows:

	2019			
	Accounts receivable	Contract assets	Notes receivable	Total
At January 1	4,069	-	-	4,069
Reversal of impairment loss	(1,814)	-	-	(1,814)
December 31	$ 2,255	$ -	$ -	$ 2,255

	2018			
	Accounts receivable	Contract assets	Notes receivable	Total
At January 1_IAS 39	$ 6,432	$ -	$ -	$ 6,432
Adjustments under new standards	-	-	-	-
Reversal of impairment loss	(2,363)	-	-	(2,363)
December 31	$ 4,069	$ -	$ -	$ 4,069

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities: December 31, 2019	Less than 3 months	Between 3 months and 2 years	Between 2 and 5 years	Over 5 years
Accounts payable	$ 38,899	$ 1,111	$ 147	$ -
Accounts payable to related parties	3,939	-	-	-
Other payables	68,281	45,523	-	-
Lease liabilities	3,911	12,285	-	-

Non-derivative financial liabilities: December 31, 2018	Less than 3 months	Between 3 months and 2 years	Between 2 and 5 years	Over 5 years
Accounts payable	$ 46,876	$ 2,377	$ -	$ -
Accounts payable to related parties	3,717	1,967	3,532	2,605
Other payables	63,373	34,829	-	-

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

Except for those listed in the table below, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, notes payable, accounts payable and other payables are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income	$ -	$ -	$ 1,785	$ 1,785

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income	$ -	$ -	$ 2,775	$ 2,775

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Closed-end fund	Open-end fund
Market quoted price	Closing price	Closing price	Net asset value

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

E. For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2019 and 2018, there was no transfer into or out from Level 3.

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

H. Valuation techniques of fair value that the Company used in level 3 are net asset value and market comparable companies. The significant unobservable input of market comparable companies is the discount for lack of marketability. If the input and discount for lack of marketability are higher, the fair value will be lower.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 2.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 3.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

14. SEGMENT INFORMATION

Not applicable.

Ares International Corp.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
For the year ended December 31, 2019

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer （Note 2）	General ledger account	As of December 31, 2019 Number of shares	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
Ares International Corp.	Common shares/Technology Partner IV Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income	278,567	$ 1,785	2.16%	$ 1,785	-
Ares International Corp.	Common shares/Formosa First Country Club	-	Financial assets at fair value through other comprehensive income	2,025	-	0.01%	-	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities in accordance with IAS 39, 'Financial instruments: recognition and measuremer

Note 2: Leave the column blank if the issuer of marketable securities is a non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Ares International Corp.

Names, locations, and related information on investees (excluding information on investment in Mainland China)

For the year ended December 31, 2019

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2019					
Investor	Investee (Note 1 and 2)	Location	Main business activities	Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2019 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 2(3))	Footnote
Ares International Corp.	ARGO INTERNATIONAL CORPORATION	Taiwan	Provides professional service of computer application software and sells computer peripheral	$ 14,014	$ 14,014	1,567,476	34.83	$ 20,712	$ 9,681	$ 3,371	
Ares International Corp.	M-Power Information Co., Ltd.	Taiwan	Agency and sale of database system and professional service of software	21,493	21,493	2,243,445	24.39	35,113	29,692	7,241	
Ares International Corp.	ARES GROUP CORP.	Seychelles	Investment business	35,029	35,029	1,500,000	100	14,935	1,667	1,668	Subsidiary
Ares International Corp.	APLUSOFT CO., LTD.	Taiwan	Installation of computer and consultant of information software	30,889	30,889	1,500,000	100	35,968	6,804	6,804	Subsidiary
Ares International Corp.	ARES INTERNATIONAL (THAILAND) CO., LTD.	Thailand	Provides professional service of computer application software and sells computer peripheral equipments	6,865	6,865	1,470,000	49	7,831	1,108	546	
APLUSOFT CO., LTD.	WELJOIN TECHNOLOGIES LIMITED (BVI)	British Virgin Islands	Investment business	26,177	26,177	50,000	100	35,605	6,810	Note3	Second-tire subsidiary
ARES GROUP CORP.	SHARP KEEN MANAGEMENT LIMITED	British Virgin Islands	Investment business	34,115	34,115	1,120,000	100	14,576	1,701	Note3	Second-tire subsidiary
SHARP KEEN MANAGEMENT LIMITED	BLITZ IT CONSULTANTS PTE LTD.	Singapore	Agency of computer software and internet	33,256	33,256	484,000	25	14,512	7,042	Note3	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1)The columns of ‘Investee’, ‘Location’, ‘Main business activities’, Initial investment amount’ and ‘Shares held as at December 31, 2019’ should fill orderly in the Company’s (public company’s) information on investees and every directly or indirectly controlled investee’s investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the ‘footnote’ column.

(2)The ‘Net profit (loss) of the investee for the year ended December 31, 2019’ column should fill in amount of net profit (loss) of the investee for this period.

(3)The ‘Investment income (loss) recognised by the Company for the year ended December 31, 2019’ column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary’s net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: Investment income (loss) for the period was recognised by subsidiaries of investees.

Ares International Corp.
Information on investments in Mainland China
For the year ended December 31, 2019

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method	Beginning balance of accumulated outflow of investment from Taiwan	Investment flows: Remitted to Mainland China	Investment flows: Remitted back to Taiwan	Ending balance of accumulated outflow of investment from Taiwan	Net income of investee for the year ended December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 （Note 2）	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Note
APLUSOFT (SUZHOU) CORPORATION	Research and development of enterprise management software and sale of self-produce product of the Company	$ 25,228	Note1	$ 23,806	-	-	$ 23,806	$ 7,397	95.88	$ 7,090	$ 31,855	-	Note 4

Note 1: Through investing in an existing company in the third area, which then invested in the investee in Mainland China. The investee in the third area is WELJOIN TECHNOLOGIES LIMITED (BVI).
Note 2: The financial statements were audited and attested by R.O.C. parent company's CPA.
Note 3: The paid-in capital of Aplusoft (Suzhou) Corporation amounted to RMB5,215,000 (USD750,592).
Note 4: In September 2019, APLUSOFT (SUZHOU) CORPORATION remitted its earnings amounting to RMB550,015.62 to the investee in the third area, WELJOIN TECHNOLOGIES LIMITED (BVI).

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Ares International Corp.	$ 49,446	$ 49,446	$ 445,361
APLUSOFT CO., LTD.	23,806	23,806	