



"TO INSPIRE  
ENDLESS MOMENTS  
OF FUN & EXCITEMENT  
THROUGH VIRTUAL &  
LIVE EXPERIENCES."

ANNUAL REPORT 2018



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# MESSAGE FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

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Throughout 2018, the overall online gaming industry in the mobile gaming segment continued to gain in popularity. Asiasoft's business performance for the international market posted increase in growth rates particularly in the Philippines. The Company continually made adjustments in management strategies to correspond to the market situation while effectively keeping pace with the development of IT network system. Partnerships with key businesses further reinforced the Company's position to expand in the future.

For 2019, Asiasoft will continue to focus on growing the international market while accelerating the expansion of the base to create more opportunities in Thai market. Moreover, the emphasis will be on growing the mobile gaming segment reflecting the demand in the market as well as looking for new business opportunities that will result in achieving better business performance for the Company.

On behalf of Asiasoft, we would like to extend our appreciation to everyone who contributed to the Company's success by dedicating their hearts and souls working tirelessly and overcoming obstacles and difficulties along the way. Thank you to our customers who placed their confidence, trust and provided us with constructive feedback for improvements and developments in service. Thank you to our business partners who stood by us and supported Asiasoft always. Thank you to our shareholders and investors for valuable feedback. All of our stakeholders are vital to strengthening the success of Asiasoft as we operate the business with commitment, transparency, accountability for economic, social and environment for benefits of all stakeholders.



Mr. Tan Tgow Lim  
Chairman



Mr. Pramoth Sudjitporn  
Chief Executive Officer

# REPORT OF THE AUDIT COMMITTEE

The Audit Committee of Asiasoft Corporation Public Company Limited consists solely of three independent directors with the qualifications set forth by the Securities & Exchange Commission i.e. Mr. Chalermphong Jitkuntivong as Chairman of the Audit Committee, Mrs. Monluedee Sookpantararat and Pol.Col. Yanaphon Youngyuen, as Audit Committee Member.

The Audit Committee has always performed its work in accordance with duties and responsibilities that assigned by the Board of Director and under the charter of Audit Committee that comply with the best practice guidelines for audit committee, relative Rules and Regulations of the Stock Exchange of Thailand.

During the year 2018, the Audit Committee met totally 5 times together with the Management, the Account and Finance Department, Outsourced Internal Audit and the external auditors every quarter depending on the relevant agenda which can be concluded as follows :

## **1. Ensure accurate and adequate financial reports.**

To review the quarterly and yearly Company's financial statements together with the external auditors and the Management by questioning, discussing and advising on certain issues and matters relating to the Company's financial reports. In addition, the Audit Committee held the meeting with external auditors without management 1 times, in order to grant external auditors the opportunity to express any problems and recommendation.

The Audit Committee is of the opinion that the financial statements of the Company and its subsidiaries were prepared in accordance with generally accepted accounting standards and were presented accurately and fairly with adequate information disclosure.

## **2. Ensure suitable and efficient internal control and internal audit systems as well as to review the independence of internal audit office.**

To review internal audit systems, approve the structure of the internal audit plans, acknowledge the result of auditing including the evaluation of the adequacy of the Company's internal control system together with Outsourced Internal Audit.

The Audit Committee is of the opinion that the Company has appropriate and adequate internal control and audit systems.

## **3. Consider, elect and nominate the Company's outsourced internal audit for the year 2019.**

The Audit Committee is on the process of consider, elect and nominate the auditor in the Philippines to be the outsourced internal auditor for a subsidiary in the Philippines (Playpark Inc.) for the year 2019.



**4. Ensure compliance with laws pertaining to securities and the stock exchange, regulations of the Stock Exchange of Thailand, Securities and Exchange Commission and laws concerning Company business.**

The Audit Committee is of the opinion that the Company has complied with relevant rules and regulations that concerning Company business.

**5. Consider, elect and nominate the Company's auditors for the year 2019.**

To present the Board of Directors to propose to the shareholders' meeting on the consideration of appointing Mazars Limited as the Company's external auditor for 2019. Mazars Limited has assigned Mr. Sompop Pholprasarn, Certified Public Accountant (Thailand) No. 6941 and Ms. Wannawat Hemachayart, Certified Public Accountant (Thailand) No. 7049 to be the Project Leader and responsible for the performing of the Company's external audit of the Company, because he is an independent auditor who has knowledge, ability and experience providing external auditing with the authority, duties, and responsibilities set forth by the Securities and Exchange Commission.

**6. Consider the transactions with related parties and transactions with conflict of interest in line with relevant legislation and regulations.**

To review process, practice, regulations and articles of association of the Company in order that the approved transactions and disclosure comply with the rules or notification of the Stock Exchange of Thailand as accurate and complete.

The Audit Committee is of the opinion that the transactions to be in order and are in the best interest of the Company with adequate information disclosure.

**7. Self-Assessment.**

The Audit Committee conducted collective self-assessment in order to guide whether the performance of the Audit Committee is in accordance with the entire scope of responsibilities or not. The Self-Assessment showed that the Audit Committee performed mainly of their duties in accordance with the entire scope of responsibilities.

**8. Others :**

- 8.1 Reviewing the information disclosed to the Stock Exchange of Thailand and the Securities and Exchange commission, as disclosed in the Company's annual report year 2018 (Form 56-2) and in the annual information disclosure form as at 31 December 2018 (Form 56-1).
- 8.2 Reporting the Audit Committee's activities to the Board of Directors periodically.
- 8.3 Reviewing the Charter of Audit Committee for ensuring the Charter of Audit Committee is update and suitable for the Organization Environment.

8.4 The record of attendance of the Audit Committee members is summarized as follows :

Name	Position	At the Meeting During 2018
1. Mr. Chalermphong Jitkuntivong	Independent Director and Chairman of the Audit Committee	5/5
2. Mrs. Monluedee Sookpantarat	Independent Director and the Audit Committee Member	5/5
3. Pol.Col. Yanaphon Youngyuen	Independent Director and the Audit Committee Member	4/5

On behalf of the Audit Committee



Mr. Chalermphong Jitkuntivong)  
Chairman of the Audit Committee

22 February 2019

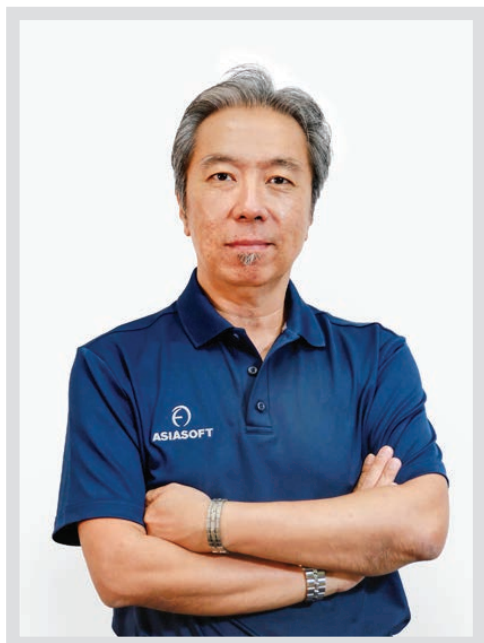




# BOARD OF DIRECTORS



# BOARD OF DIRECTORS



## Mr. Tan Tgow Lim

Chairman

58 years old

### Educational Background

- Business Administration, Cambridge GCE Ordinary Level
- Presbyterian Boys School in Singapore

### Work Experiences (Present)

- Chairman, Asiasoft Corporation Public Company Limited
- Director, Playpark Pte. Ltd. (former name Asiasoft Online Pte. Ltd.)
- Director, AS Online Sdn. Bhd.
- Director, PT. Asiasoft
- Director, CIB Development Sdn. Bhd.
- Director, Playpark Inc.

### Work Experiences (Former)

- Director, Level Up!, Inc.
- Director, Asiasoft International Company Limited

### Training Program organized by Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP 50/2006)

### Illegal Record in past 10 years

- None

### Number of Company Shares as of 31 December 2018

- Common shares 30,023,300
- Warrant -

### Number of Company Shares of spouse as of 31 December 2018

- Common shares 6,000,000
- Warrant -





## Mr. Pramoth Sudjitporn

Vice Chairman

44 years old

### Educational Background

- Bachelor of Business Administration, Bangkok University

### Work Experiences (Present)

- Vice Chairman, Chief Executive Officer and Chairman of Executive Committee, Asiasoft Corporation Public Company Limited
- Director, A Capital Company Limited
- Director, Playpark Company Limited (former name Funbox Company Limited)
- Director, Skynet Systems Company Limited
- Liquidator, Asiasoft International Company Limited

### Work Experiences (Former)

- Director, Miryn Innovation Company Limited
- Director, Asiasoft Online Pte. Ltd.

### Training Program organized by Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP 50/2006)

### Illegal Record in past 10 years

- None

### Number of Company Shares as of 31 December 2018

- Common shares 197,397,907
- Warrant 49,349,476

### Number of Company Shares of spouse as of 31 December 2018

- Common shares 41,397,656
- Warrant 10,349,414



## **Mr. Lertchai Kanpai**

Director

58 years old

### **Educational Background**

- Bachelor of Laws, Ramkhamhaeng University

### **Work Experiences (Present)**

- Director and Managing Director, Asiasoft Corporation Public Company Limited
- Director, Playpark Company Limited (former name Funbox Company Limited)

### **Work Experiences (Former)**

- Director, Asiasoft International Company Limited
- Director, A Capital Company Limited
- Director, Funbox Company Limited (former name Playpark Company Limited)

### **Training Program organized by Thai Institute of Directors Association (IOD)**

- Director Accreditation Program (DAP 51/2006)

### **Illegal Record in past 10 years**

- None

### **Number of Company Shares as of 31 December 2018**

- Common shares 14,177,800
- Warrant -





## Mr. Chalermphong Jitkuntivong

Independent Director and Chairman of the Audit Committee

58 years old

### Educational Background

- Master of Laws, Cornell University, USA
- Barrister at laws (Thai Bar)
- Bachelor of Laws (Hons.), Chulalongkorn University
- Graduate Diploma in Business Laws, Thammasat University

### Work Experience (Present)

- Independent Director and Chairman of the Audit Committee, Asiasoft Corporation Public Company Limited
- Attorney, Domnern Somgiat & Boonma Law Office Limited

### Training Program organized by Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP 53/2006)
- Understanding the Fundamental of Financial Statements (UFS 9/2007)

### Specific Knowledge or Expertise

- Law

### Illegal Record in past 10 years

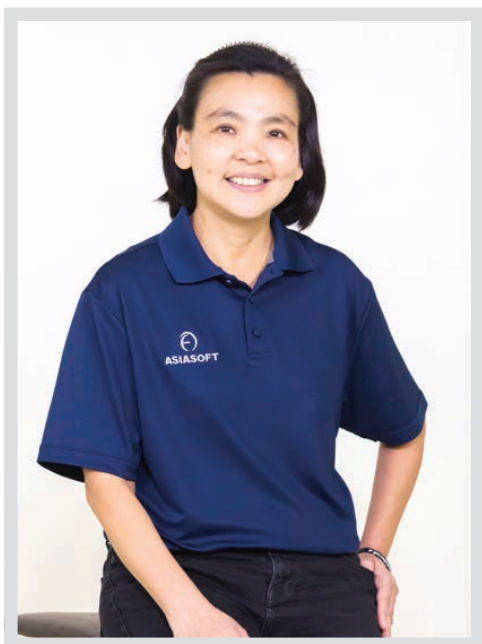
- None

### Business Relationship with the Company

- None

### Number of Company Shares as of 31 December 2018

- Common shares 407,600
- Warrant 76,425



## **Mrs. Monluedee Sookpantararat**

Independent Director and Audit Committee Member

54 years old

### **Educational Background**

- Master's Degree in Accounting, Thammasat University
- Graduate Diploma in Auditing, Thammasat University
- Bachelor's Degree in Accounting with 2nd class honors, and Major in Accounting, Thammasat University
- Certified Public Accountant, Thailand License No.4020
- Arbitrator, Thailand Arbitration Center : THAC
- Arbitrator, Thai Arbitration Institute : TAI, Court of Justice
- ASEAN Chartered Professional Accountant

### **Work Experiences (Present)**

- Independent Director and Audit Committee Member, Asiasoft Corporation Public Company Limited
- Independent Director and Audit Committee Member, Plan B Media Public Company Limited
- Independent Director and Chairman of Audit Committee, ASN Broker Public Company Limited
- Vice President - Finance, Nava Nakorn Public Company Limited
- Vice President - Finance, Nava Nakorn Electricity Generating Company Limited
- Visiting Lecturer, Faculty of Commerce and Accountancy, Thammasat University
- Visiting Lecturer, Faculty of Accountancy, Bangkok University

### **Work Experiences (Former)**

- Director, Wave Entertainment Public Company Limited
- Chief Financial Officer, Group of Wave Entertainment Public Company Limited
- Audit Manager, EY Office Limited

### **Training Program organized by Thai Institute of Directors Association (IOD)**

- Director Certification Program (DCP 31/2003)
- Director Diploma Award (Fellow Member) (Class 11/2003)
- Director Accreditation Program (DAP 34/2005)
- Audit Committee Program (ACP 23/2008)



**Other Relevant Training in 2018**

- KPMG Executive Briefing : Sustainability Trends and Reporting with a summary of the issues raised, practical recommendations for improvement, and areas of focus ahead of the 2018, KPMG Phoomchai Audit Ltd.
- PwC Forensics Seminar on Employee Fraud and Labour Law in Actions, PricewaterhouseCoopers ABAS Ltd.
- PwC Forensics Seminar on Third Party Due Diligence : Ethical and Transparent Supply Chain, PricewaterhouseCoopers ABAS Ltd.
- 2<sup>nd</sup> Kesree Narongdej Forum Re “Accounting and Sustainability in Digital Era”, Faculty of Commerce and Accountancy, Thammasat University and The Stock Exchange of Thailand
- Seminar with Thammasat Business School Re “Accounting-NPAEs vs Tax : Revenue and Fraud Risk Management” and “Accounting -NPAEs vs Tax : Assets, Liabilities and Accounting for Planning and Evaluation”, Faculty of Commerce and Accountancy, Thammasat University
- Trends in mediation and arbitration for the maritime sector, Thailand Arbitration Center : THAC

**Illegal Record in past 10 years**

- None

**Business Relationship with the Company**

- None

**Number of Company Shares as of 31 December 2018**

- Common shares 116,000
- Warrant -

**Number of Company Shares of spouse as of 31 December 2018**

- Common shares 185,000
- Warrant 46,250



## Pol.Col. Yanaphon Youngyuen

Independent Director and Audit Committee Member

65 years old

### Educational Background

- Bachelor of Public Administration Science; Police Cadet Academy Class 28
- Master of Urban Planning; Faculty of Architecture, Chulalongkorn University
- Master of Science Program in Computer Science; Department of Computer Engineering, Faculty of Engineering, Chulalongkorn University
- Chief Information Officer (CIO 16)
- Senior Executives Development Program : Visionary Leadership Class 46
- Capital Market Academy (CMA 7)
- National Security Management for Senior Executives (NSM 3)
- Management for Senior Executives Program 2 Class 3
- Advance Political and Electoral Development Institute (APED 3)
- Advanced Security Management Program (ASMP 4)

### Work Experiences (Present)

- Independent Director and Audit Committee Member, Asiasoft Corporation Public Company Limited
- The Qualified Members of the National Cyber Security Preparatory Committee
- Sub-Committee for Drafting Cyber Security Law 2019
- Sub-Committee for Drafting Personal Data Protection Law 2019

### Work Experiences (Former)

#### *Royal Thai Police*

- Suppression Division : Chakawat Police Station, Prarajawang Police Station, Bangsue Police Station
- Supporter Division : HR of Metropolitan Police Bureau, Purchasing Department, AFIS Criminal Records Division, Police Information System Center

*Department of Special Investigation (DSI)*

- Director of Hi-Tech Crime Bureau
- Director of Technology and Information Bureau
- Deputy Director-General of DSI

*Office of Public Sector Anti-Corruption Commission (PACC)*

- Deputy Secretary-General of Office of Public Sector Anti-Corruption Commission

*Achievement*

- The Automated Fingerprint Identification System (AFIS)
- Criminals Database Operating System (CDOS)
- Police Information System (POLIS)
- Command Control Communication Information Center (C3I)
- Design and Developer Programing; Gunman System, Important Personal Information System, Lost Vehicle System, Payroll System, Crime Statistics System
- Internet Developer for Royal Thai Police and website [www.police.go.th](http://www.police.go.th)
- Sub-Committee for Drafting Computer Crime Law 2007 and 2017
- Sub-Committee for Online Media Reform Steering
- President of Thai Webmaster Association
- Vice President of Thai Computer Association
- President of Thai Information Security Association (TISA)

*Lecturer in Ecology of Crime, Computer and Computer Crime*

- Police Cadet Academy and many other Universities and Institutes

**Training Program organized by Thai Institute of Directors Association (IOD)**

- Director Accreditation Program (DAP 144/2018)

**Illegal Record in past 10 years**

- None

**Business Relationship with the Company**

- None

**Number of Company Shares as of 31 December 2018**

- Common shares -
- Warrant -





# MANAGEMENT



# EXECUTIVE COMMITTEE AND SUBSIDIARY'S MANAGEMENT



## Mr. Ung Chek Wai, Gerry

Chief Financial Officer

### Educational Background

- Business Administration, Middlesex University
- Master of Science in Corporate Finance, Salford University

### Work Experiences (Present)

- Chief Financial Officer, Asiasoft Corporation Public Company Limited
- Director, Playpark Pte. Ltd. (former name Asiasoft Online Pte. Ltd.)
- Director, AS Online Sdn. Bhd.
- Director, Playpark Inc.

### Work Experiences (Former)

- Director, Singtel (International Group)
- Country Manager, Southeast Asia for Danone
- Managing Director, Asiasoft Pte. Ltd.

### Training Program organized by Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP 88/2011)

### Illegal Record in past 10 years

- None

### Number of Company Shares as of 31 December 2018

- Common shares -
- Warrant -



## Mr.Quang Quach Dong

Chief Operation Officer

### Educational Background

- University of Warwick - Warwick Business School - Msc. Management Science and Operations Research
- University of Nottingham - BA. Social Science
- Dudley College of Technology

### Work Experiences (Present)

- Chief Operation Officer, Asiasoft Corporation Public Company Limited
- Director, Playpark Pte. Ltd. (former name Asiasoft Online Pte. Ltd.)
- Director, Playpark Inc.
- Director, Asiasoft (VN) Co., Ltd.
- Director, Asiasoft Online Sdn. Bhd.
- Director, PT. Asiasoft

### Work Experiences (Former)

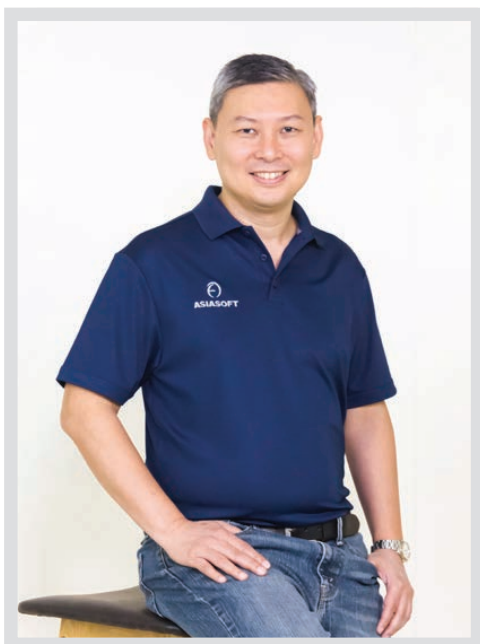
- Director, Level Up! Inc.
- Game and Biz development, Asiasoft (VN) Co. Ltd
- Regional Manager (SEA), Vivendi Universal Games
- Country Manager, BIC ASIA - Indochina
- Country Manager, Danone International Brand - Vietnam

### Illegal Record in past 10 years

- None

### Number of Company Shares as of 31 December 2018

- Common shares -
- Warrant -



## Mr. Kittipong Prucksa-aroon

Deputy Managing Director

### Educational Background

- BBA, Assumption University

### Work Experiences (Present)

- Deputy Managing Director, Asiasoft Corporation Public Company Limited
- Managing Director, Skynet Systems Company Limited
- Managing Director, Thaiware Communication Company Limited
- Managing Director, TripleS Social Trade (Thailand) Company Limited
- Liquidator, Playcybergames Company Limited
- Liquidator, Miryn Innovation Company Limited

### Work Experiences (Former)

- Managing Director, Thinkplus Digital Company Limited
- Managing Director, Miryn Innovation Company Limited
- Managing Director, Playcybergames Company Limited
- Managing Director, Cybergames Corporation Company Limited
- Assistant Vice President / Director, MFEC Public Company Limited
- Executive Director, Advance Intelligence Modernity Company Limited
- Deputy Managing Director, Asys Computer Company Limited
- General Manager, Advanced Research Group Company Limited

### Training Program organized by Thai Institute of Directors Association (IOD)

- Successful Formulation & Execution of Strategy (Class 13/2011)

### Specific Knowledge or Expertise

- Business Management

### Illegal Record in past 10 years

- None

### Number of Company Shares as of 31 December 2018

- Common shares 17,300
- Warrant 4,325



## **Miss Siriratt Waisarayutt**

Deputy Managing Director

### **Educational Background**

- Master of Business Administration, Southeastern University, USA
- Bachelor of Arts, Thammasat University

### **Work Experiences (Present)**

- Deputy Managing Director, Asiasoft Corporation Public Company Limited

### **Work Experiences (Former)**

- Assistant Project Director, Asiasoft Corporation Public Company Limited
- Managing Director, Miryn Innovation Company Limited

### **Training Program organized by Thai Institute of Directors Association (IOD)**

- Successful Formulation & Execution of Strategy (Class 13/2011)

### **Specific Knowledge or Expertise**

- Project Management

### **Illegal Record in past 10 years**

- None

### **Number of Company Shares as of 31 December 2018**

- Common shares -
- Warrant -





## **Mrs. Ratana Manomongkolkul**

Deputy Managing Director (1 January 2018 - 30 June 2018)

### **Educational Background**

- Master of Business : Administration (General Management), Mahidol University
- Bachelor of Administration : Accounting, Bangkok University

### **Work Experiences (Present)**

- Deputy Managing Director, Asiasoft Corporation Public Company Limited

### **Work Experiences (Former)**

- Shared Service Manager, ABB Limited
- Chief Financial Officer, Ingram Micro (Thailand) Company Limited
- Chief Financial Officer, Roxcel (Thailand) Company Limited

### **Training Program organized by Thai Institute of Directors Association (IOD)**

- Director Accreditation Program (DAP 126/2016)

### **Specific Knowledge or Expertise**

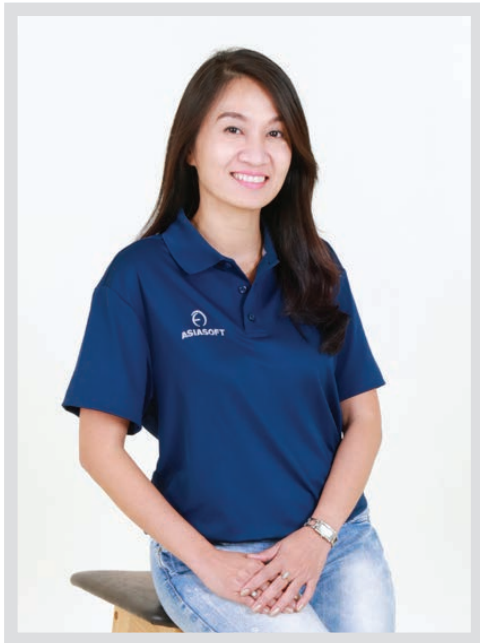
- Accounting

### **Illegal Record in past 10 years**

- None

### **Number of Company Shares as of 31 December 2018**

- Common shares -
- Warrant -



## Miss Sasitorn Chuaynoo

Deputy Managing Director (1 October 2018 - 31 December 2018)

### Educational Background

- Master's Degree in International Financial Markets, Southampton University, UK
- Bachelor's Degree in Accounting with 2nd class honors, and Major in Accounting, Thammasat University

### Work Experiences (Present)

- Deputy Managing Director, Asiasoft Corporation Public Company Limited

### Work Experiences (Former)

- Chief Financial Officer, WCA Ltd.
- Chief Financial Officer, Intuitive Logistic Resources Co., Ltd.
- Assistant Manager, KPMG Phoomchai Business Advisory Ltd. (Thailand),

### Specific Knowledge or Expertise

- Business Administration and Accounting

### Illegal Record in past 10 years

- None

### Number of Company Shares as of 31 December 2018

- Common shares -
- Warrant -



## Subsidiary's Management

Mr. Pipat Rungruang

- Managing Director, Skynet Systems Company Limited
- Managing Director, TripleS Social Trade (Thailand) Company Limited

# HIGHLIGHT EVENTS OF 2018

## January

### Thailand

Luna X Online held season 3 of its PvP tournament.



Ran Online's update implemented Level Max 300. It was promoted to hardcore gamers through Ran Online's Thai page which has 34K followers as well as on YouTube Channel with more than 300K followers of "Yoshi 300".



Ran Online combined both its Shinjuku and Kabukicho servers into a new server, "Osaka". This received good feedback from players.



Audition players were encouraged to battle in a team during the "Challenge the AU Team" event. This was implemented to help foster stronger relationships with the gamers in the community. More than 1,000 IDs entered the competition.





Granado Espada held the “Granado Espada Fan Meeting 2018” during which the game update plans for the year were made known to the attendees.



## February

Elsword held the “Couple Battle tournament”. The first team of two who achieved a Class 3 Line 1 character would win prize money of THB 10,000.



Dragon Nest was updated with a new patch titled “Lencea Awakening” which increased the level of Lencea’s career.



A campaign titled “DN Family Idol Contest” was rolled out, inviting idols and players of Dragon Nest to create cool and interesting videos in a competition to promote the game.





Dragon Nest held a PvP tournament “Dragon Nest League Season 1” with total prize pool of THB 100,000.



Dragon Nest held the “Lencea Competition” to find the Top Lencea player with 1,000,000 DN points. Prize was the Red Glaring Wings.



Audition invited English tutor, “Kru Ai”, owner of the “Reanher” Facebook page with more than 1,218,676 followers to appear live during the “Audition Live : Fun Talk” activity to teach English in the game and show off her Audition skills.



Audition welcomes Valentine’s Day with short film “The Smart Card” to attract the youth group and promote the Matching Card system.



Players who used the Matching Card system were invited to a luxury party at Zoom Sky Bar & Restaurant as part of “Audition’s Singles Party” event.





Granado Espada combined the Draco and Corona servers into the new “Phoenix” server.



Audition invited players to show off their creativity by designing couple t-shirts. Prize was THB 10,000.

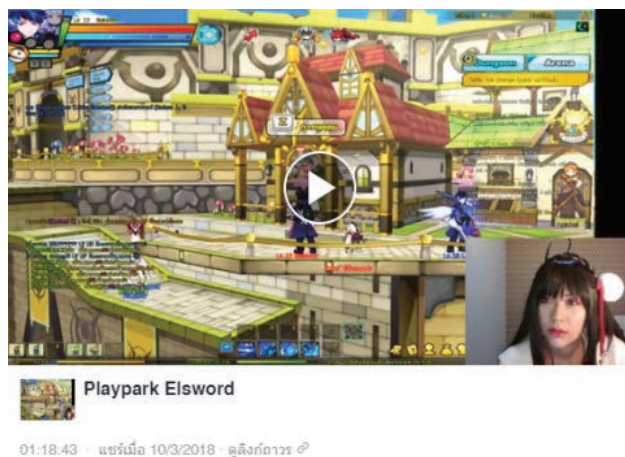


## March

Elsword invited YouTube idol “C’game” to take pictures in cosplay as the Ain character. He also appeared on live shows while playing the game in costume and participating in the campaign activities.



Elsword invited famous Thai female cosplayer “Onnies” to play the game live.



Elsword held the PvP tournament “Battle Arena” of character Class 3 Line 2 with prize money of THB 10,000.





Luna X Online held its 4<sup>th</sup> PvP tournament season to find who the current strongest player in the game is.



Luna X Online was updated with a Raid Boss system which introduced a dragon for players to battle against.



Dragon Nest was updated with a new patch titled "Bleed Phantom".



Ran Online was updated with a new patch that introduced a solo PvE dungeon.



Dragon Nest celebrated its 6<sup>th</sup> anniversary with "DN Meeting Thanks for Loving 6<sup>th</sup> Anniversary" where it also announced plans for future updates. There were many giveaways during the event which was held at the Retro Live Cafe, Queen Sirikit National Convention Center.





Audition showed off a demo of the game played by famous Twitch streamers, “PinkGuschu”, “Patiizz” and “Lapis Lazuli” to draw in new players through the streaming platform.



Audition announced the results of “Audition Award 2018”. Winners were the best players in 10 categories. A trophy and special items were given as prizes.



Granado Espada was updated “EP 3: Ecliptic Illisia” continues the intense story of eliminating demons.



## April

### Annual General Meeting 2018



Audition was updated with an in-game system which enhances “Audition Season 6 #PowerUp”.



Audition introduced the limited edition “Orjao Thai Costume” to promote Thai culture. This received good feedback from players.





Audition held a special match for girls called “Beautiful (Dance) Fiercely!”. Popular streamer “Patiizz” was invited to duel with two Audition gamers “Pop” and “Nok-yoong” to further expand awareness in the female target demographic.



Elsword invited two cosplayers, “Moiichan” and “Lapis Lazuli”, to cosplay as characters Elesis and Rena while playing the game live.



Elsword held the “Last Battle PvP” tournament for Class 3 Line 3 characters with prize money of THB 10,000.



Luna X Online was updated the new “Paragon Level Buff” system, enabling players to combine levels between characters in the same account to use buffs in the game.



Ran Online’s “Secret Pyramid” update introduced the dungeon party system which allows players to enjoy the game as group, in an effort to promote closer in-game community.



Tales Runner held activities to welcome new characters in the “Run Away with Team Cinderella” event.





## May

Audition was updated with the new “Easy Anti Cheat (EAC)” client which improved overall game stability and security by preventing people from hacking into the game.



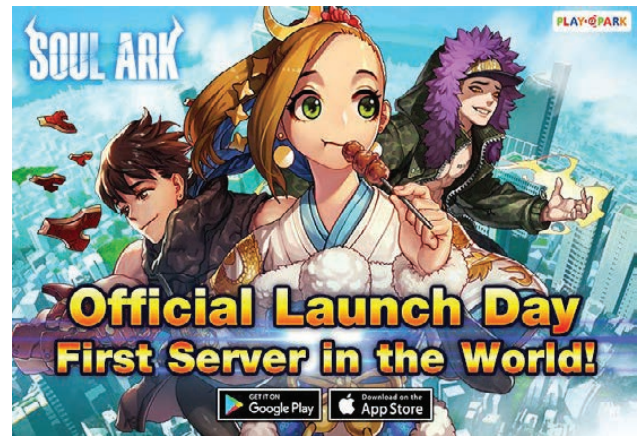
Elsword held a “Costume Creation Contest” where the prize for having the best costume is a @Cash card.



Luna X Online updated its “Pet Rune” system which increased player pets ability to assist in fighting.



PlayPark launched “Soul Ark”, a comic RPG game inspired by the Webtoon of the same name. It is the first server in the world.



Ran Online was updated with the “Inferno” battlefield; a premium dungeon with Level 280’s item drops.



Dragon Nest welcomes the new profession in the “Machina Awakening” event with a set of spectacular cosplay photos.





## June

PlayPark held the “PlayPark Football Fever” event, to welcome the 2018 World Cup along with six games; Audition, Dragon Nest, Ran Online, Luna X Online, Tales Runner and Yulgang with special events and rewards throughout June.



Elsword held a fan art drawing competition under the World Cup concept. Prizes were @Cash points worth a total of 300,000.



Audition held the “Audition Challenge” with talented young people like “Bright AF9” to show off their gaming skills on the Audition Thailand page.



The “Audition Challenge” event saw famous IT industry “Toffie Is IT Support” and “Naduj StepGeekTV” with 774,527 YouTube followers compete live via Audition Thailand page.



Elsword held the “El Lady Contest” for finding the first female presenter of Elsword Thailand. Prizes and cash points offered were worth more than THB 50,000.



Granado Espada received its fourth episode update, “EP.4 Pattern of Giant”, which required players to recover power from the demons.





## July

Audition held the “Audition Thailand Championship 2018” (ATC 2018) with the concept of “Show Your Victory Move” to find winners who can represent Thailand in the Audition Southeast Asia Championship 2018 held in the Philippines.



Luna X Online celebrated its 1<sup>st</sup> year anniversary with many activities throughout July.



Ran Online was updated with a “Battle Royale” mode.



Audition held a dance challenge for the “Lady League” and invited girl gamer group “Pinku Notori” to join in a special match.



Dragon Nest merged Ice and Fire Dragon servers to become the “Light Dragon” server to deliver more fun to players.





## August

Audition held the “Audition Lady Tournament Cup”; its 1<sup>st</sup> female competition to give women the opportunity to showcase their gaming potential. The campaign emphasizes that Audition is the true online game for women.



Audition held a special campaign to celebrate its 12<sup>th</sup> anniversary with many activities.



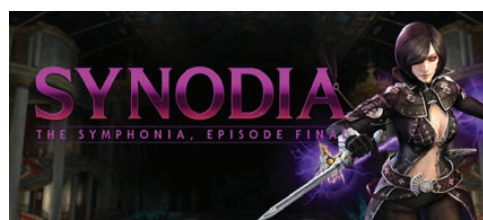
“Banana Brothers”, who were the champions of Audition Thailand Championship 2018 participated in the “Audition Southeast Asia Championship 2018” where they went on to win in the single category and came in third in the team category.



PlayPark launched “Battle of Souls”, an Action/Strategy game from the creator of the Summoners War. The game was released in five countries in Southeast Asia, including Thailand, Malaysia, Singapore, the Philippines and Indonesia.



Granado Espada was updated with “EP.5 Syndonia”.



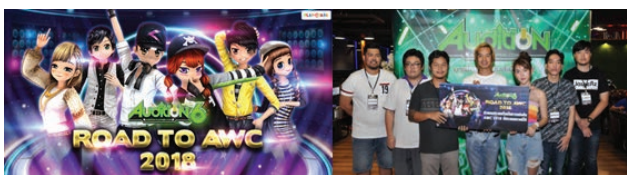


## September

Audition held the “Audition Dance Part Ep. 12”, an exclusive concert featuring female artist “Gena Desouza” at Snop Ratchada Soi 4. There was a Grand Sale booth during the concert which sold rare items.



Audition held the “Audition Road to AWC 2018” competition to find the best team to represent Thailand in the world-class tournament of Audition World Championship in South Korea. “NeoEs.Venom” was the champion of 2018.



Audition held the “J’Oar Meeting at the End of the Month” activity. Invited players were treated to a free grilled buffet at King Kong Ekkamai.



Dragon Nest held the “Dragon Nest Thailand Championship 2018” (DNTC 2018) to find the best team to represent Thailand in the Dragon Nest World Championship 2018. Winner would walk away with a total prize of more than THB 2,000,000.



Yulgang brought the famous cartoon into a new story through 3D animation by Thai animator. It received 1,000,000 views.

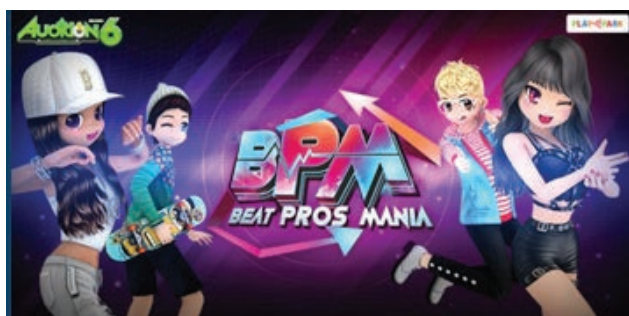


## October

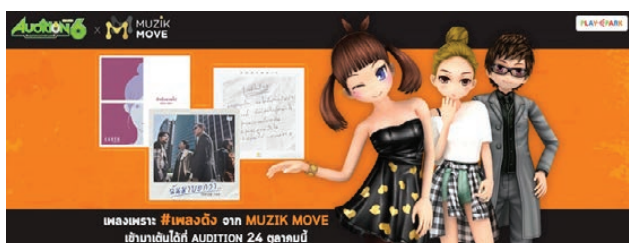
Audition held its “Sports Day 2018” for community building in-game. Players were divided into teams and the team who collected the most number of points will win.



Audition held its “Beat Pros Mania” (BPM) competition between players from the Philippines, Singapore, Malaysia and Thailand.



Audition collaborated with Muzik Move to bring popular songs from young generation’s favorite artists into the game. A meet and greet session was also held for players to interact with the artists.



Audition held its “Audition Lady League Season 1”; an online competition only for females.



Yulgang was updated with a new job “Noho” and new server “Payak Klang” (Crazy Tiger).





## November

PlayPark held “PlayPark 11.11 Knockout Sale” campaign with discounted item prices up to 90%, including seven games.



Audition held the “Audition Lady Tournament Cup EP.2”. There were many females interested in participating in the competition. This created a lot of excitement for gamers in the internet cafe.



Audition held its annual “Audition FAM Outing Ep.5 : Go Together, Fun Together” where six lucky FAMs were invited to visit the Satabun Saengsawang Foundation before heading to Siam Park for some fun.



Audition held its “Audition Challenge” where it invited boy band “Cute Chef” to show off their gaming skills on the Audition Thailand page.



Audition held its “Challenge Your Friends to Play Audition” event and invited two streamers, “Mayry” and “Patiizz” to play Audition. There were many rewards given as well.





Audition invited players to participate in the “Loy Kratong” activity by wearing the Thai cultural dress. Posting a picture in attire on their Facebook page will reward them with a special item.



Ran Online held its “Club War Tournament” with a total prize of THB 7,000.



## December

Extraordinary General Meeting of Shareholders  
No. 1/2018



Dragon Nest brought “Roommate” to represent Thailand in the “Dragon Nest World Championship 2018” in China. The reward was THB 1,000,000. Roommate was the winner.



Audition held “Fan Meeting with Earth Patavee” an artist from Muzik Move at Teddy Castle.



Audition brought “NeoEs.Venom” to represent Thailand in “Audition World Championship 2018” in South Korea. They won all three prizes in the single category competition.





Audition team interviewed undergraduates from King Mongkut's Institute of Technology Ladkrabang. The owner of the viral clip which imitated Audition dancing received 1M views.



Audition, in a show of gratitude to all players who have been playing together for 12 years, gave a special song sung by talented artist "Earth Patravee" titled, "My Love is You" as a year-end gift.



Flyff, Thailand's first flying game, relaunched with the "Madrigal Night Party" exclusive for invited fans to attend. During the event, fans were treated to the future plans and updates for Flyff.



## January

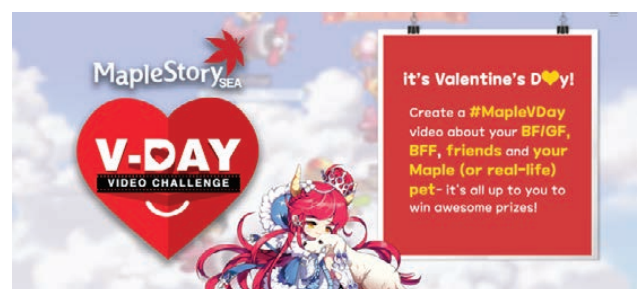
### Singapore

MapleStorySEA held its annual Chinese New Year event.



## February

MapleStorySEA held its "Maple V-Day Video Challenge" event.



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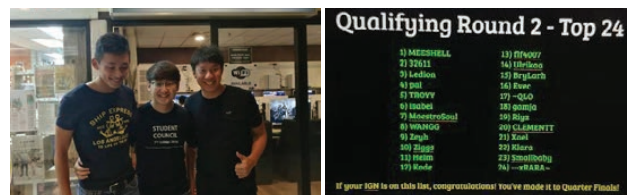
## April

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Audition Next Level held a flash mob activity at Sentosa which resulted in several media pickups.



Audition Next Level held a competition in “PlayPark All-Stars” event.



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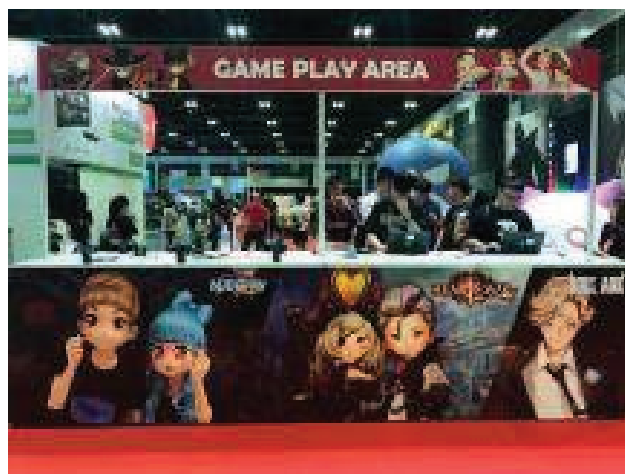
## November

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MapleStorySEA brought its “Playfest” event to the Singapore Tech Show 2018 held at Suntec City.



Audition Next Level ran an activity booth during the “Playfest” event, including live competitions.



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## May

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MapleStorySEA held the “Ark Community” event to promote the new big patch update to 142 attendees.



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## July

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MapleStorySEA held its 13<sup>th</sup> anniversary celebration.





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## December

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MapleStorySEA held the first-ever “Black Night Dinner & Dance” event for players at Marina Bay Sands.



Audition Next Level held a competition between FAMs for the annual “FAM of the Year” competition.



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## July

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### Malaysia

MapleStorySEA held its 13<sup>th</sup> anniversary celebration.



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## October

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MapleStorySEA celebrated Halloween with “MapleStorySEA Hallooots” on-ground event.



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## December

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Mission Against Terror 2 held its international competition; “MATIC 2018 @ GAX”.





## Philippines

### March

PlayPark held a grand three-day competition for “PlayPark All-Stars 2018” at SM North EDSA Annex Cyberzone.



### August

PlayPark national champions were revealed at the “PlayPark All-Stars 2018 Finals”.



PlayPark held its yearly “PlayPark Game Fest” competition at SM San Mateo.

### June

Cabal, the longest running MMORPG in the Philippines celebrated its 10<sup>th</sup> anniversary.





PlayPark held the “Lucky Chinatown Asian Fest : Year 3” event at Atrium Binondo in Manila.



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## October

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PlayPark held the “ARCHcon 2018” event in Cebu.



Flyff launched a party to celebrate its huge comeback. It was attended by the biggest guilds and personalities in the Flyff community.



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## November

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PlayPark announced the relaunch of “Perfect World”, the official debut of “Tanki Online”, and the winners of “10<sup>th</sup> Special Force World Championship”.



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## December

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PlayPark held the biggest Christmas party in Southeast Asia “PlayPark XP 2018” in Cebu, Metro Manila, and General Santos.





## ONLINE GAMES LAUNCHING IN 2018



Soul Ark

Thailand, Singapore, Malaysia, Philippines, Indonesia



Battle of Souls

Thailand, Singapore, Malaysia, Philippines, Indonesia



Bang Bang Shooters

Malaysia



Heroes Unleashed

Malaysia





Jin Guang Qun Xia Zhuan

Malaysia



Tian Zi Chuan Qi

Malaysia



Audition Next Level

Philippines



Flyff

Philippines





Perfect World

Philippines



Tanki Online

Philippines





# POLICY AND OVERVIEW OF THE COMPANY'S BUSINESS



# POLICY AND OVERVIEW OF THE COMPANY'S BUSINESS

## 7.1 Company Mission

**“To inspire endless moments of FUN and excitement  
through virtual and live experiences.”**

We are committed to creating fun and excitement through virtual and live experiences, and aim to become a leading online entertainment business in Southeast Asia with confidence and belief in the potential of our business which has consistently shown an upward growth trend. The following are operational strategies :

- Expand services to cover Southeast Asia.
- Expand not only online gaming businesses but other online businesses as well.
- Partner up with game developers to procure globally popular games with variety of exciting contents to feed online gamers.
- To provide the best content to gaming community by offering the best title from different genres. Asiasoft is committed bringing in AAA titles and IPs from leading developers and partners from around the world.
- Inspire and engage online gamers with endless entertainment.
- Create a social gaming network community that is socially responsible.

## 7.2 Important Changes and Development

Asiasoft Corporation Public Company Limited (the “Company or AS”) was formerly named B.M. Media (Thailand) Company Limited. The Company was incorporated on 20 September 2001, with a registered capital of 5 million baht as a distributor of PC games by co-founders of the Company, Mr. Pramoth Sudjitporn, Mr. Tan Tgow Lim and Mr. Lertchai Kanpai, all of whom have extensive experience in the entertainment software business.

- In 2003, the Company started to provide online gaming services in Thailand by launching “Ragnarok Online”, an online game licensed from Gravity Company Limited, South Korea. The game was localized into Thai language to serve Thai gamers and was met with enormous success which in turn helped to establish the Company as one of the leading providers of online games in Thailand.
- In 2004 - 2005, a shareholding restructuring of the Company was carried out by purchasing shares in companies held mainly by common shareholders to provide clarity in the operating structure, savings and effectiveness in management.
- In 2006, the Company expanded its services to include “Audition” casual game which met with astounding success. To date, it still holds the no.1 spot in the dance game category in Thailand. In the same year, the Company established Asiasoft Online Pte. Ltd. in Singapore as its first step to expand the market to cover Southeast Asia.

- In 2007, the Company listed on the Stock Exchange of Thailand on 17 May 2007 with a registered capital of 316 million baht.
- In 2011, the Company expanded its services above and beyond online games by investing in Thaiware Communication Company Limited, the portal owner of [www.thaiware.com](http://www.thaiware.com) known as the hub of IT news and download distribution for both Thai and international software. Truehits ranked the web portal as no.1 in Computer. This portal also serves as a platform for e-commerce selling software, IT equipment and gadgets.
- In 2012, the Company expanded the market to Malaysia by investing in CIB Development Sdn. Bhd.
- In 2014, the Company has continuously grown and expanded the mobile gaming sector to correspond to the increase in consumer usage of smartphones. Combined with the growing popularity in the online media and marketing on the digital platform, the Company expanded into online agency business by offering complete digital marketing planning services by investing in Think Plus Digital Company Limited to services own group of companies and other customers. Within the same year, the Company invested in developing digital contents by investing with Mirin Innovation Company Limited to create online PC games and mobile games including applications. In addition, the Company continued to push ahead in Southeast Asia by expanding the market to cover the Philippines by acquiring Level Up! Inc.
- In 2016, the registered capital was increased by 102,469,254 baht, bringing the total registered capital to 409,877,016 baht.
- In 2017, the Company invested in Skynet Systems Company Limited, a Fintech Start-Up to develop trading platform applications for trading stocks and securities, adding on another business sector.
- In 2018, the registered capital was increased for Skynet Systems Company Limited, an associate company in Thailand and for Asiasoft Online Pte. Ltd., a subsidiary company in Singapore and renamed it as Playpark Pte. Ltd. In addition, negotiations with business partners in Myanmar and Indonesia started in preparation for the launch of online gaming services in the early part of 2019.



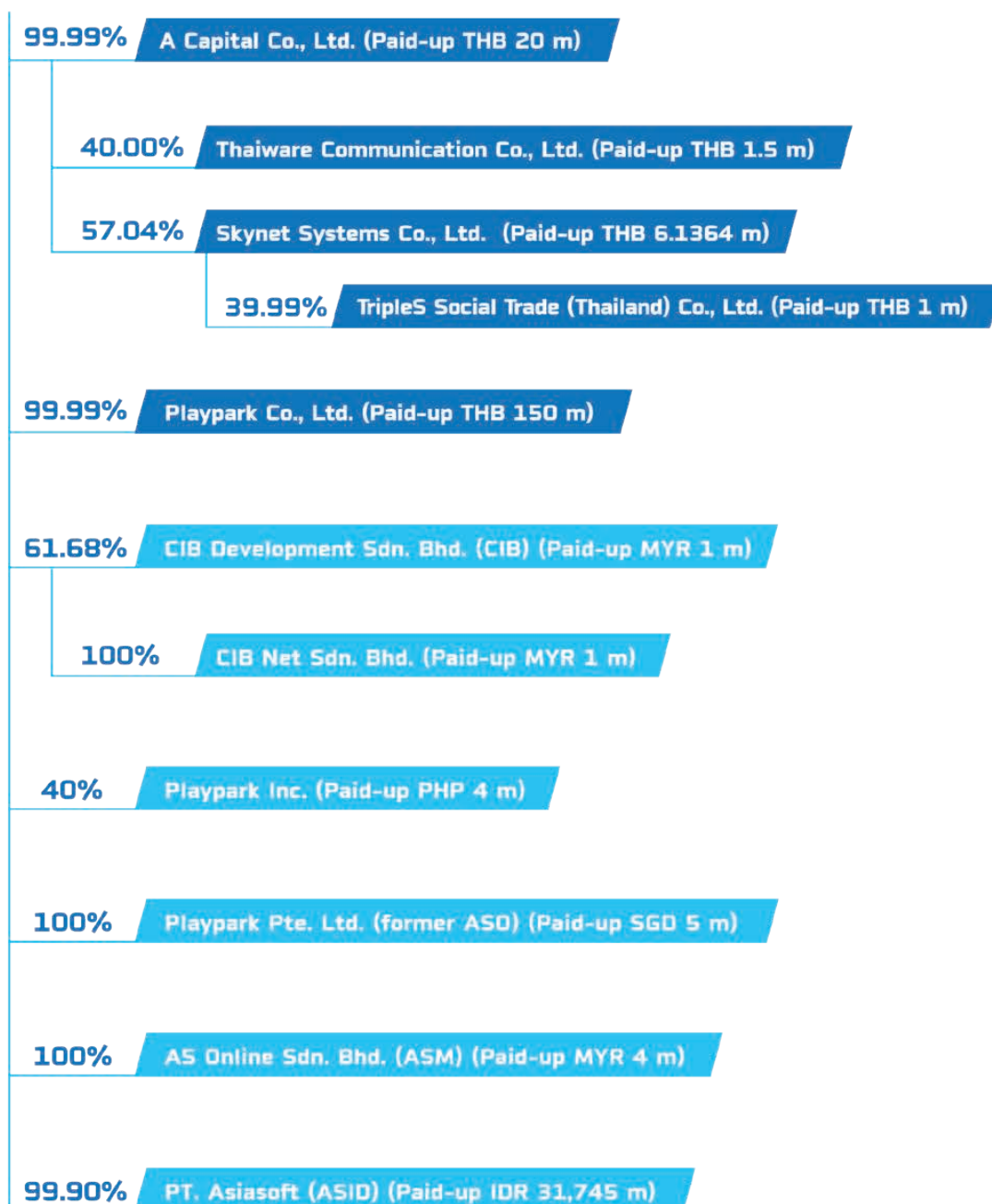
### 7.3 Company Structure

As at 31 December 2018, the Asiasoft Group comprises of 12 companies, as follows :



**Thailand** **Overseas**

**(Paid-up capital THB 409.87 m)**



The Company's main business is in online entertainment, as detailed below.

Company	Country	Main business
1. Asiasoft Corporation Plc. ("AS")	Thailand	Providing online entertainment services as an online game and mobile game operator in Thailand.
2. A Capital Co., Ltd. ("A Capital")	Thailand	Investment Arm (Holding Company).
3. Thaiware Communication Co., Ltd. ("Thaiware")	Thailand	Providing information and distributing software and IT service, including software download on the website "www.thaiware.com"
4. Skynet Systems Co., Ltd. ("Skynet")	Thailand	Developing stock and security market trading platform application
5. TripleS Social Trade (Thailand) Co., Ltd. ("TripleS")	Thailand	Developing and providing service of software solution and IT devices.
6. Playpark Co., Ltd. ("Playpark")	Thailand	Online game business services.
7. CIB Development Sdn. Bhd. ("CIB Dev")	Malaysia	Online PC and mobile game business services in Malaysia.
8. CIB Net Sdn. Bhd. ("CIB Net")	Malaysia	Online PC and mobile game business services in Malaysia.
9. Playpark Inc. ("PPI")	Philippines	Online game business services in the Philippines
10. Playpark Pte. Ltd. ("PPP") (Former name Asiasoft Online Pte. Ltd.)	Singapore	Online PC and mobile game business services in Singapore.
11. AS Online Sdn. Bhd. ("ASM")	Malaysia	Online game business services in Malaysia.
12. PT. Asiasoft ("ASID")	Indonesia	Online game business services in Indonesia.

#### 7.4 Relationship with the Business Group of Major Shareholders

The main business of the Company does not have any significant relationship with or relating to other business operations of major shareholders.



# NATURE OF BUSINESS

## 8.1 Structure of the Company's Income

The Company's income can be divided into three type of business as follows :

Type of Revenue	2018		2017		2016	
	THB M	%	THB M	%	THB M	%
1. Revenue from online game service	552	92	760	91	867	90
2. Revenue from distribution business	37	6	19	2	28	3
3. Other income	12	2	56	7	72	7
<b>Total</b>	<b>601</b>	<b>100</b>	<b>835</b>	<b>100</b>	<b>967</b>	<b>100</b>

The Company's income can be divided into two geographical areas as follows :

Type of Revenue	2018		2017		2016	
	THB M	%	THB M	%	THB M	%
1. Revenue from operation in Thailand	255	42	476	57	468	48
2. Revenue from overseas operation	346	58	359	43	499	52
<b>Total</b>	<b>601</b>	<b>100</b>	<b>835</b>	<b>100</b>	<b>967</b>	<b>100</b>

## 8.2 Products and Services

### 8.2.1 Nature of the Company's Business

The Company is recognized locally and internationally as the leading provider of online entertainment services in Southeast Asia focusing in online games. The Company first entered the online gaming business in 2003 with the launch of "Ragnarok Online" which was extremely successful. Then, in 2008, "Maple Story" was launched in Singapore and received commanding acceptant from Singaporean gamers. This was a major milestone that catapulted the Company to become one of the leading online gaming operators in Thailand. During 2018, the Company launched 29 games in five countries on both PC and mobile platforms, broken down into : Thailand (10 games), Singapore (3 games), Malaysia (20 games), the Philippines (11 games) and Indonesia (2 games).

In the past 3 years, the online gaming business was a major contributor of the Company's revenue, accounting for approximately 83 - 87% of the Company's overall revenues.

The online gaming services are operated through companies set up locally in those countries. Each local company owns a dedicated gaming server system to support gamers in that country. Additionally, the Company runs a multi-country server in Singapore to provide support for gamers in the region to ensure that there is adequate gaming server support to efficiently serve a high traffic of gamers playing at the same time.

Affiliated company's revenue is generated through the primary business activities of providing online services for online games. This is achieved through the following payment channels :

- Online game prepaid money card distributed under our Company's @Cash and Level Up! card. The prepaid card is produced in the form of plastic and electronic card, distributed through domestic dealers and leading retailers covering Southeast Asia.
- Cash cards or prepaid cards distributed by mobile service providers in the operating countries, for example One-2-Call!, true money and Celcom, available in the form of plastic and electronic card platforms.
- Payment via debit and credit cards certified by Visa and MasterCard.
- Online banking services by five local banks in Thailand, including Bangkok Bank, Krungsri Bank, Krung Thai Bank, Kasikorn Bank, and Siam Commercial Bank.
- Payment via Rabbit LINE Pay application in Thailand.
- Payment via PayPal account.
- Payment via local SMS services in operating countries.

The above payment methods can be used with all online games offered in all countries and refills can be done with other business partners as well.

Online games offered on mobile platforms may be paid via App Store for iOS and Google Play for Android.

Since 2015, the Company has developed and made enhancements to the money refilling system named PlayMall which acts as the centralized e-wallet for payments of all items and services for games under PlayPark brand. The emphasis is to provide convenience and simplicity in refilling the money for all gamers in Southeast Asia. The system can accommodate refills that convert into Cash Points for seven currencies namely US dollar (USA), Baht (Thailand), Ringgit (Malaysia), Singapore dollar (Singapore), Dong (Vietnam), Peso (the Philippines) and Rupia (Indonesia). Gamers can use the payment options as mentioned above to refill, and payments are then centralized by using the PlayMall. In addition, in 2018, the Company made enhancements to PlayMall making possible to recognize the revenues stream based on the new accepted standards in accounting method which will be implemented in 2019. This newer version will also make refill promotions more flexible and efficient for gamers.

Moreover, to provide support in servicing gamers, the Company established an online gaming information center to answer technical and how-to-play questions via Call Center, Live Chat, Email, or social media namely Facebook fan page, and official Line@.

During 2018, the Company was granted the rights to service 29 online games in 5 countries.

Online Game	Type of Game <sup>a</sup>	Type of Revenue Model <sup>b</sup>
1. MapleStorySEA	MMORPG	Item Sale
2. Yulgang	MMORPG	Item Sale
3. Perfect World	MMORPG	Item Sale
4. Granado Espada	MMORPG	Item Sale
5. Cabal	MMORPG	Item Sale
6. TLBB	MMORPG	Item Sale



7. Dragon Nest	MMORPG	Item Sale
8. Elsword	MMORPG	Item Sale
9. Flyff	MMORPG	Item Sale
10. Moxiang	MMORPG	Item Sale
11. Luna Online	MMORPG	Item Sale
12. Ran Online	MMORPG	Item Sale
13. Rising Force Online	MMORPG	Item Sale
14. Wulin Online	MMORPG	Item Sale
15. Tian Zi Chuan Qi	MMORPG	Item Sale
16. Tanki Online	Webgame	Item Sale
17. Audition	Casual	Item Sale
18. Super Dancer Online Xtreme	Casual	Item Sale
19. Tales Runner	Casual	Item Sale
20. Mission Against Terror 2	FPS	Item Sale
21. Special Force 2	FPS	Item Sale
22. Special Force	FPS	Item Sale
23. Soul Ark	Mobile	Item Sale
24. Battle of Souls	Mobile	Item Sale
25. Genki Heroes	Mobile	Item Sale
26. Kung Fu All-Star	Mobile	Item Sale
27. Jin Guang Qun Xia Zhuan	Mobile	Item Sale
28. Heroes Unleashed	Mobile	Item Sale
29. Let's Play Mahjong	Mobile	Item Sale
<b>Total 29 Games</b>		

#### Remarks :

<sup>a</sup>1. Massive Multiplayer Online Role-Playing Game (MMORPG) is an online game genre that can accommodate a high number of players with real-time interaction in a virtual world where gamers have the opportunity to compete or interact. Contents of the games are about action adventures which includes battle, monster hunt which aims to develop their own character or warlike environment having the following characteristics :

- Gamers have a choice of playing one or more characters at the same time by using the Multi Character Control System : (MCC). Each character continuously develops and varies in strengths and weaknesses.
- Gamers can earn experience points from their adventure and use those points to increase character's levels; they can also collect, exchange or sell various items acquired during their adventure, for example weapons or points to increase the strengths and differentiation of the characters.
- The character progression is based on real life situations, for example marriage, acceptance of apprentices or masters, grouping to fight opposition.
- There is no end game and there is no definite win or lose as the game continues to progress indefinitely.

- Most gamers are loyal to the game and community due to the nature of the game which promotes competition among gamers as it requires a considerable amount of time to collect the experience and increase their character level.

<sup>a</sup>2. Casual Game is an online game genre with colorful and endearing cartoon characters. It is easy to play - not much skill is required. Each game can be completed in a short period of time, and is suitable for relaxation.

<sup>a</sup>3. First Person Shooting (FPS) is an online game genre that is action-oriented, using gun type weapons to fight opponent. Players are split into teams and they help each other in various combat modes with time limitation for each session.

<sup>a</sup>4. Multiplayer Online Battle Arena (MOBA) is an online game format that is timed for 15 - 30 minutes per each game match on average. Players are divided into two sides, each side consists of 3 or 5 players. Each player can control its own character; and to win, they must collaborate with their team member to defeat the opposition's characters and base.

<sup>a</sup>5. Mobile Game is another online game platform that can play on portable devices such as smartphones and tablets. Various PC games are now available in mobile platform.

Online games are computer games played through the internet with players competing each other together with community building in real time via the server system that collects and stores data. Online game operators provide services to gamers who install the games, either on PC or smartphone platforms with the online game operators' internet network, and register their details under a game operator's database or game portal.

The online game business is the main source of the Company's revenue, accounting for 85% of the Company's total revenue. The Company operates its business on a comprehensive basis to enable the best and most efficient way to operating online game services to gamers in each country, from acquiring game licenses which is match to market preference, efficient game operation, marketing and establishing game information centers for customer and provide convenient payment channels. Most importantly, the Company provides for appropriate technology and system for the provision of services, including the server system, computer equipment and software, client program, security, as well as creating websites and social network to interact with gamers to provide the best gaming experience.

During 2018, the Company provides online game services in total of 29 games in 5 countries, as follows :

Service Country	Number of Game	Online Game for which Service are Provided During 2018
Thailand	10	Yulgang, Granado Espada, Dragon Nest, Elsword, Audition, Tales Runner, Luna Online, Ran Online, Soul Ark, Battle of Souls
Singapore	3	MapleStorySEA, Audition Next Level, Soul Ark
Malaysia	20	TLBB, Super Dancer Online Xtreme, Mission Against Terror 2, Moxiang, Special Force, Special Force 2, Wulin Online, Kung Fu All-Star, Genki Heroes, Let's Play Mahjong, Jin Guang Qun Xia Zhuan, Heroes Unleashed, Tian Zi Chuan Qi, Luna Online, Audition Next Level, Flyff, Rising Force Online, MapleStorySEA, Soul Ark, Battle of Souls



The Philippines	11	Perfect World, Cabal, Special Force, Special Force 2, Audition, Luna Online, Rising Force Online, Flyff, Tanki Online, Soul Ark, Battle of Souls
Indonesia	2	Soul Ark, Battle of Souls

**Note : Some games were served in more than one country.**

In addition, the Company operates related businesses that support the online gaming business. These include the portal site [www.playpark.com](http://www.playpark.com) which acts as the center connecting gamers to all types of games including PC and mobile game formats, and for game downloads. It is a community for gamers to update news, exchange information and opinion.

The Company invested in a related business named [www.thaiware.com](http://www.thaiware.com) which operates a website providing IT news, free/buy software downloads - both local and overseas, and acts as a community sharing IT news.

The Company charges service fees for online games by item sale, allowing gamers to play for free and charging for items used in the games such as weapons, decoration items, pets and accessories. Gamers can decide whether or not to make a purchase. Items sold are considered as service fees for the Company. Item sale depends on the type and popularity of the game in each country, marketing policies at the time, and quantity of items offered for sale - primarily, prices of items are cheaper when purchased in set packages.

At present, the revenue model of online game services around the world has generally changed from airtime sale to item sale. Operators believe that by first offering games to play for free, gamers are more inclined to try out the games; and if satisfied, the opportunity of earning revenue for the Company through item sale exceeds selling in other ways.

## 8.2.2 Marketing Activities and Distribution

### Marketing activities

The Company has been operating under the trade name “Asiasoft” from the start of its operation in 2001. The name has become widely recognized among gamers throughout the region as the leading operator in the online gaming market, signifying a good level of quality in the games the Company published, effective marketing activities, and ability to retain its customer base as well as the trust in the Company’s server system for the game services. To further create clarity in marketing representation and to support business expansion into other areas, the Company created a new brand under the name “PlayPark” to market online games and decided to use Asiasoft as the corporate brand.

Marketing activities are an important strategy for effective communicate with current and new customers regarding the services and online games offered by the Company. The objective of these efforts means to create awareness among potential customer of online games, bringing the promoted game across as an inexpensive and convenient means of daily entertainment. In addition to the launch of new games, marketing activities also aim to strengthening the customer relations, corporate image and social responsibility. The Company also regularly conducts market surveys in order to understand needs and behaviors of gamers, which are the basis for effective marketing strategies and customer satisfaction. Additionally, the Company conducts marketing activities in conjunction with business partners ie. payment channels, internet cafes and consumer products to promote and build product awareness, customer retention and brand loyalty.

## Distribution

In servicing online gamers, the Company partnered up with various distributors of prepaid and top up services such as @Cash and others in various platforms. The Company believes that an effective distribution channel is important in fast-reaching target customers to online games. For gamers in Thailand, top up services include @Cash prepaid card, One-2-Call!, and true money cash card, credit and debit cards, online banking, and Rabbit LINE Pay. Details are provided as follows :

### *Thailand :*

#### @Cash

@Cash prepaid card is used to refill cash to our online games. Users will gain a Serial Number and Security Code to exchange for virtual money to purchase items in any game or to refill to Playmall e-wallet. Moreover, cash from @Cash can be used for other supported games in partnership with the Company. @Cash prepaid card is available at 7-Eleven, and FamilyMart, Boonterm Online Refill Kiosks, distributor websites [www.rtbplus.com](http://www.rtbplus.com), [www.zest.co.th](http://www.zest.co.th), and mPay Stations.



#### One-2-Call!

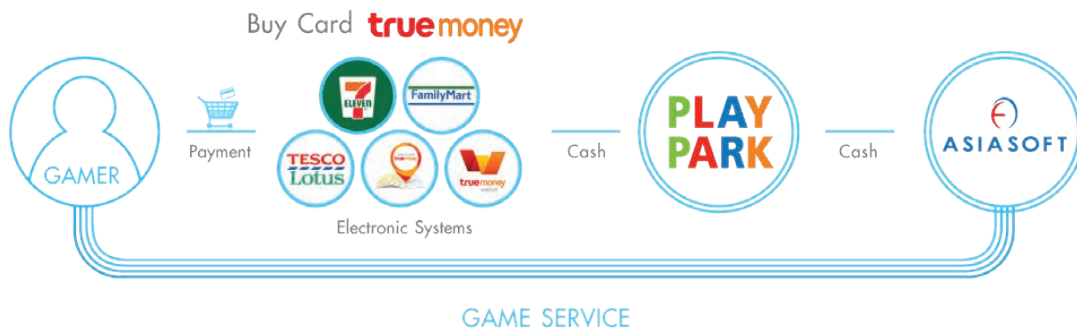
The Company partnered with Advanced M Pay Company Limited, the service provider of One-2-Call! cash card enhances user convenience by providing alternative to refill cash into the games. Users can purchase One-2-Call! cash card from convenience stores to top up in the same way as @Cash prepaid card.





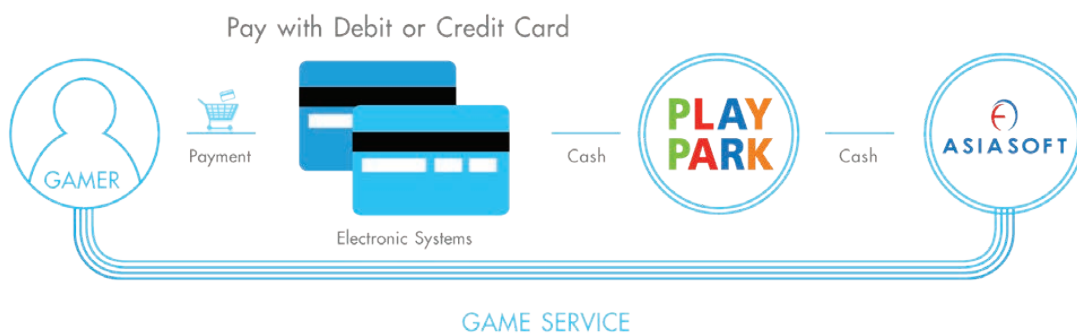
### true money

The Company partnered with True Money Co., Ltd. The service provider of true money cash card is the most well-known prepaid card which can refill for almost all domestic games in Thailand. Users can purchase true money cash card from 13,000 convenience stores and refill similar to @Cash prepaid cards



### Debit and Credit Cards

The Company added a refill channel, allowing user to refill through online banking service, using debit and credit card from domestic banking institutions certificated by Visa and MasterCard.



### Online Banking

The Company's refill service channel allows users to refill cash into the games by directly deducting amount balance via online banking service through five bank institutions, namely Bangkok Bank, Krungsri Bank, Krung Thai Bank, Kasikorn Bank, and Siam Commercial Bank.



### Rabbit LINE Pay

The Company partnered with Rabbit-Line Pay Company Limited, a Line Corporation Company Limited company. The service provider of LINE Messenger who have a massive domestic user base. Users can transfer cash from Rabbit LINE Pay Wallet to PlayMall before refilling cash into the game.



#### *Malaysia :*

- **Online Credit Card :** The sale of electronic @Cash cards through [passport.asiasoftsea.com](http://passport.asiasoftsea.com) or [www.paypal.com](http://www.paypal.com) where payment is made through credit cards.
- **Physical Cards :** Gamers can purchase physical cards at retails stores distributed by ACS, E-factory, Gamebox, ESA.
- **MOL e-Pin :** Gamers can purchase electronic @Cash prepaid cards through MOLPoints at the authorized shops or makes an online payment at [www.offgamers.com](http://www.offgamers.com) or through authorized shops with E-Pay symbol.
- **@Cash on Mobile :** The sale of electronic @Cash through mobile phone in Malaysia where gamers make the payment through Maxis Network system.
- **Direct Reload :** Players can direct reload into the game using Yougopay or Offgamers MGC.

#### *Singapore :*

- **Self-Service Automated Machine :** @Cash digital pin can be purchased via AXS Station, a multi-application transactional terminal with a debit and credit card payment facilities, running on a high-speed ADSL broadband network 24 hours a day. These machines are installed at high-traffic locations, such as MRT stations and shopping malls.
- **Online Payment :** @Cash digital pin can be purchased from online websites, such as zGold MOL and OffGamers.
- **Direct Top-up :** Players can directly purchase and top-up @Cash into their accounts using PayPal, Visa (credit card), MasterCard (credit card) and eNETS (debit card)
- **Physical Retail :** @Cash prepaid cards are available at neighborhood gaming retails shop and cybercafes. Consumer can also purchase digital pins through NPN retail outlets island wide ([www.npn.sg/game-cards/#locationmap](http://www.npn.sg/game-cards/#locationmap)).
- **@Global Game :** Allows players in Southeast Asia to play in the same server, encouraging cross-countries friendly competition among gamers by holding SEA Online Games Tournaments. Players are also able to purchase @Cash in Southeast Asia through all of Asiasoft's wide range payment systems.



*Indonesia :*

- GudangVoucher : Online payment system that allows users to top up to pay for services such as phone credits, software licenses, bills and gaming credits as a distribution channel.

*Philippines :*

- Sale via POS : Prepaid card and electronic @Cash can be purchased at many convenience stores, such as Ministop (prepaid card), 7-Eleven (prepaid card and electronic @Cash) and Cebuana Lhuillier (electronic @Cash).
- Sale via Debit Card : ePLUS sells electronic @Cash, and users can pay with debit card.
- Sale via Customized Platform : ALL SERVE distributes prepaid cards and Electronic @Cash, using ALL SERVE's billing system.
- Sale on Web Platform : GAMEX sells Smart/Sun postpaid and prepaid load which can be converted to electronic @Cash. GAMER, similarly, sells Globe prepaid load which can be converted to electronic @Cash. Load Central, LoadXtreme, Offgamers and PONDO simply distribute electronic @Cash.

### 8.2.3 Competitive Strategy

Investment diversification to countries with online gaming business potential

At present, the Company invests in online gaming business in six countries in Southeast Asia, these include Thailand, Singapore, Malaysia, Indonesia, the Philippines, and Myanmar in order to mitigate risks from investing only domestically or in one particular country. The Company adopts regional management strategies to help reduce operating costs from purchasing game online license fees, computers and related equipment. Shared resources such as human resources, knowledge, technology, and country-to-country operational experiences help to increase the chance of success in business.

Increasing the number of online games and continuously updating versions of existing games

During 2018, the Company offers 29 online games in five countries. The Company collaborates with online game developers and distributors to continuously update versions of the existing games. In addition, the Company seeks out to procure various types and ranges of new games to offer in each country to satisfy customers' needs.

Continuously strengthen the market position by embracing customer-centric approach

The Company continuously strengthens the market position by focusing on four strategies to differentiate from competitors and maintain the position as the leading online game operator in the region.

- Offering top online games that are well-known and popular in overseas markets : The Company believes that games that are well-known and popular in overseas markets have outstanding features both in term of design and contents, which will increase the chance of the Company's success in marketing to targeted countries.
- Offering online games that were once popular : The Company recognizes that these games still have a large fan base that awaits their return. Updated overall contents and features must be relevant to the current lifestyle and behavior of customers so that marketing strategies can support the chances of increasing revenue and expanding customer base. In the past year, the Company introduced these games and were met with much success in several countries.

- Marketing activities directly to target customers : The Company has a strong database of gamers and it uses marketing effort to attract its current user base to its new games, as well as continually expanding the Company's customer base. Such marketing activities include the promotion during the launch of new games, retaining current users via in-game competition and special seasonal activities as well as offline marketing activities such as meetings and parties among gamers, sends e-newsletters to introduce new games and supports CSR activities.
- Expanding the distribution of refill payment channels to increasing coverage : the Company plans to increase regional coverage of payment channels by focusing on expanding new payment channel, hence updating or increasing new options to correspond with the changing lifestyle and behavior of consumers. By having more payment channels, the operational cost for the Company is reduced, gamers gain more convenience, and the Company gains more competitive edge. Moreover, distribution channels for refilling is a good channel for marketing activities, i.e. promotions or co-promotions, using media support from payment partners to introduce new games to the target gamers.

#### Marketing activities to promote the sale of in-game items

As most of online games service operated by the Company take on business model of free-to-play games. The Company's revenue is generated through in-game item sale and focuses on efforts to encourage gamers to purchase in-game items regularly. For example, through monthly in-game promotions, Item Shops and Item Mall on websites, refill promotions with payment channel distributors and promoting via media that the Company owns.

#### Providing an efficient online game information center

Having an online game information center is an important tool to help gamers to play game smoothly and continuously resulting in gaining their trust in using services provided by the Company. Brand loyalty is reflected in the increase in play time, and item sale. The Company offers information via the following channels :

Country	Service Channel	
Thailand	- Call Center	(9.00 - 23.00)
	- E-Support*	(24 hours)
	- Live Chat	(9.00 - 23.00)
	- Facebook Fan Page	
Malaysia	- iBox*	(24 hours)
	- Live Chat	(11.00 - 20.00)
	- Facebook Fan Page	
Singapore	- iBox*	(24 hours)
	- Live Chat	(11.00 - 20.00 )
	- Facebook Fan Page	
The Philippines	- iBox*	(24 hours)
	- Facebook Fan Page	
Indonesia	- Call Center	(9.00 - 17.00)
	- Line@	(9.00 - 17.00)
	- Telegram Messenger	(9.00 - 17.00)
	- WhatsApp	(9.00 - 17.00)

*\*Enquiry System*



The Company continuously develops and improves the efficiency of all services including acquiring and developing personnel, maintaining a system to be sufficiently effective in serving gamers corresponding to their lifestyle, and gaining satisfaction from gamers – the most important customers of the Company.

#### Developing IT infrastructure in online gaming services

To play an online game, the connection between the player and server must be established. The IT infrastructure must be effective and secure so as to assist the interaction in the gaming world to go smoothly, continuously, and speedily - considered as the heart of online gaming. Therefore, the Company invests in the development of IT infrastructure and security. Moreover, the Company set up a team to study, analyze, enhance and modernize all related systems with increasing user-friendliness features every year.

The Company gives importance to the IT security management system which includes the whole process of internal operation of all teams and all systems relating to providing services to customers. The Company is the first online game service operator in Thailand to obtain ISO/IEC 27001:2013 (Information Security Management System : ISMS), which is a standard defined by the renowned and reliable international ISO (The International Organization for Standardization) and IEC (The International Electrotechnical Commission) - an organization that sets the standards for information security management system that all companies use for both internal and external services. These standards may be applied to all types of industries and businesses.

#### Competitive online game service fee rates

It is the Company's policy to set up appropriate online game service fee rates for customers in each country. The Company allows customers to play games for free and charges for its service through the sale of in-game items. This is to increase the competitiveness of the Company against other operators in the same industry and in other entertainment industries. At the same time, such rates must generate a good return for the Company. The Company does not have a policy to set service fee rates lower than competitors, or to engage in price war.

#### Development of new business channels

The Company's direction is to improve and develop new solutions to keep up with the moving trends of consumer behavior and preferences, whether it is internet usage or new generation applications. The focus is in providing convenience of the company service's access, i.e. online games, newsletters, and prizes from games. All these aspects help to create relationship with the Company's services and thereby increase communication channels with the target groups, business partners, and developers who want to gain entry into Southeast Asia markets under PlayPark platform.

In 2018, the Company researched and looked for opportunity in expanding the online game services to Myanmar and Cambodia as both countries have basic communications infrastructure in place, especially in the mobile network coverage that is modern and the fast-increasing number of mobile users. The Company teamed up with a local business partner and planned to launch and become the first mobile game service operator in Myanmar in the early part of 2019.

## 8.3 Industry Trends and Competition

### 8.3.1 Overview of Southeast Asia Online Gaming Market

The Company's main target for our online entertainment service is the Southeast Asian region, which consist of 5 countries : Thailand, Singapore, Malaysia, Indonesia and the Philippines. The growth rate of internet users spiked tremendously in the recent years, resulting in the increase in the pool of online gamers. Meanwhile, with the advancement in technology and infrastructure, the cost of high-speed internet is also becoming more affordable even for the new emerging markets in Southeast Asia. The rate of growth smartphone users in the region has also increased steadily in recent years. These are all the supporting factors of the growth of the gaming industry in the region.

Moreover, operators in the online games industry enjoy a number of advantages over operators in other online entertainment industries such as offline PC games, arcade games, movies, music, and karaoke. Some reasons include :

- Online games are cheaper and easily accessible : Online games can be played anywhere, as long as the user has access to a stable and smooth running internet connection. Compared to other entertainment services, the online games industry in the region sees an optimistic trend of a decreasing cost for playing online games and the improvements in technology and infrastructure to support online gaming from home.
- The majority of online gamers use the services on a continuous basis : The nature of the relationship a gamer has with the game is relatively stronger than that many of the other entertainment products. The attachment to a game usually develops from a gamer's commitment into the game (especially for MMORPG titles), and competitions and contacts with other gamers. For instance, the time and money spent in a game are common reasons for online gamers to continually support their favorite game services.
- The spread of personal computers and internet connection : Prices of personal computers with higher specifications have come down making it easier for consumers to own and to play games with high graphic resolution. Internet providers compete on price and constant speed delivery making it widely accessible - reducing difficulties in reaching consumers.
- Low intellectual property infringement problems : Problems with intellectual property infringement in the entertainment industry such as songs, offline PC games, computer programs, and other entertainment rights continue to be the challenging problem for operators in this region impacting operational results to the point that they cannot continue to be in business. Online gaming operators face less of these problems as the components of the program are based on operators' servers. Gamers must connect online with the servers in order to play thus the problem with intellectual property infringement is not as severe as other offline products such as CDs, DVDs, or game cassettes which are easy to copy and distribute.
- "Mobile first" era : The changing from PC to smartphones in 2018 makes the online gaming industry to grow significantly especially in Asia Pacific, valued at 2.499 trillion baht, or 52% of the global gaming industry. The growth trend of mobile online games resulted from the entry of Chinese smartphone brands with high specifications and low prices, evidenced from sales of Oppo, Vivo and Xiaomi with over 500,000 units sold, close to the number of units sold by Samsung. Gamers can access games



easily without technology limitation and will cause gamer based to continuously growth into the future. The growth of mobile online game in 2019 is forecasted to reach 1.365 trillion baht.

### 8.3.2 Overview of Online Game Industry in Thailand, Singapore, Malaysia, Indonesia, and the Philippines

The Company provides online game services in 5 countries : Thailand, Singapore, Malaysia, Indonesia and the Philippines. The online game industry in these countries is growing at an exponential rate. In recent years, the region has seen the highest growth in the mobile game market, specifically in Indonesia, Thailand and Malaysia, resulting from the increase of mobile internet usage and smartphone usage. However, the competition in the industry today is increasingly intense due to the entry of foreign developers launching products in our mobile game market.

Thailand continues to be the online gaming market with the highest value in southeast Asia, followed by Indonesia and Malaysia. Esports trend has increased awareness in the last couple of years resulted from the inclusion of the esports as one of the competitive sports in the Asian Games, and the government's approval to set up Thailand E-sports Federation which creates mass awareness and acceptance from consumers, government and private sectors, leading brands in various industries, even from a leading football club in Thailand to participate and get more involved in the online gaming industry. Unlike in the past, the esports competition is not limited to PC platform only. The trend for esports extends to the mobile platform and it is clearly seen to be moving in the same direction for all countries within this region.

The online game licensing fees are an important operating cost for operators in this business. At present, most game operators in the aforementioned countries normally acquire licenses of online games that are popular and/or successful in game developers' home country or other countries of publication. However, online game operators today have began to develop their own games, in order to reduce the increasing cost of licensing.

#### Industry trends and competition in the online gaming market in Thailand

In 2018 the market value of PC and smartphone platforms is valued around 22,836 million baht\*. (Reference : Newzoo) In 2018, the growth for online PC games remained constant with the growth deriving mostly from the mobile platform. The number of service providers remained similar to previous year total of 28 in 2017 versus 24 in 2018. The games that are in service totals to 70 games in 2017 versus 61 games in 2018, out of which 8 are new PC games launched in 2018.

Major contributing factors to the growth of the online game business in Thailand are as follows :

- Growth of broadband internet service : In the past 3 - 4 years, the broadband internet service business has been growing rapidly due to intense competition among the service providers both in terms of the quality of service and pricing. Recently, the service of high speed internet was charged at around 599 baht per month for 15 - 20 Mbps, which is considered low price. With the current improved technology of fiber optics, it increases the quality of internet signal as compared to LAN cables. As a result, broadband access became widely popular and highly adopted. As online gaming requires speed for downloading data and to make the game experience more enjoyable, the availability of broadband internet service has increased the attachment to online games as well as expansion into an untapped market of customers who are new to online gaming.

- Variety of available online games : Recently, online game operators have launched new online games which have a variety of game features and content which increases the gratifying pleasure from online gaming and attracting more users to the games.
- More Value Added Services (VASs) : As competition becomes more intense over the next few years, support services will become a key factor in retaining gamers and reducing subscriber migration. Service Providers (SPs) are looking to enhance the customer experience through 24-hour Call Center services, regular content updates, roadshows and other social events, as well as promotional campaigns through the various media channels. Online gaming SPs are expected to offer more of such VASs to meet gamers' expectations.
- The growth of online gaming market : In 2018, over 280 mobile games were launched, and the market value reached 22,000 million baht with fast growth continuing throughout the year due to many factors. In 2018, 80% of the population, or more than 55 million people use smartphones, with the average usage per unit of one year. With 99% of the mobile users on 3G/4G technology, online games are much easier to access. This, combined with the increased popularity of using internet on smartphones for chat (77%), VDO streaming (75%), mobile banking (56%), mobile map (64%), and game playing (66%). For mobile game, Thailand has the potential to increase mobile game developer to compete with other countries in Asia and the Western. With the domestic market being the largest one in Southeast Asia at approximately USD 200 million or 6.4 billion baht annually cause, the mobile market continues to expand as a result.
- Continuous development of esports : In 2017, the government recognized esports as an official sport and approved the set up of Thailand E-Sports Federation (TESF) under the Sports Authority of Thailand. At present, some gamers have turned professional and entered competitions, and making name for Thailand on the international level for various competitions. In 2018, online games offered by the Company created name for Thai esports athletes as they won two global tournaments. Thai esports athletes won the first, second and third places in the individual competition of Audition World Championship 2018; and also won the third place in the team competition. Moreover, esports athletes made name in Dragon Nest World Championship 2018, putting Thailand on the global arena.

#### Industry trends and competition in the online gaming market in Singapore

Singapore's online gaming sector comprises over 60 game developers, publishers, and operators, and is one of the fastest growing. It stands as the regional hub for creating, publishing, and distributing cutting edge game contents with skilled workforce, IT infrastructure and tough intellectual property rights protection.

The country is home to major industry players such as Gumi Asia, Konami Singapore, Tecmo Koei and Ubisoft, as well as local players such as Touch Dimensions, LambdaMu and Tyler Projects. It is also home to renowned educational institutions such as the DigiPen Institute of Technology and LASALLE College of the Arts.

To locally develop a vibrant games industry, IMDA focuses on supporting original IP content developers for PCs and mobile platforms. In October 2011, the former MDA, now IMDA, launched Games Solution Centre (GSC), located at Mediapolis Phase 0 (also known as Block 71), to provide a rapid prototyping development environment for Singapore-based, small-medium games enterprises to develop their games. GSC also houses Southeast Asia's first PlayStation Incubation Studio. One of the games developed in the GSC is Rocketbirds : Hardboiled Chicken by



Ratloop Asia was first released on Sony PlayStation network in 2011 and later developed into a Sony PlayStation Vita version. It ranked third on the top-selling games in Asia on Vita console in 2012. (Reference : IMDA; Info-communications Media Development Authority).

Market Statistics :

- Singapore Ranked 37<sup>th</sup> globally for online gaming revenues, valued at USD 319 million. (Reference : Newzoo).
- The estimated total population of Singapore is 6 million with an estimated internet population of 5 million.
- Singapore has a gaming population of 2.9 million and paying gamers of 1.2 million, with an average annual revenue per person of USD 258. (Reference : Newzoo).

PC online games :

- MOBA games like Dota and League of Legends; and Battle Royale games like Playerunknown's Battlegrounds (PUBG) and Fortnite are popular in Singapore. (Reference : Help123.org).
- FPS games like Counter Strike and Overwatch continue to be popular. (Reference : Help123.org).
- Loot-based games like Diablo 3 and Destiny continue to be relevant in Singapore market.
- Average 30% of Singapore gamers play games on all platforms : PC, mobile and console.
- Casual gamers in Singapore are growing.

Mobile games :

- There are approximately 1.4 million mobile gamers in Singapore.
- Android OS is the most popular platform with an average of 47% of the population using it versus 38% for iOS. (Reference : allcorrectgames.com).
- The top five most popular non-paid games on Android in order of rank are Ragnarok M, MapleStory M, Mobile Legends, Epic Seven and Crane Game Toreba.
- The top five most popular non-paid games on iOS in order of rank are Mobile Legends, MapleStory M, Ragnarok M, Fortnite and King of Avalon (Reference : App Annie).
- The growth of casual gaming in Singapore directly corresponds to the growth of mobile gaming.
- Mobile gaming become mainstream.
- Revenue in mobile games for Singapore market stands at USD 129 million, ranked 34th in the world.
- Average revenue per gamer is at USD 78.68.

Industry trends and competition in the online gaming market in the Malaysia

Market Statistics :

- Malaysia ranked 21<sup>st</sup> globally for online gaming revenue in 2018, valued at USD 633 million. (Reference : Newzoo).
- Malaysia has a gaming population of 14 million or 43.75% of total population of 32 million.
- 7.1 million or 22.19% of the Malaysian population are paying gamers. (Reference : Newzoo).
- Total revenue in 2018 amounted to USD 633 million with an average revenue per gamer at USD 45.21 versus average revenue per paying gamers at USD 89.15.

#### PC online games :

- The core MMORPG products consist of MapleStory, Moxiang (English version), Osu, DDT3 and Playerunknown's Battlegrounds (PUBG), with the old titles helping to create a resurgence for client games. However, PC gamers are gradually switching to mobile and console platforms or playing on multiple platforms at the same time, with mobile being the more preferable platform resulting in the growth of mobile games.
- Majority of PC games in Malaysia are from China and Korea with only a small fraction from western countries.
- The change in CounterStrike : GO to free-to-play has brought more interest to the steam platform whereby previously, the majority of steam users are English language players with mid-to-high purchasing power and look to steam for games with high quality and bigger brands.
- Chinese gamers have the highest purchasing power limited by the number of gamers while Malaysia has the highest number of gamers but limited by low purchasing power (an average of USD 10 per month); and they are generally more accepting of old titles.
- FPS and MOBA continue to be core products in Malaysia with a market share of 33% and 40% respectively. This growth trend will continue in 2019 as the Malaysian Government has pledged to turn Malaysia into an esports hub.

#### Mobile games :

- RPG and Strategy games are gaining interest from mobile gamers in Malaysia, even though Casual games continued to grow in popularity. Case in point, Ragnarok M with its exceptional popularity received more than one million downloads within the first month of launch.
- Playerunknown's Battlegrounds Mobile (PUBG Mobile) was released in 2018 turning many conventional FPS players and non-FPS players to playing FPS games on mobile.

#### Industry trends and competition in the online gaming market in the Philippines

##### Market Statistics :

- The Philippines Ranked 29th globally for game revenues, valued at USD 461 million. (Reference : newzoo).
- The total population of the Philippines is 107 million with an estimated internet population of 66 million, or 61.68%.
- Total gamers in the Philippines are 29.9 million with 36% of gamers playing cross-platforms : PC, mobile, and console. (Reference : Newzoo).
- Of 29.9 million gamers, 67% consume video content related to gaming with upward trend showing by the end of 2018 due to the prevalence of content streaming websites like Facebook Gaming, Twitch, and Nimo. (Reference : Newzoo).
- 54% of all gamers own gaming headsets for use with hyper competitive games genre like Battle Royales and MOBAs.

#### PC online games :

- MMORPG received a resurgent boost with the release of Ragnarok Online, Rising Force Online and Flyff.



- The trend continues with the release of MMORPGs only previously available in South Korea and English-speaking markets like US and Europe are being released in the Philippines and SEA.
- Regardless of new MMORPG games opening in the Philippines, the genre share remains low at approximately 7%.
- Shooters (FPS and 3PS) and MOBA still dominate gaming landscape with 40% and 53% market share respectively.
- Android Emulators for the PC platform are being used in internet cafes to play Playerunknown's Battlegrounds Mobile (PUBG Mobile) and other type of games for more accurate control with mouse and keyboards. This could be due to the recent occurrence that some android phones cannot run high end mobile games.

#### Mobile games :

- 2018 estimated smartphone penetration is 34.8% and Average Revenue per User (ARPU) is at USD 15.86. (Reference : allcorrectgames.com).
- Estimated Game Revenue for the mobile market is approximately USD 191 Million.
- Android OS has a majority market share at 82.78%, followed by iOS at 16.16%, other OS types (Nokia, Windows, Blackberry, and etc.) at 1.06%. (Reference : Statista)
- Even though mobile games are widely popular, the gaming market is still concentrated in Casual games with a market share of 25%.
- Action and Esports titles like Rules of Survival, Freefire, and Playerunknown's Battlegrounds Mobile (PUBG Mobile) as well as Mobile Legends and Arena of Valor have a 20% market share.
- Arcade and Strategy games hold market shares of 19% and 17% respectively.
- The Battle Royale genre continues to grow strongly as a carry-over from Playerunknown's Battlegrounds (PUBG) and Fortnite which has similar play styles.
- The release of Ragnarok M : Eternal Love proved to be very popular with all gamers with total downloads ranked number one since its release.

#### Overall Market Trend :

- Internet accessibility has shown a general improvement in 2018 with Fiber-based Internet became relatively accessible and more affordable to home users.
- Playerunknown's Battlegrounds (PUBG) franchise is still more popular in the Philippines while Fortnite remained unknown for most home and internet cafe gamers.
- PC games can attract gamers with games that can be played on low-spec computers.
- MOBA genre is still popular in both PC (Dota 2 and League of Legends) and mobile (Mobile Legends and Arena of Valor) platforms due to esports tournaments held by local operators.
- With alternative streaming services gaining in popularity focusing on lifestyle and gaming contents, service operators are converting users of Twitch to their own platform.

#### Industry trends and competition in the online gaming market in Indonesia

In 2018, Market trend was shifting to esports. There were 9 publishers operating, reduce from 11 publishers and relaunched only 1 PC game by Local publisher.

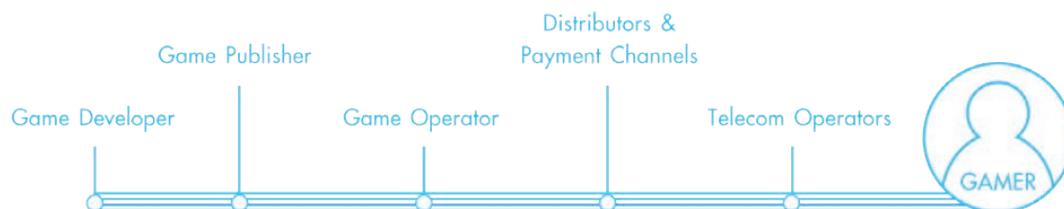
Current publishers in the market contain of 7 local publishers and 2 global publishers. FPS and Battle Royale games are strong because esports trend. This genre was holding a significant market share with totaling 73%, MMORPG still maintain with 21%.

Mobile game market wasn't change much in early year, MOBA and Battle Royale games take top 5 grossing but grossing rank no.1 was replaced by RPG game in Q4.

## 8.4 Procuring New Products and Services

### 8.4.1 Procuring Products for Distribution

The online game business comprises approximately five parties as shown in the chart - Starting with the Game Developer who designs and develops the game, then sells the game license or appoints a Game Publisher who finds the markets and sells the rights of game services to Game Operator in each area or country. At present, the Company operates as the Game Developer, Game Operator, and Distributor.

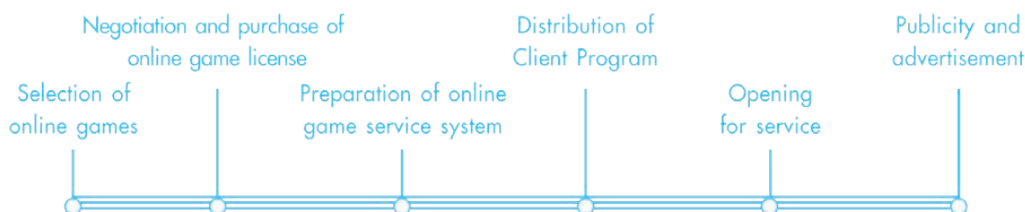


*The overview of parties in the online game business*

The Game Operator prepares server system for serving the areas under license. In collecting fees, the Game Operator sells prepaid cards to gamers via appointed distributors or agents. The Internet Service Providers (ISPs) rent out internet bandwidths to enable communication and storage of game data among the servers of the Game Operator, internet cafes and gamers.

### 8.4.2 Operating Procedures for the Provision of Online Game Services

In procuring online games to service in each country, the Company appoints a game management team to be responsible for the procurement and preparation of essential game services. Each team is responsible for one game. A six-step procedure for the provision of game services are :



*The Operating Procedures for the Provision of Online Game Services*

### Selecting Online Games

The team preliminarily selects potential games from various sources, i.e. games that are popular overseas with the underlying policy on suitability of contents for the groups of customers and culture of the countries. The preliminary selection criteria include :

- Formats and contents that are creative, appropriate for the target customers and contain no extreme violence or sexually explicit contents.
- Interesting online game with contents that are different from contents already available in the market.
- The cost of license for the game is appropriate allowing the Company to profit from providing services.
- Compatibility of the online game system to the target groups' systems.

### Negotiating and licensing agreement of online game

The team negotiates the price and the terms of the game license, and an agreement is drawn with either the Game Developer or Game Licensor.

### Preparing for online game service system

- Infrastructure and computer programs : The Company prepares the server system and computer equipment that meet specifications required by the Game Developer. In this regard, the number of servers required to support the online game services will be estimated by the Company. The Game Developer then installs the online game programs prior to launch.
- Client Program : The game management team modifies and updates the Client Program for installation in the gamers' computers before playing for the first time. The localization is also done at this stage.
- Building websites : The game management team creates websites for online games as a source of information for gamers providing game play instructions, making payments, and servicing customers. The websites also serve as an advertising channel for the Company.
- Service management : The game management team sets up a Game Master team system to monitor the gaming experience, facilitate and solve problems for gamers.

### Client program distribution

The Company distributes programs to gamers by offering free downloads via game websites. For mobile gaming platform, gamers may download via App Store for iOS, and via Google Play for Android.

### Launching online gaming service

When all of the preparation stages are completed, the Company launches the online gaming service in four phases :

- Internal Test : The game management team and the Company's staff test the online game from the server. Bugs and other problems are fixed before launch.
- Closed Beta : The game is released to a restricted number of gamers who register to play via the game websites. This free-of-charge game in test phase is used to find bugs and other issues to solve.
- Open Beta : The game is released to all gamers who register to play via game websites. This free-of-charge game in test phase is open to a large number of gamers to find bugs and other issues in servicing the online game.



- Commercial Launch : After the testing phases are carried out, the Company then launches the online game to the public and provide full commercial of Cash item shop.

#### Advertising and Public Relations

- The Company uses advertising and public relations to promote and build awareness of the launch of online games in four stages :
- Pre-marketing : This involves the introduction of the game on game portals, online game websites and promoted through social network, with a new fan page or group to communicate and engage to potential users before the game is available to public service.
- Launching : This involves advertising on game portals, online game websites, e-newsletters and digital media in various platform to introduce the games.
- Promoting : Emphasis is placed on out-of-game activities on mass media such as television, print, billboards, internet cafes, and online activities i.e. in-game competitions.
- Maturing : Emphasis is placed on maintaining the current performance of the game via continued marketing efforts in the game as well as activities through distributors i.e. @Cash and internet cafes.

#### 8.4.3 Licensing Fees for Online Games

In providing online game services, the Company acquires game licenses from several game developers or game licensor to provide services as the exclusive distributor for the games in specific territories at the rates agreed by all parties. In general, licensing agreements have a term of 2 - 4 years from the commercial launch with the right to renew at the same rate and under the same conditions. In this regard, the game developers/game publishers may terminate the agreements in case of a breach of the agreements by the Company and/or the Company faces financial difficulty, insolvency, inability to launch online game services on time. The licensing fee of online games are divided into 4 main types as follows :

- Initial Fee : A fixed fee paid upon the signing of the agreement or within a specified period.
- Monthly Fee : A fee charged based on the number of cash used of the games within the month.
- Minimum Guarantee : Some agreements may stipulate a minimum monthly fee for the number of cash used of the games.
- Success Fee : The fee is charged based on the revenue reaching the agreed target.

The type and amount of licensing fee payable as well as the payment period depend upon the negotiation between the Company and the game developer or game licensor.

# RISK FACTORS

## 9.1 Risks from external factors

### 9.1.1 Risks from changes in the regulations, laws and government control

At present, the online gaming business is regulated by various governmental agencies. Ministry of Culture oversees online gaming licensing as well as censoring and rating of the game contents before public release. The Department of Intellectual Property, Ministry of Commerce oversees DIP code for CD and DVDs. Ministry of Digital Economy and Society enacted Computer Crime Act B.E. 2550 (2007) and added Computer Crime Act (No. 2) B.E. 2560 (2017) to deal with computer-related crimes. As for other countries : Singapore does not have constraints on the online gaming industry; Malaysia, Indonesia, and the Philippines do not have clear regulations controlling the online gaming and internet services including issuance of licenses, and content review.

### 9.1.2 Risks from game developers' lower dependency on service operators opting to provide own services

At present, there are many sizable game developers with own online game services. They are highly successful with many gamers from various countries in Southeast Asia. They choose to bypass the general practice of partnering with local online game operators.

However, there are many game developers with limitations in providing own services as having a successful operation requires many factors such as the understanding of local gamers' behavior, marketing and communications, managing gaming community, and servicing customers. In addition, many game developers still want coverage in providing games to countries in Southeast Asia and simultaneously cover every country in the region. To achieve this, they still need to partner with companies that have the knowledge, understanding, experience and expertise in the business with the power to service every country in the region. To these points, Asiasoft stands out strong as there are very few operators who can provide services to as many countries based on the criteria mentioned herein.

## 9.2 Business risks

### 9.2.1 Risks from market launch failure of the licensed games

In launching any online game, the upfront costs are quite substantial as they primarily consist of license fees, server systems, related computer equipment and marketing expenses. If the Company cannot generate revenue to exceed the amount invested, or in the amount forecasted, impact on the business performance and profitability of the Company in the future is definite. Therefore, if any online game appears to show lower-than-expected sale performance, the Company may consider writing off the license fee in full which in turn will likely have a direct impact on the Company's profit for that accounting period.

To increase the chance of success in providing online games, it is the Company's policy to consider selecting games with appropriate contents to the market's demand by using experience, the Company's procurement procedures, as well as carefully reviewing the games and gamers' target group before making any investment decision. In addition, the Company has defined a clear policy to diversify its sources of revenue into various online games licensing by launching more than one online game for each country.

During 2018, the Company offers a total 29 online games in 5 countries, 10 games in Thailand, 3 games in Singapore, 20 games in Malaysia, 2 games in Indonesia, and 11 games in the Philippines, with plans to continuously release new online games in the future.

#### 9.2.2 Risks of dependency on limited number of internet providers

The Company currently rents internet data center (IDC) for installation of servers and high-speed internet bandwidth from a limited number of internet service providers (ISPs) in the following countries :

Thailand : The Company rents IDC and bandwidth from True Internet Data Center Company Limited.

Singapore : The Company rents IDC from 1-Net Mediacorp and rents bandwidth from StarHub.

Malaysia : The Company rents IDC and bandwidth from IPServerOne Hosting.

The Philippines : The Company rents IDC and bandwidth from Philippine Long Distance Telephone Company (ePLDT).

The agreement is short-term, and renewable at same terms and conditions. If ISPs are unable to provide quality internet connection or discontinue servicing, it could in turn impact the online game services that the Company provides; and if the connection is interrupted, the level of customer satisfaction is affected resulting in the Company's reputation and eventual business performance.

These major ISP providers deliver high quality service in their respective countries. They are supported with high level ISP backup and security systems that are comparable to international standards.

#### 9.2.3 Risks from not being copyright owners and/or online game developers

In providing online game services, the Company receives the right to distribute the games from various copyright owners, developers or overseas distributors for specified territories for a term of 2 - 3 years, from the date of commercial launch at the agreed rates. The copyright owners support services such as providing updates, creating patch files, and solving technical issues and bugs. The risks may occur from these owners terminating the copyright license agreements in case of breach of contract and/or not renewing the agreement at reasonable prices and conditions, and/or copyright owners' inability to provide technical support that may impact the operation, financial, and the future business performance of the Company.

The Company complies strictly to the copyright license agreement to mitigate risks from termination. It is the Company's policy to procure copyright license agreements from various online game developers or distributors whose reputation is widely recognized with the ability to provide support and service throughout the term of agreement. The renewal clause for online games with continuing popularity contains an option to renew with same prices and conditions. Agreements for MMORPG and Casual Games are customarily set for a period of 2 - 3 years.



#### 9.2.4 Risks from online game copyright infringement

At present, some operators illegally import online games that are rightfully licensed to the Company and install them on their servers using their own network to provide services at lower fees, potentially causing revenue loss for the Company. However, services provided through these illegal operators' servers are of poor quality both in terms of speed and ability to accommodate a large number of players simultaneously. Moreover, players are limited to play the games on the illegal network of servers and cannot access to play on the Company's network, therefore limiting the number of players in the community. In addition, operators infringing copyright cannot solve the bugs or technical problems in the game programs resulting in low acceptance among gamers. As a result, the Company deems that the loss of income from copyright infringement will not implicate the financial position. In order to lessen the risks of encountering these types of problems, the Company has set up a team to investigate and take legal action against operators who infringe copyright.

#### 9.3 Risks from majority shareholders' influence on the policy and management of the Company

Shares held by Mr. Pramoth Sudjitporn's group equal to 58.26% of the total paid-up capital (as of December 31, 2018) enabling the group to control the votes in the passing almost all of the resolutions at a general shareholders meeting, with the exception of special resolutions which, according to the law, require a passing of three fourths in number of shares held by those present and eligible to vote. Shareholders may not be able to gather enough votes to countercheck and offset matters proposed by majority shareholders. Moreover, majority shareholders have the controlling power with three out of six directors holding management positions in the Company. As such, the Company has appointed three independent directors who are outsiders to oversee the management and to look after the interest of the minority shareholders.

# GENERAL INFORMATION

(As of 31 December 2018)

<b>Company Name</b>	<b>Asiasoft Corporation Public Company Limited</b>
Type of Business	Providing online entertainment services as an online game and mobile game operator in Thailand.
Head Office	9, UM Tower, Room 9/283-5, 28 <sup>th</sup> Floor, Ramkhamhaeng Road, Suanluang, Bangkok, 10250
Registered Number	0107550000050
Telephone	66 2769 8888
Facsimile	66 2717 4250
Website	www.asiasoft.net
Registered Capital	THB 512,346,270 divided into 512,346,270 ordinary shares with a par value of THB 1 each.
Paid-up Capital	THB 409,877,016 divided into 409,877,016 ordinary shares with a par value of THB 1 each.

## Companies in which the Company hold 10% or more of shares

(As of 31 December 2018)

<b>Company Name</b>	<b>A Capital Company Limited</b>
Type of Business	Investment Arm (Holding Company).
Head Office	9, UM Tower, Room 9/283-5, 28 <sup>th</sup> Floor, Ramkhamhaeng Road, Suanluang, Bangkok, 10250
Telephone	66 2769 8888
Facsimile	66 2717 4250
Registered Capital	THB 20,000,000 divided into 200,000 ordinary shares with a par value of THB 100 each. All shares have been issued and fully paid up.
Shareholding Status	99.99% of registered capital.

<b>Company Name</b>	<b>Playpark Company Limited (Former name was Funbox Company Limited)</b>
Type of Business	Online game business services.
Head Office	9, UM Tower, Room 9/283-5, 28th Floor, Ramkhamhaeng Road, Suanluang, Bangkok, 10250
Telephone	66 2769 8888
Facsimile	66 2717 4250
Website	www.playpark.com
Registered Capital	THB 150,000,000 divided into 1,500,000 ordinary shares with a par value of THB 100 each. All shares have been issued and fully paid up.
Shareholding Status	99.99% of registered capital.
Note	This company was changed the name to Playpark Company Limited since 12 May 2014.

<b>Company Name</b>	<b>Thaiware Communication Company Limited</b>
Type of Business	Providing information and distributing software and IT service, including software download on the website www.thaiware.com
Head Office	69/6 Tung Hua Pug Building, B Tower, 4 <sup>th</sup> Floor, Room 3, Soi Suksa Wittaya, Silom Road, Silom Sub-district, Bang Rak District, Bangkok
Telephone	66 2635 0744
Facsimile	66 2635 0745
Website	www.thaiware.com
Registered Capital	THB 1,500,000 divided into 150,000 ordinary shares with a par value of THB 100 each. All shares have been issued and fully paid up.
Shareholding Status	40% of registered capital held by A Capital Company Limited.

<b>Company Name</b>	<b>Skynet Systems Company Limited</b>
Type of Business	Developing stock and security market trading platform application.
Head Office	9/283-285, UM Tower, Ramkhamhaeng Road, Suanluang, Bangkok, 10250
Telephone	66 2769 8888
Facsimile	66 2717 4250
Website	www.skynetsystems.co.th



Registered Capital	THB 6,136,400 divided into 61,364 ordinary shares with a par value of THB 100 each. All shares have been issued and fully paid up.
Shareholding Status	57.04% of registered capital held by A Capital Company Limited.

<b>Company Name</b>	<b>TripleS Social Trade (Thailand) Company Limited</b>
Type of Business	Developing and providing service of software solution and IT devices.
Head Office	1, Empire Tower, 19 <sup>th</sup> floor, Room 1907/2-1908, Sathon, Bangkok, 10120
Telephone	66 2301 0071
Website	www.triples.io
Registered Capital	THB 1,000,000 divided into 100,000 ordinary shares with a par value of THB 10 each. All shares have been issued and fully paid up.
Shareholding Status	39.99% of registered capital held by Skynet Systems Company Limited.

<b>Company Name</b>	<b>Asiasoft International Company Limited</b>
Type of Business	Investment Arm (Holding Company).
Head Office	9, UM Tower, Room 9/283-5, 28 <sup>th</sup> Floor, Ramkhamhaeng Road, Suanluang, Bangkok, 10250
Telephone	66 2769 8888
Facsimile	66 2717 4250
Registered Capital	THB 102,000,000 divided into 1,020,000 ordinary shares with a par value of THB 100 each. All shares have been issued and fully paid up.
Shareholding Status	99.99% of registered capital.
Note	Under liquidation.

<b>Company Name</b>	<b>Playcybergames Company Limited</b>
Type of Business	Online game business services.
Head Office	9, UM Tower, Room 9/283-5, 28 <sup>th</sup> Floor, Ramkhamhaeng Road, Suanluang, Bangkok, 10250
Telephone	66 2769 8888
Facsimile	66 2717 4250

Registered Capital	THB 20,000,000 divided into 2,000,000 ordinary shares with a par value of THB 10 each. All shares have been issued and fully paid up.
Shareholding Status	99.99% of registered capital.
Note	Under liquidation.

<b>Company Name</b>	<b>Miryn Innovation Company Limited</b>
Type of Business	Manufacturing and distributing as well as developing and operating the mobile application, mobile game, and computer software.
Head Office	140, One Pacific Place, 10 <sup>th</sup> floor, Room 1005-06, Sukhumvit Road, Khlong Toei, Bangkok, 10110
Telephone	66 2653 0330
Registered Capital	THB 20,000,000 divided into 2,000,000 ordinary shares with a par value of THB 10 each. All shares have been issued and fully paid up.
Shareholding Status	64.99% of registered capital.
Note	Under liquidation.

<b>Company Name</b>	<b>Playpark Pte. Ltd. (former name Asiasoft Online Pte. Ltd.)</b>
Type of Business	Online PC and mobile game business services in Singapore.
Head Office	20 Kallang Avenue #06-00 Pico Creative Center, Singapore, 339411
Telephone	65 6291 6129
Facsimile	65 6291 6830
Website	www.asiasoft.net
Registered Capital	SGD 5,000,000, all shares have been issued and fully paid up.
Shareholding Status	100% of registered capital.

<b>Company Name</b>	<b>AS Online Sdn. Bhd.</b>
Type of Business	Online game business services in Malaysia.
Head Office	Suite C-06-01, 02, 03 & 3A, Level 6, Block C, Sky Park One City, Jalan USJ 25/1, 47650, Subang Jaya, Selangor Darul Ehsan, Malaysia
Telephone	603 5022 3020
Facsimile	603 5022 3028

Website	www.asiasoft.net
Registered Capital	MYR 5,000,000
Paid-up Capital	MYR 4,000,000
Shareholding Status	100% of paid-up capital.

<b>Company Name</b>	<b>PT. Asiasoft</b>
Type of Business	Online game business services in Indonesia.
Head Office	Grand Slipi Tower 9 <sup>th</sup> Fl. Unit G No. 105, RT/RW 001/004, Province DKI Jakarta, City West Jakarta, District Palmerah, Sub Sistrict Palmerah, 11480
Telephone	621 8066 0900
Facsimile	621 8066 0901
Website	www.asiasoft.net
Registered Capital	IDR 31,744,520,000, all shares have been issued and fully paid up.
Shareholding Status	99.90% of paid-up capital.

<b>Company Name</b>	<b>Playpark Inc.</b>
Type of Business	Online game business services in Philippines.
Head Office	OPL Building, 6 <sup>th</sup> Floor, 100C Palanca St., cor Dela Rosa St., Legaspi Village, Makati City, Philippines
Telephone	63 2751 9600
Facsimile	63 2813 8966
Registered Capital	PHP 4,000,000
Shareholding Status	40% of paid-up capital.

<b>Company Name</b>	<b>CIB Development Sdn. Bhd.</b>
Type of Business	Online PC and mobile game business services in Malaysia.
Head Office	Suite C-06-01, 02, 03 & 3A, Level 6, Block C, Sky Park One City, Jalan USJ 25/1, 47650, Subang Jaya, Selangor Darul Ehsan, Malaysia
Telephone	603 5022 3020
Facsimile	603 5022 3028



Website www.cib.com.my

Registered Capital MYR 1,000,000, all shares have been issued and fully paid up.

Shareholding Status 61.68% of registered capital.

Company Name	CIB Net Sdn. Bhd.
Type of Business	Online PC and mobile game business services in Malaysia.
Head Office	Suite C-06-01, 02, 03 & 3A, Level 6, Block C, Sky Park One City, Jalan USJ 25/1, 47650, Subang Jaya, Selangor Darul Ehsan, Malaysia
Telephone	603 5022 3020
Facsimile	603 5022 3028
Website	www.cib.com.my
Registered Capital	MYR 1,000,000, all shares have been issued and fully paid up.
Shareholding Status	100% of registered capital held by CIB Development Sdn. Bhd.

## Reference Persons

### Registrar

**Thailand Securities Depository Company Limited**

The Stock Exchange of Thailand Building,

93, Ratchadaphisek Road, Dindaeng, Bangkok, 10400, Thailand

Telephone 66 2009 9000

Facsimile 66 2009 9991

### Auditors

**Mr. Sompop Pholprasarn**

**CPA License No. 6941 and/or**

**Ms. Wannawat Hemachayart**

**CPA License No. 7049**

MAZARS LIMITED

1, Empire Tower, 12<sup>th</sup> floor,

Room 1202-6, 1209-6, 1209-12

South Sathorn Road, Bangkok, 10120, Thailand

Telephone 66 2670 1100

Facsimile 66 2670 1101

# INFORMATION OF SECURITIES AND SHAREHOLDERS

## 11.1 Company's Securities

As of 31 December 2018, the Company's registered capital was 512,346,270 baht, divided into 409,877,016 ordinary shares, and 102,469,254 warrants with a par value of baht 1.00 each, of which 409,877,016 baht is paid-up capital, divided into 409,877,016 ordinary shares with a par value of baht 1.00 each.

## 11.2 Company's Shareholders

Top Ten Company's shareholders were as follows :

Names of Shareholders	Number of Shares (as of the latest book closing date on 3 December 2018)	% Holding
1. Mr. Pramoth Sudjitporn <sup>(1)</sup>	197,397,907	48.160
2. Miss Saowalak Jitsamrit <sup>(1)</sup>	41,397,656	10.100
3. Mr. Taweechat Chulangkul	39,999,200	9.759
4. Mr. Tan Tgow Lim <sup>(2)</sup>	30,023,300	7.325
5. Mr. Lertchai Kanpai	14,177,800	3.459
6. Miss Seet Jing Huan, Jennifer <sup>(2)</sup>	6,000,000	1.464
7. Mr. Boonrat Panyawisitkul	3,673,100	0.896
8. Mr. Nutchatpong Peeradechapan	3,250,000	0.793
9. Mr. Natee Rongkaratanakul	2,350,000	0.573
10. Mr. Surasak Kaiwanarporn	2,234,900	0.545

### Remarks :

<sup>(1)</sup> Mr. Pramoth Sudjitporn is a spouse with Miss Saowalak Jitsamrit.

<sup>(2)</sup> Mr. Tan Tgow Lim is a spouse with Miss Seet Jing Huan, Jennifer.

**List of major shareholders who, according to their conducts, were able to assert their influences towards the management policy and operation procedure of the Company with ulterior motives** (Shareholding groups or shareholders who owned over 10% and holding position as the Company's director or sending representative as the Company's director), is Mr. Pramoth Sudjitporn's Group.

### **11.3 Dividend Payment Policy**

In general, if the Company has no funding requirement for additional investment or business expansion and has sufficient cash flow, the Company has a policy to pay dividend to shareholders of the Company and its subsidiaries of at least 30.0% of net profit of each company (according to each company's financial statements) after deducting corporate income tax, legal reserves and other necessary reserves on a half basis. The first dividend payment shall be paid as an interim dividend and the second dividend payment shall be paid as an annual dividend. Nevertheless, this dividend payment rate may be changed depending on the necessity and appropriateness, given that this change must provide the highest benefit to the shareholders. A resolution of the Company's Board of Directors regarding the dividend payment must be proposed to the Shareholder Meeting for approval, except for an interim dividend payment, which the Board of Directors may approve and then report to the next Shareholder Meeting.



# MANAGEMENT STRUCTURE

## 12.1 Board of Directors

As of 31 December 2018, the Company's Board of Directors had 6 members, all of whom have attended the Thai Institute of Directors' training programs, as follows :

Name	Position	At the Meeting During 2018
1. Mr. Tan Tgow Lim	Chairman of the Board	4/4
2. Mr. Pramoth Sudjitporn	Vice Chairman of the Board	4/4
3. Mr. Lertchai Kunpai	Director	4/4
4. Mr. Chalermphong Jitkuntivong	Independent Director and Chairman of the Audit Committee	4/4
5. Mrs. Monluedee Sookpantararat	Independent Director and the Audit Committee Member	4/4
6. Pol.Col. Yanaphon Youngyuen	Independent Director and the Audit Committee Member	4/4

Mrs. Monluedee Sookpantararat, the Audit Committee Member, has adequate expertise and experience to review credibility of the financial reports.

Ms. Chonthicha Sombatmongkol is the Secretary to the Board.

### Authorized Directors to bind the Company pursuant to its Certificate of Incorporation

Mr. Pramoth Sudjitporn, Mr. Lertchai Kunpai, Mr. Tan Tgow Lim, 2 of these 3 directors together sign and affix the Company seal.

### The principal power, duties and responsibilities of the Board of Directors

1. Overseeing, monitoring and managing the Company's operations to ensure that they are carried out pursuant to the law, the Company's objectives and the Company Charter and are in line with resolutions adopted at shareholder meetings on the basis of good corporate governance principles, and ensuring that action taken is in line with the rules and regulations prescribed by the SET and the SEC.

2. Determining or revising the list of authorized directors to bind the Company.

3. Setting policies, strategies and direction for the Company's operations and supervising the management to ensure effective and efficient implementation of the designated policies to create highest economic benefits to its shareholders and for the Company's sustained development.

4. Making decisions on important matters such as business plans, budgets, major investment projects, management authority and any other matters prescribed by law.

5. Appointing any sub-committee(s) or individual(s) e.g. Executive Committee, Audit Committee and Managing Director, to help in the monitoring, follow-up and supervision of the Company's management on matters which are substantial within the Board's jurisdiction. This includes evaluation of performance and determination of remuneration for the members of those sub-committee(s) or individual(s), or delegation of authority of any duration as is deemed expedient. Such authority may, however, be terminated, revoked, modified or revised by the Board.

6. Taking action to ensure that there is an efficient and effective system in place for internal control/internal audit and risk management and monitoring and following up those issues on a regular basis.

7. Preparing the Board's Annual Report(s) and taking charge of preparing and disclosing financial statements to give its shareholders information on the Company's financial status and its performance in the preceding year.

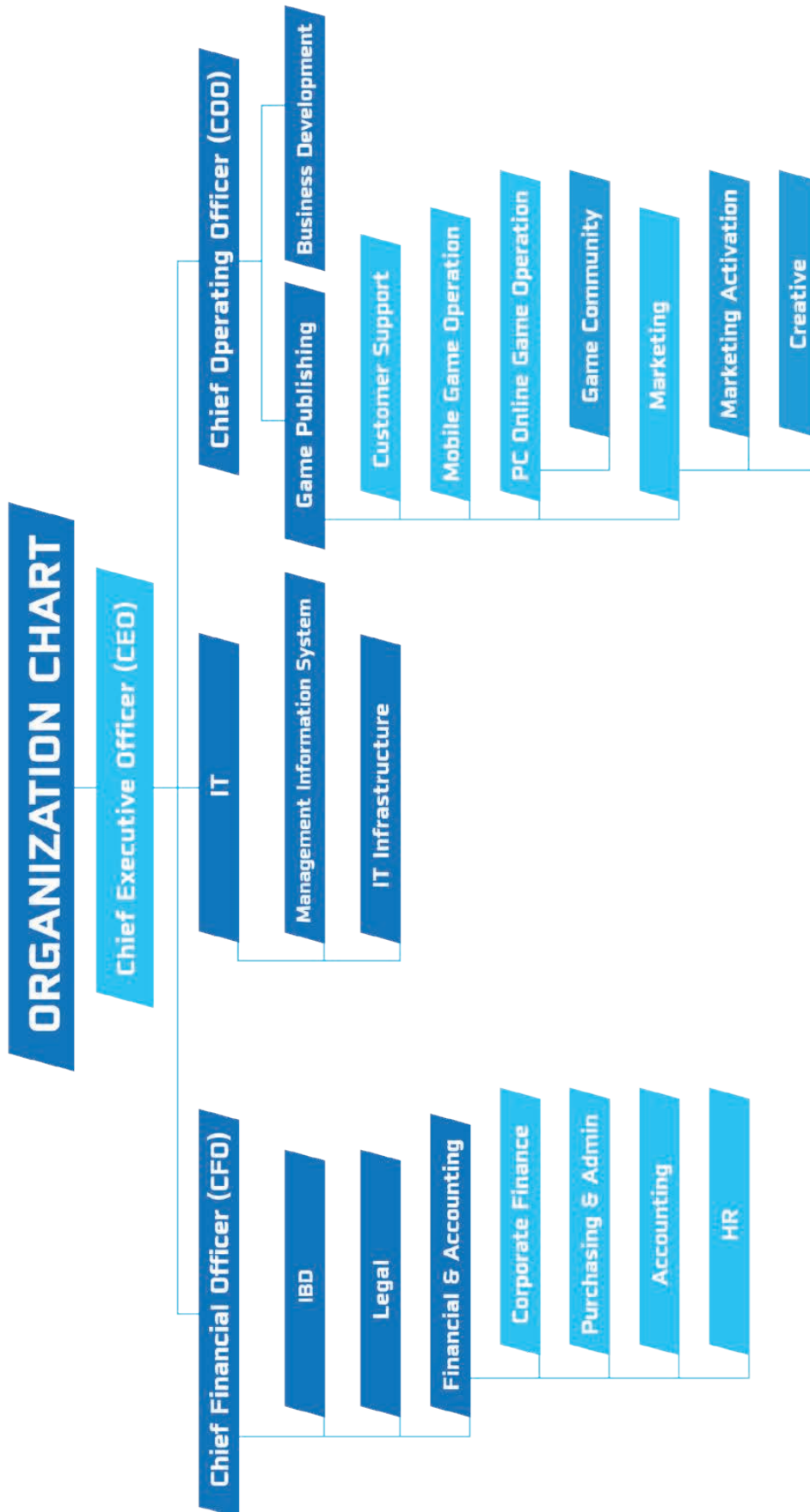
However, delegation of authority to the above sub-committee(s) or individual(s) shall not include any delegation of authority which will empower any of them to authorise a transaction between the Company or any of its subsidiaries and the above sub-committee(s) or individual, or their authorised representative with a possible conflict of interest of any kind. In addition, the Company is required to ask for prior approval from the Company's shareholders regarding the Company's entering into a connected party transaction and acquisition or disposal of its material assets in accordance with the SET applicable regulations. If any director or individual may have a conflict of interest (as stipulated in Notification(s) of the SEC and/or the SET), that director(s) or individual(s) shall not have a right to vote or be authorized to approve that transaction in any way.

Moreover, the Board has delegated authority to any of the above sub-committee(s) or individual(s) to execute transactions concerning the Company's operations and investment in its normal course of businesses in which the scope of authority and financial limits, at each level, are clearly defined. Such delegation of authority may not be made without setting a financial limit.

## 12.2 Management (according to the definition of the SEC and the SET)

As of 31 December 2018, the Company's Management consisted of 6 executives as follows :

Name	Position
1. Mr. Pramoth Sudjitporn	Chief Executive Officer
2 Mr. Ung Chek Wai, Gerry	Chief Financial Officer
3. Mr. Quach Dong Quang	Chief Operation Officer
4. Mr. Kittipong Prucksa-aroon	Deputy Managing Director - Sales
5. Miss Siriratt Waisarayutt	Deputy Managing Director - Products
6. Mrs. Ratana Manomongkolkul	Deputy Managing Director - Accounting and Finance (1 January 2018 - 30 June 2018)
7. Miss Sasitorn Chuaynoo	Deputy Managing Director - Accounting and Finance (1 October 2018 - 31 December 2018)





#### The principal power, duties and responsibilities of Chief Executive Officer

1. Supervising, monitoring and approving transactions/matters pertaining to the normal course of the Company's business and that of its subsidiaries to ensure that they remain in line with the Board's policies and decisions. It is also authorised to delegate authority, as considered appropriate, to the Managing Director, executives or one or several individuals in the Company and its subsidiaries to take any action relating to the Company's regular and daily operations and those of its subsidiaries.

2. Taking action and managing operations/activities involving the administration of the Company and its subsidiaries.

3. Taking any action in the normal course of the Company's business or that of its subsidiaries such as the purchase of goods and licenses, and investment in properties which does not exceed 20 million baht per each contract, and delegating authority for payments to personnel at executive levels in the Company and its subsidiaries to purchases, contractual hire/employment for properties and services for the benefit of the Company and its subsidiaries.

4. Delegating authority to the Managing Director, employees at the executive level or one or several individuals in the Company and its subsidiaries to take any action considered appropriate on behalf of the Chief Executive Officer (the CEO), discharging specific duties (such as purchases, employment, payment) under the CEO's supervision and within the timeframe the CEO sets. Such delegation of authority may be terminated, revoked, revised or modified by the CEO.

5. Taking action on behalf of and representing the Company and its subsidiaries to third parties in matters relating and beneficial to the Company and its subsidiaries.

6. Appointing advisors in various areas necessary for the operations of the Company and its subsidiaries within the budgetary framework authorised each year by the Board.

7. Carrying out any other duties which may be assigned to them from time to time by the Board or the Executive Committee.

The CEO will report directly to the Executive Committee. He or she must act in accordance with the guidelines and policies set by the Executive Committee.

Moreover, the CEO will have no authority to take any action or be involved in any transaction or matter between the Company or any of its subsidiaries and the CEO or his/her authorised representative with a possible conflict of interest of any kind. However, this rule may be waived if the authorisation involves a transaction which is to be undertaken on an arm's' length basis in the normal course of the Company's business within the scope of his/her powers and/or financial limit set by the Board subject to the criteria, terms and procedure under the Company's articles of association and the applicable rules of the SEC.

### The principal power, duties and responsibilities of the Managing Director

1. Supervising, monitoring and authorising matters pertaining to the normal course of the Company's operations to ensure they remain in line with the policies set by the CEO. The Managing Director is also authorised to delegate authority to executives or one or several individuals to take any action involving the Company's regular operations as he or she sees fit.

2. Undertaking action and managing operations/activities involving the general administration of the Company's affairs.

3. Employing, appointing, relocating, dismissing and terminating Company employees below the executive level as well as determining and adjusting their remuneration and bonuses, together with appointing individual(s) to represent the Employer on the Company's Provident Funds Committee.

4. Authorising action in the normal course of the Company's operations such as the purchase of goods and licenses, and investment in properties which does not exceed 10 million baht per each contract, and delegating the authority for payments to Company's executives to purchases, contractual hire/employment for property and services for the benefit of the Company.

5. Delegating authority to employees at the executive level or to one or several individuals to take any action considered appropriate on behalf of the Managing Director in order to discharge specific duties on his or her behalf (such as purchases, employment, payment) under his or her supervision and within the timeframe that he or she sets. Such delegation of authority may be terminated, revoked, revised or modified by the Managing Director.

6. Issuing orders, rules, announcements and memoranda to ensure that work is carried out pursuant to the Company's policies and in its interests and for the sake of maintaining order within the organisation.

7. Taking action on behalf of and representing the Company to third parties in matters relating and beneficial to the Company.

8. Carrying out any other duties which may be assigned from time to time by the CEO.

The Managing Director will come under the CEO's jurisdiction and will report directly to him or her. The Managing Director will act in accordance with guidelines and policies set by the CEO. Moreover, the Managing Director will have no authority to take any action in or relating to transactions or matters between the Company or any of its subsidiaries and the Managing Director or their authorised representative with a possible conflict of interest of any kind. However, this rule may be waived if the authorisation involves a transaction which is undertaken on an arm's length basis in the normal course of the Company's business and is within the scope of its powers and/or the financial limit set by the CEO, subject to the criteria, terms and procedure under the Company's articles of association and the applicable rules of the SEC.

### **12.3 Company Secretary**

The Board of Directors' Meeting No. 5/2008 held on 13 August 2008 has the resolution to appoint Mr. Chalermchai Duphatsakul as the Company Secretary. He resigned from the Company on 1 October 2015. The Board of Directors' Meeting No. 5/2015 held on 11 November 2015 has the resolution to appoint Mr. Parinya Kaewmanee as the Company Secretary. He resigned from the Company on 15 February 2016. The Board

of Directors' Meeting No. 1/2016 held on 26 February 2016 has the resolution to appoint Mrs. Ratana Manomongkolkul as the Company Secretary. She resigned from being a Company Secretary, which was effective on 31 May 2017. The Board of Directors' Meeting No. 2/2017 held on 12 May 2017 has the resolution to appoint Ms. Chonthicha Sombatmongkol as the Company Secretary, which was effective on 1 June 2017 and has the rights, duties and responsibilities in accordance with the laws as summarized following :

1. Prepare and keep the following documents :

- a register of directors
- a notice for calling director meeting, a minute of meeting of the board of directors and an annual report of the Company
- a notice for calling shareholder meeting and a minute of shareholders' meeting

2. Keep reports of conflict of interest which are reported by a director or management.

3. Perform any other acts as specified in the notification of the Capital Market Supervisory Board.

4. Provide an advice on the related Laws, Regulations, and any Corporate Governance to all Director(s).

5. Conduct the Board of Meeting and Annual General Meeting.

6. Contact with the Regulator(s) such as, Office of Securities and Exchange Commission and The Stock Exchange of Thailand, and to comply with the Laws and Regulations, be responsible for disclosing and reporting information to the Regulator(s) and Public.

Ms. Chonthicha Sombatmongkol graduated Bachelor of Law from Thammasat University; Master of Law in International and Comparative Law from Chicago-Kent College of Law, Illinois Institute of Technology, USA; and Master of Law in Intellectual Property Law from Queensland University of Technology, Australia.

## 12.4 Directors and Management Remuneration

Directors' Monetary Remuneration in 2018 :

Director	Remuneration (Baht)	Meeting Allowance (Baht)
1. Mr. Tan Tgow Lim	384,000.00	-
2. Mr. Pramoth Sudjitporn	256,000.00	-
3. Mr. Lertchai Kanpai	256,000.00	-
4. Mr. Chalermphong Jitkuntivong	256,000.00	212,000.00
5. Mrs. Monluedee Sookpantararat	256,000.00	159,000.00
6. Pol.Col. Yanaphon Youngyuen	256,000.00	126,000.00
<b>Total</b>	<b>1,664,000.00</b>	<b>497,000.00</b>



Management's Monetary Remuneration in 2018 :

Position	Persons	Remuneration <sup>a</sup> (Baht)
Executives <sup>b</sup>	8	18,918,018.83 <sup>c</sup>

**Remarks :**

<sup>a</sup> Comprising salaries, bonus, contributions to Social Security Funds and Provident Funds, overtime payments, and welfare benefits.

<sup>b</sup> As defined by the SEC and the SET, and includes Mr. Pramoth Sudjitporn, as the CEO.

<sup>c</sup> Remuneration were calculated by the actually work days, some management has resigned from the Company during the year.

# CORPORATE GOVERNANCE

## 13.1 Corporate Governance Policy

The Board is aware of its role, duties, and responsibilities towards the Company and its shareholders, and has already approved written policies pertaining to supervision and monitoring of its operations. Criteria and operating guidelines have been set, in line with Principles of Good Corporate Governance of the SET to support the Good Corporate Governance in practice. Moreover, the Company must comply with the various rules and regulations prescribed by the SEC and the SET in every respect, and review its governance policies and evaluate the result pursuant to those policies at least once a year.

On 20 June 2007, the Board of Directors Meeting No.1/2007 resolved to create policies on the supervision of its operations, which will be used as guidelines. They can be divided into 5 sections, as follows :

### 1. The Rights of Shareholders

The rights of shareholders covers a variety of rights such as the right to purchase, sell, or transfer shares, the right to share in the Company's profits, the right to attend shareholder meetings, and the right to express an opinion and to participate in making important decisions in the Company. Such decisions include the selection of directors, approval of major transactions with a potential impact on the Company's direction, and revisions of the Company's Memorandum and Articles of Association.

It is the Company's policy to promote and facilitate the shareholders' exercise of their various rights, by such means as follows :

- Distribute information concerning shareholder meetings on the Company's website before sending out paper documents, and elaborating on the rights of shareholders in attending the meeting and voting.
- Where a shareholder cannot attend the meeting in person, he or she is given the opportunity to appoint an independent director or any individual as his or her proxy at the meeting by using any of the forms of proxy sent by the Company together with the convening notice for the meeting.
- Before a scheduled meeting date, shareholders are given the opportunity to send their opinions, recommendations and questions by e-mail to the Investment Relations Officer or the Board Secretary.
- The Company will arrange an appropriate time-slot for shareholders to make their comments and recommendation or raise questions freely on any agenda item before a resolution is adopted on that item. Adequate information has already been provided to shareholders for these meetings and the Company will arrange to have available staff who are well informed in each area under question, under the Board's supervision, to respond to any questions or doubts raised from the floor.
- All directors will attend the meeting so that shareholders may ask for further details or information on any relevant issues.

## 2. Equitable Treatment of Shareholders

It is the Company's policy to treat all shareholders equally and protect their rights in the interest of strengthening equitable treatment particularly for minority shareholders. For instance :

- Shareholders will be given equal opportunities and facilities. No action will be taken that will limit, violate or diminish their rights.
- The right to vote at meetings will be determined by the number of shares held by each shareholder at the rate of one vote for one share.
- Independent directors are assigned to take care of minority shareholders who may make recommendations, comments or complaints to them. These independent directors will give appropriate consideration to each issue. For example, in the case of complaints, they will establish the facts and decide a suitable remedy. In the case that the independent directors consider that the recommendation has significant impact on those with vested interests or on the Company's operations in general, that issue will then be submitted to the shareholder meeting for the shareholders' consideration.
- Shareholders will be encouraged to exercise their rights. For example, minority shareholders will be given the opportunity to add agenda items before the scheduled meeting date or to nominate directors. The agenda, however, may not be expanded without prior notice to shareholders.
- The Board has taken measures against insider trading by relevant parties including directors, executives, employees and employees of the Company involved with that information (including the spouses and non sui juris children of those individuals).

## 3. Role towards Stakeholders

The Company takes seriously the rights of all stakeholders such as customers, suppliers, employees or shareholders as well as the public and society overall. They will be treated by the Board in accordance with their rights, conditions, legal requirements and various related rules and regulations. Action will also be taken for co-operation between these various stakeholders according to their roles and duties to ensure smooth operations with stability and equitable returns for all parties.

To ensure that stakeholders receive their due, the Company has established an operating guideline in its Code of Conduct for Employees. The Code of Conduct has been distributed on the Company's website and internal communications media such as the Intranet and the PR Board. The directors, executives and employees at every level must adhere closely to the Code of Conduct in their work. In addition, channels have been opened for stakeholders to communicate with, and comment or provide information to the Board through independent directors.

- Shareholders : In its determination to achieve good performance, stable growth and competitiveness for the Company in the face of current and future risks, and to create added value for its shareholders in the long-term, it is the Company's duty to disclose information for the sake of equity and transparency such that it will endeavour to protect the Company's property and to preserve its good reputation to the best of its ability.
- The Company's Board of Directors : The Board is aware of the rights of all stakeholders and the action to be taken to treat all fairly and equitably.



- **Employees :** Employees are a valuable asset of the Company. Therefore the Company recruits people with the relevant skills and experience to ensure the Company's growth and satisfy its requirements. Human resource development is ongoing to ensure that staff competencies are maintained at a high level and that staff are appropriately and competitively compensated vis-a-vis leading companies. Moreover, the Company is focused on building up and reinforcing a good working culture and environment and treating its employees fairly on an equal basis. The Company looks after employees' security and welfare through its Provident Funds and its provision of loans to employees, arrangements for fire-drills, provision of safety/security systems etc.
- **Customers :** The Company focuses on customer satisfaction with its workforce of quality staff and excellent service together with its readiness to meet their demands. Customers are treated respectfully and responsibly and care is taken to keep information from them confidential. Customer feedback is encouraged with staff specifically assigned to receive complaints.
- **Suppliers :** The Company takes care to treat its suppliers in line with commercial terms and contractual obligations. Action is taken within a framework of fair competition avoiding cheating behavior.
- **Competitors :** The Company functions within a framework of fair competition and has always avoided dishonest measures that try to eliminate competitors.
- **Communities, Society and the Environment :** The Company fully cognizant of its role as a part of society with a commitment for its well-being, public activities is supported in the interest of developing communities and the Environment. Our online game services are provided with a serious commitment to Society as it is the Company's policy to provide games with suitable content without violence and with appropriate warnings in its games and advertisements. Seminars are arranged to encourage players to spend their time appropriately and to play their games properly. The Company is the first online games operators in Thailand to provide an age-classification for each game in accordance with the State's age-classification policy. It also makes a Game Master available for each game in order to check and monitor gamers' various activities in the games and to ensure that no violence, gambling or other inappropriate activity is involved. Moreover, its online games services help to build gamers' computer skills and expand the internet usage and internet network infrastructure, enabling the public to easily access data and various information. In addition, online games developed by the Company have contributed to the development of Thailand's R&D in software and animation.

#### 4. Disclosure and Transparency

Besides making complete and timely financial disclosure or disclosure of other information to the public via various channels in strict compliance with the law, the Company shall also make the following disclosures to show the transparency of its operations :

- Disclosure of information concerning performance by various sub-committees such as the frequency of their meetings.
- Disclosure of guidelines in recruiting directors, relevant evaluation guidelines and evaluation of the Board's performance.
- Disclosure of remuneration policies for directors and high-level executives as well as the form, manner and amount of remuneration received by each member of the various sub-committees.

- Disclosure of policies created for protection of the environment and in support of society, and the results of their implementation.
- Report on policies of corporate governance and their implementation.
- Opportunity for the public to raise any concern/query via the Investment Relations Officer.

## 5. Responsibilities of the Board, its Structure and Various Sub-committees

### The Board's Structure

The vision outlined by the Company is that : “We are determined to maintain our leadership in Online Entertainment Services involving online games in the Southeast Asian region, with a focus on providing efficient services, developing our personnel to support the services and expanding investment to other high potential countries in the region, under a transparent and accountable management pursuant to the principles of Good Corporate Governance”. To realize this vision, the Board strives to maintain the highest ethical standards within the framework of the law, the Company’s objectives and its Charter as well as resolutions adopted at shareholder meetings with commitment, honesty, integrity and prudence in line with good operating practice so as to deliver highest economic value to the Company and maximum stability to shareholders.

The Company’s Board of Directors comprises of people who have knowledge, skills and experience drawn from a variety of professions in the areas of PC games, online business, finance, marketing, law, management, IT and other fields beneficial to the Company’s work. The Board is free to decide in the best interests of the Company and its shareholders overall. This Board has played a part in determining (or approving) the Company’s Vision, Mission, Strategies, Targets, Business Plans and Budgets as well as supervising the performance of its management to ensure effective implementation of the Business Plans and Budgets for the greatest economic benefit for the Company and maximum stability for the shareholders. Action has also been taken to ensure that there is a process for regular evaluation of the adequacy of internal control, internal audit, risk management, financial reporting and follow-up of performance.

Currently, the Company’s Board of Directors comprises of 6 members, 3 of whom are executive and 3 are non-executive. Three members of the Board are independent directors which, therefore, exceeds one-third of the Board thereby giving an appropriate balance vis-a-vis executive directors. The Board has set up 2 sub-committees to help supervise operations of the Company, i.e. the Executive Committee and the Audit Committee which consists of 3 independent directors with a term of office of up to 3 years. The duties and responsibilities of those Committees have been expressly defined at previous shareholder meetings.

The Company has clearly separated the duties and responsibilities of its Board and senior executives. While the Board’s duty is to establish policies and supervise performance of high level executives pursuant to those policies, it is the duty of high-level executives to administer the Company’s affairs in various areas to ensure that these policies are implemented appropriately. The Chairman of the Board and the Chief Executive Officer must be two different individuals to ensure that there is a clear separation between the determining of supervisory policies and the administration of regular affairs. However, both of them will be representatives of majority shareholder groups, albeit different groups, which together constitute the Company’s founders.

### Remuneration for Directors and Executives

The Company has a policy of determining remuneration for its directors, both in monetary and non-monetary terms, openly and transparently. The remuneration shall be submitted for approval to the annual general meeting of shareholders. Criteria governing remuneration of directors are as follows :

- Appropriate and commensurate with the duties and responsibilities of each director.
- At a level capable of attracting and retaining quality directors with suitable ability and knowledge.
- Clear, transparent and easily comprehensible.
- Comparable to the remuneration of directors in the same or similar industry(ies).

The remuneration for executives will be determined by the Board, both in monetary and non-monetary terms, in line with the Company's performance and each executive's performance. They will be set at such rates as are adequately attractive to retain quality senior executives and shall be comparable to rates of other companies in the same grade or operating in the same line of business.

### Board Meetings

Board meetings will be convened and conducted pursuant to the Company's Charter, the laws governing public companies and the rules and regulations of the SET with special meetings to be convened, where necessary. The Chairman of the Board, as chairman of the meeting, will support the exercise of prudent discretion and will allow enough time for the meeting to ensure that major problems may be submitted and discussed by management with due diligence. An invitation to the meeting, together with the agenda items and supporting documents, will be sent to the Board at least 7 days before the meeting. All directors will be required to attend every Board meeting except in the case of an emergency. Minutes of the meeting will be properly and correctly recorded by the Company and will be accessible by shareholders for verification.

### Report from the Board of Directors

The Board will be responsible for preparing the Company's financial statements including the Consolidated Financial Statements for the Company and its subsidiaries and the Financial Information to be presented in the Annual Report. Those financial statements will be prepared pursuant to the accounting standard generally accepted in Thailand based on appropriate, acceptable and consistent accounting policies. Discretion and care will be exercised to ensure that the Notes to the Financial Statements disclose adequate vital information.

### Self-evaluation by the Board/Committee Members

To enhance the efficiency of performance by its various Committees, arrangements are made by the Company to have members of each Committee evaluate their own overall performance so that they can together appraise and look at their performance and problems. Following this evaluation, the Board will analyse their performance and determine measures which will improve the Committees' efficacy.

### Development of Directors and Executives

The Company will support the attendance of its Board and senior executives at training courses which will be beneficial to their performance and will enable them to exchange opinions, on a regular basis, with Board members and senior executives of other organisations. Such courses include those arranged by the Company's



employee training unit, units under the State's jurisdiction and independent entities such as Thai Institution of Directors. It is an SEC requirement that directors of listed companies attend at least one of these courses, e.g. Director Certification Program (DCP), Director Accreditation Program (DAP) and Audit Committee Program (ACP) so that knowledge and experience gained can be used for the Company's further development.

#### Investor Relations

The Board takes care that adequate information is disclosed to its shareholders, investors and other relevant parties. That disclosure must be correct, complete, transparent, comprehensive and on-time pursuant to Good Corporate Governance principles. It must include financial reports, operating results and other related information as well as information which may have an impact on the pricing of its securities. Information and various newsletters will be distributed, through channels set up by the SET and the SEC including the Company's own website (www.asiasoft.co.th or www.asiasoft.net) and will help ensure that investors, shareholders and related parties can use the information in their investment decisions. The Company plans to set up an Investor Relations Unit to monitor and provide information and newsletters, and to answer queries raised by shareholders, investors, analysts and the public in general.

### **13.2 Committees**

#### Audit Committee

As of 31 December 2018, the Audit Committee had 3 members as follows :

Name	Position	At the Meeting During 2018
1. Mr. Chalermphong Jitkuntivong	Independent Director and Chairman of the Audit Committee	5/5
2. Mrs. Monluedee Sookpantararat	Independent Director and the Audit Committee Member	5/5
3. Pol.Col. Yanaphon Youngyuen	Independent Director and the Audit Committee Member	4/5

Ms. Rungrudee Denlumpai was Secretary to the Audit Committee from 1 January 2018 to 12 October 2018 and Ms. Sasitorn Chuaynoo was Secretary to the Audit Committee from 12 November 2018 to 31 December 2018.

#### The Principal Power, Duties and Responsibilities of the Audit Committee

1. To review the Company's financial reporting process to ensure that it is accurate and adequate.
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business.

4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year.

5. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company.

6. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information :

- An opinion on the accuracy, completeness and creditability of the Company's financial report.
- An opinion on the adequacy of the Company's internal control system.
- An opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business.
- An opinion on the suitability of an auditor.
- An opinion on the transactions that may lead to conflicts of interests.
- The number of the audit committee meetings, and the attendance of such meetings by each committee member.
- An opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter.
- Other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors.

7. To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

#### Executive Committee

As of 31 December 2018, the Executive Committee had 3 members as follows :

Name	Position	At the Meeting During 2018
1. Mr. Pramoth Sudjitporn	Chairman of the Executive Committee	4/4
2. Mr. Lertchai Kanpai	Executive Committee Member	4/4
3. Mr. Ung Chek Wai, Gerry	Executive Committee Member	4/4

#### The Principal Power, Duties and Responsibilities of the Executive Committee

1. Planning and determining policies, direction and strategies for the Company's operations to keep them in line with the targets set by the Board for further submission to the Board for approval.

2. Determining business plans, budgets and principles governing the operations to keep them in line with the targets set by the Board. It is also authorised to supervise and monitor the Company's operations to ensure that they are in line with the policies, business plans and business strategies approved by the Board, subject to the laws, any conditions, the relevant rules and regulations and the Company's Charter.

3. Determining the Company's organizational structure, management authority, remuneration policy and salary structure, as well as appointing, employing, relocating, terminating, and determining salaries, remuneration and bonus for employees at executive levels.

4. Taking any action in the normal course of the Company's business such as the purchase of goods or licenses or investment in properties which exceed 20 million baht but not exceeding 40 million baht per each contract.

5. Undertaking financial transactions with banks/financial institutions pertaining to the opening of accounts, lending and borrowing, procurement of credit lines, pledges, mortgages, provision of collateral/security including the purchase/sale and registration of title over land in the normal course of its operations, as considered appropriate, which does not exceeding 40 million baht.

6. Considering the Company's profits and loss so as to recommend to the Board whether an interim or annual dividend should be declared.

7. Delegating authority to one or several individuals to act on its behalf on any matter, as considered appropriate, under the supervision of the Executive Committee and for such period as it deems fit. Such authority may, however, be terminated, revoked, modified or revised by the Executive Committee.

8. Carrying out other duties as may be assigned from time to time by the Board.

In no circumstance will the above authorisation empower the Executive Committee or its authorised representative to authorise any transaction between the Company or any of its subsidiaries and the Executive Committee or their authorised representative with a possible conflict of interest of any kind. However, this rule may be waived if the authorisation involves a transaction which is entered into on an arm's length basis in the normal course of the Company's business and is within the specified scope of the Executive Committee's power and/or its authorised financial limit, subject to the criteria, terms and procedure under the Company's articles of association and the applicable rules of the SEC.

Moreover, the Board may revise, where necessary or appropriate, any of the Executive Committee's duties and responsibilities.

### **13.3 Recruitment of Directors and Top Executives**

Currently, the Company has no Nominating Committee for selecting directors. This matter is therefore left to the Board, which will select individuals and propose them to the shareholders based on a variety of factors such as their educational background, competencies and business experience. They must also be qualified under the Public Limited Companies Act, B.E. 2535, Notification of the SEC and other relevant laws. Director selection will be made by majority vote at shareholder meetings in accordance with the following criteria and procedure :

1. A shareholder will be entitled to one vote for each share.

2. The vote to select directors will be done on an individual basis.

3. The person with the most votes will be selected as a director. If there is more than one vacancy, the persons with the most votes in descending order will be selected as directors. Where there is a tie, the Chair of the shareholder meeting has a casting vote.



Directors will be in office for a term of 3 years. At each Annual General Shareholders Meeting, one-third of the Board will retire with those who have been longest in office retiring first. A retiring director may be reappointed for another term.

For selection of Top Executives, the Board will consider and nominate the Top Executives by considering based on a variety of factors such as their educational background, competencies, business experience and their work responsibilities.

### **13.4 Subsidiaries and Affiliates Governance**

The Company has sent the representatives to be director in subsidiaries and affiliates according to the proportion of shareholding of the Company. Such representatives have the rights to control the material transaction that is any material agreement or contract of subsidiaries or affiliates shall sign by director who is the representative of the Company. The representative of the Company who is nominated to be directors of subsidiaries or affiliates has the duty to do for the best benefit of such subsidiaries or affiliates.

In addition, in case is the subsidiaries, the representatives of the Company who is nominated to be director of subsidiaries shall manage subsidiaries to keep the information and accounting records in order to the Company can verify and collecting such information to prepare the consolidated financial statements in time.

### **13.5 Monitoring the Use of Inside Information**

The Company has introduced a policy and measures to prevent the use of inside information which has not yet been disclosed to the public, for personal gain and securities trading :

1. Directors, executives, employees and workers within the Company must keep Company information and other inside information confidential.

2. Directors, executives, employees and employees within the Company may not disclose any confidential information or other inside information about the Company, or use it for their own gains or those of others, whether directly or indirectly, and whether or not it is for compensation.

3. Directors, executives, employees and workers within the Company may not buy or sell, transfer or accept the transfer of the Company's securities through the use of confidential or inside information about the Company, or take any other action using that confidential or inside information which would cause the Company to suffer a loss, whether directly or indirectly.

Directors, executives, employees and workers of the Company who work in a unit which has acquired inside information should avoid buying or selling the Company's securities for 1 month before disclosure of its financial statements to the public.

This provision includes the spouses and non sui juris children of directors, employees and workers of the Company. It is a serious offence to breach this provision.

4. Directors and executives are required to report to the SEC any change in their holding of securities or that of their spouses and non sui juris children.

The Company will take disciplinary action against any of its directors, executives, employees and workers who breaches or fails to comply with the Company policy. The disciplinary action begins with a written notice and is followed by salary cut(s), unpaid temporary suspension from work and dismissal from employment, depending on the severity of the offence and the provisions in the Company's Charter informing all directors, executives, employees and workers of the disciplinary action.

Moreover, each director and executive has acknowledged in writing his or her duty to report his or her holding of the Company's securities and those held by his or her spouses and non sui juris children, and to report any change in such holdings to the SEC and the SET pursuant to section 59 and the penalty prescribed by section 275 of the Securities and Exchange Act, B.E. 2535.

On the subject of providing supporting data to its affiliates, the Company has prescribed procedures to prevent information leaking, such as requesting a signed Confidentiality Agreement and a ban against photocopying of documents without authorization.

### 13.6 The Auditor's Remuneration

In 2017, PricewaterhouseCoopers ABAS Ltd. was the external auditor for the Company and subsidiaries both local and oversea (excluding three subsidiaries in Thailand which were audited by PYS Audit Co., Ltd. with the expense of 0.14 million baht; and a subsidiary in Indonesia, PT Asiasoft, which was audited by Jimmy Budhi & Rekan Registered Public Accountants, Indonesia, with the expense of 0.07 million baht; and a subsidiary in Malaysia, AS Online Sdn. Bhd., which was audited by Ari & Co. (AF 1351), Malaysia, with the expense of 0.01 million baht.)

In 2018, Mazars Ltd. was the external auditor for the Company and subsidiaries both local and oversea (excluding five subsidiaries in Thailand which were audited by PYS Audit Co., Ltd. with the expense of 0.20 million baht; and a subsidiary in Indonesia, PT Asiasoft, which was audited by Jimmy Budhi & Rekan Registered Public Accountants, Indonesia, with the expense of 0.06 million baht; and a subsidiary in Malaysia, AS Online Sdn. Bhd., which was audited by Ari & Co. (AF 1351), Malaysia, with the expense of 0.01 million baht.)

The following table shows the auditing expenses.

Expense Types	2018			2017		
	The Company	Subsidiaries (4)	Total	The Company	Subsidiaries (12)	Total
<b>Audit Fees (Baht)</b>						
- Statutory Financial Statement	1,775,000.00	2,805,723.35	4,580,723.35	1,110,000.00	5,490,840.00	6,600,840.00
- Review of Interim Financial Statement (3 Quarters)	600,000.00	-	600,000.00	1,570,000.00	-	1,570,000.00
<b>Total Audit Fees</b>	<b>2,375,000.00</b>	<b>2,805,723.35</b>	<b>5,180,723.35</b>	<b>2,680,000.00</b>	<b>5,490,840.00</b>	<b>8,170,840.00</b>
<b>Other Fees (Baht)</b>						
- Mazars Ltd.	167,680.20	83,344.40	251,024.60	-	-	-
- PricewaterhouseCoopers ABAS Ltd.	-	-	-	10,500.00	-	10,500.00
<b>Total Other Fees</b>	<b>167,680.20</b>	<b>83,344.40</b>	<b>251,024.60</b>	<b>10,500.00</b>	<b>-</b>	<b>10,500.00</b>
<b>Total Fees</b>	<b>2,542,680.20</b>	<b>2,889,067.75</b>	<b>5,431,747.95</b>	<b>2,690,500.00</b>	<b>5,490,840.00</b>	<b>8,181,340.00</b>





# CORPORATE SOCIAL RESPONSIBILITY



# CORPORATE SOCIAL RESPONSIBILITY

Asiasoft's mission is to become the leading online entertainment service provider in Southeast Asia by creating an entertaining experience to building an online community, and eventually move towards becoming an online entertainment business leader In Southeast Asia. Our commitment is to provide quality services with sincerity and honesty to achieve the utmost satisfaction for our customers. We aim to build our customer confidence through continuous development and enhancement in our services. Our charter "Customer Satisfaction is Our Success" provides for a framework that strives to deliver to our customers in the region quality online entertainment to the fullest. We provide services with social responsibility inclusive of economic, social and environmental aspects.

## 14.1 Economic Aspect

Asiasoft adheres to "Corporate Governance" principles with established internal structure and operational processes to set the direction and oversee the operation to achieve maximum value as well as promoting and driving business towards stability.

- Shareholders' rights : Shareholders shall have the right to ownership and shall exercise control through the appointment of directors to act on their behalf. They shall have the right to make decisions on the Company's important developments. The Company encourages shareholders to exercise their rights.
- Equitable treatment of shareholders : Each and every shareholder, management executives, non-management executive shareholders including foreign shareholders shall be treated equitably and fairly. Minority shareholders whose rights are violated shall receive compensation.
- Role of stakeholders : Stakeholders shall receive proper treatment in accordance to the rights based on relevant laws. The Board of Directors shall create a process to promote cooperation between the Company and stakeholders in creating wealth, financial stability, and sustainability for the Company.
- Information disclosure and transparency : The Board of Directors shall oversee the disclosure of important information, both financials and non-financials, to ensure that it is accurate, complete, timely, and transparent via easy access, and that the information is equitable and reliable.
- Responsibilities of the Board of Directors : The Board of Directors has an important role in corporate governance for the most benefits to the Company. The Board of Directors is responsible for the result of business performance to the shareholders and is independent from the operating management.

Asiasoft participated in the 2018 annual survey of good corporate governance held by Thai Institute of Directors (IOD) in which the five categories as listed herein and 241 assessment criteria were surveyed. The Company achieved a score average of 70 - 79 classifying us as a "Good" recognition level, a level that the Company has continuously maintained.

As for the evaluation of running a quality shareholders meeting, based on Shareholders Quality Assessment for 2018 of Thailand Listed Company by Thai Investors Association, Asiasoft scored an 89% rating, a decrease from last year and lower than the average rating of the listed companies in Thailand which was at 92.42%. As for 2017, the score rating was at 93%, higher than the average rating at 91.97%.

Asiasoft determined the stakeholders as related and important to the business directly and indirectly and with direct and indirect impact as follows :

Stakeholders	Policy and Strategy	Method and Channel
Customers : Gamers	<ul style="list-style-type: none"> <li>• Select only high-quality games and services that match their needs.</li> <li>• Ensure that products and services are in trend and up-to-date.</li> <li>• Protect customer data with highest security.</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct customer satisfaction survey.</li> <li>• Service through a call center, live chat and via website contact.</li> <li>• Work within the framework of ISO 27001:2005 with a 24-hour maintenance, ready to service.</li> </ul>
Staff	<ul style="list-style-type: none"> <li>• Look after staff like family members.</li> <li>• Provide good welfare benefits for staff.</li> <li>• Provide a suitable working environment.</li> <li>• Maintain office equipment to be in good working order.</li> <li>• Provide equitable treatment, no deprivation or partial treatment.</li> <li>• Promote career advancement at every level.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide internal communication channels to build proper understanding.</li> <li>• Build good relationship through activities.</li> <li>• Hold Town Hall Meetings with the management team for continuous conversations with staff.</li> <li>• Conduct a staff satisfaction survey on welfare benefits and activities.</li> <li>• Consider internal promotion before hiring outsiders.</li> <li>• Provide training to increase work competency.</li> <li>• Arrange for a staff relaxation area.</li> <li>• Organize physical fitness activities in various formats to promote good health.</li> </ul>
Internet Cafes	<ul style="list-style-type: none"> <li>• Provide a community for gamers.</li> <li>• Build good relationship with internet cafe owners.</li> <li>• Promote activities in the cafes.</li> </ul>	<ul style="list-style-type: none"> <li>• Organize game competitions.</li> <li>• Promote by providing game information on existing games and games to be launched.</li> <li>• Team-visit cafes and build good relationship.</li> </ul>
Shareholders and Investors	<ul style="list-style-type: none"> <li>• Operate the business with the utmost benefits to all.</li> <li>• Operate the business with good corporate governance practices.</li> <li>• Operate under the governing laws.</li> <li>• Operate with good management controls.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide communication channels via investor relations officer.</li> <li>• Adhere to impartiality for shareholders and investors in providing transparent and accurate information.</li> </ul>
Partners and Alliances	<ul style="list-style-type: none"> <li>• Conduct the business with transparency and honesty for appropriate benefits.</li> </ul>	<ul style="list-style-type: none"> <li>• Collaborate and develop fair agreements upon request.</li> <li>• Listen to problems and meet to find the right conclusion.</li> </ul>

Community and Society	<ul style="list-style-type: none"> <li>• Support the society to learn and understand the impact of our services.</li> <li>• Support the Ministry of Culture Promotion's White Game Cafe.</li> <li>• Promote and support the educational standards of Thai youth.</li> </ul>	<ul style="list-style-type: none"> <li>• Jointly meet and recommend ways to solve problems.</li> <li>• Accept feedback from the society to improve service processes to achieve the highest quality and benefits.</li> <li>• Accept requests for assistance and organize activities to promote and develop sustainable education.</li> </ul>
Environment	<ul style="list-style-type: none"> <li>• Advocate the conscientious use of energy to reduce impact on the environment.</li> </ul>	<ul style="list-style-type: none"> <li>• Survey the energy consumption.</li> <li>• Set a goal to use the energy conscientiously to reduce costs.</li> </ul>
Government and Audit Agencies	<ul style="list-style-type: none"> <li>• Adhere to procedures in place.</li> </ul>	<ul style="list-style-type: none"> <li>• Be involved in meetings to give opinion.</li> <li>• Join in relevant activities.</li> </ul>

The Company places importance on operating the business with transparency. The Company provides regular staff orientation and stresses the importance of anti-corruption. They are expected to conduct themselves within the anti-corruption policy framework of the Company, subsidiaries, and associate companies. All companies are in support of this policy and reject fraud and corruption in any form. The Company recognizes that bribing and corruption cause damage against economic development, social, and stability of the country. Details of anti-corruption policy is shown on <https://investor.asiasoft.net> under Corporate Governance Section.

#### Accepting and Considering Complaints

In accordance to good governance practices, the Company provides communication channels for stakeholders to communicate, give information, make complaints, offer opinion, or recommend as well as report on any suspicious behavior or misconduct (whistleblowing) on the part of staff and other stakeholders, as follows :

- Mail : Asiasoft Corporation Public Company Limited, 9 UM Tower, Room 9/283-5, 28<sup>th</sup> Floor, Ramkhamhaeng Road, Suanluang, Bangkok, 10250
- Telephone : +66 (0)2769-8888
- Fax : +66 (0) 2717-4250
- Website : <https://investor.asiasoft.net>
- E-mail : [corporate@asiasoft.net](mailto:corporate@asiasoft.net)



### Measures of Protection for Whistleblowers

To provide confidence to anyone who reports and provide information on potential fraud, the Company gives importance to keeping the information confidential and sets measures to protect whistleblowers and anyone who report on potential fraud from retaliatory actions. For staff who report, the protection includes safeguarding the employment status from adverse effects; and for retaliators, appropriate actions will be taken against them which may include prosecution. Information detailing the acceptance and consideration of complaints and measures of protection for anyone providing information, and whistleblowers are disclosed in the Company's website : <https://investor.asiasoft.net> under Corporate Governance section.

In the past year, the overall gaming industry on the part of mobile gaming continues to see growth due to the increase number of smartphones, 3G/4G technology as well as 5G technology that is imminent. The Company adjusted the plans to the change in the market and needs of gamers by focusing more on the mobile gaming market as well as enhancing the service platforms offering online gaming for PC and mobile devices by mainly considering the needs of the gamers.

### Customer Service

The customer service is of primary importance to Asiasoft as "Customer Satisfaction is Our Success". We provide numerous communication channels to give convenient access to customers including a Call Center and Live Chat with daily service during 9.00 - 23.00 hours, and provide E-Support or Form Tool 24 hours daily. Additionally, PlayPark Facebook Fanpage and other fan pages by PlayPark online games are available to answer questions daily from 11.00 - 20.00 hours.

The proportion of communication channels serving customers are broken down as follows : Live Chat 67.3%, Call Center 7.3% and Form Tool 25.4%. Total service 115,533 cases, and mainly were enquiries about problems with games such as reporting problems with bugs, characters, and enquiring about promotional activities.

Asiasoft conducts customer satisfaction surveys three times a year; for 2018, the results are as follows :

**Round 1** : The survey was conducted during 25 April - 25 May 2018  
with 1,561 respondents, scoring an average of 3.46 or 69.24%.

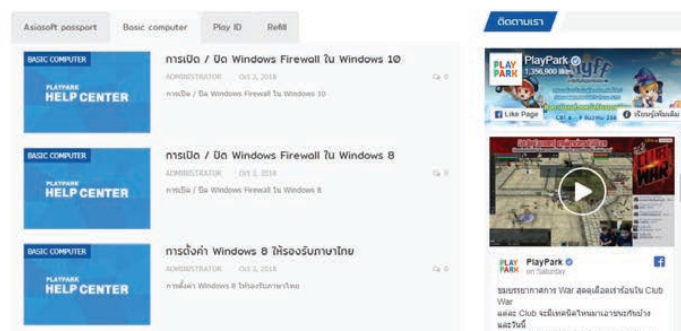
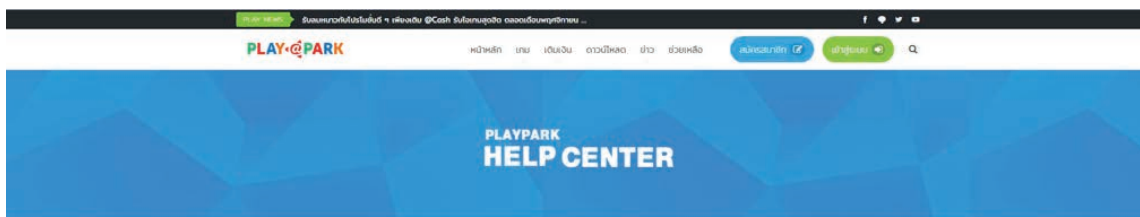
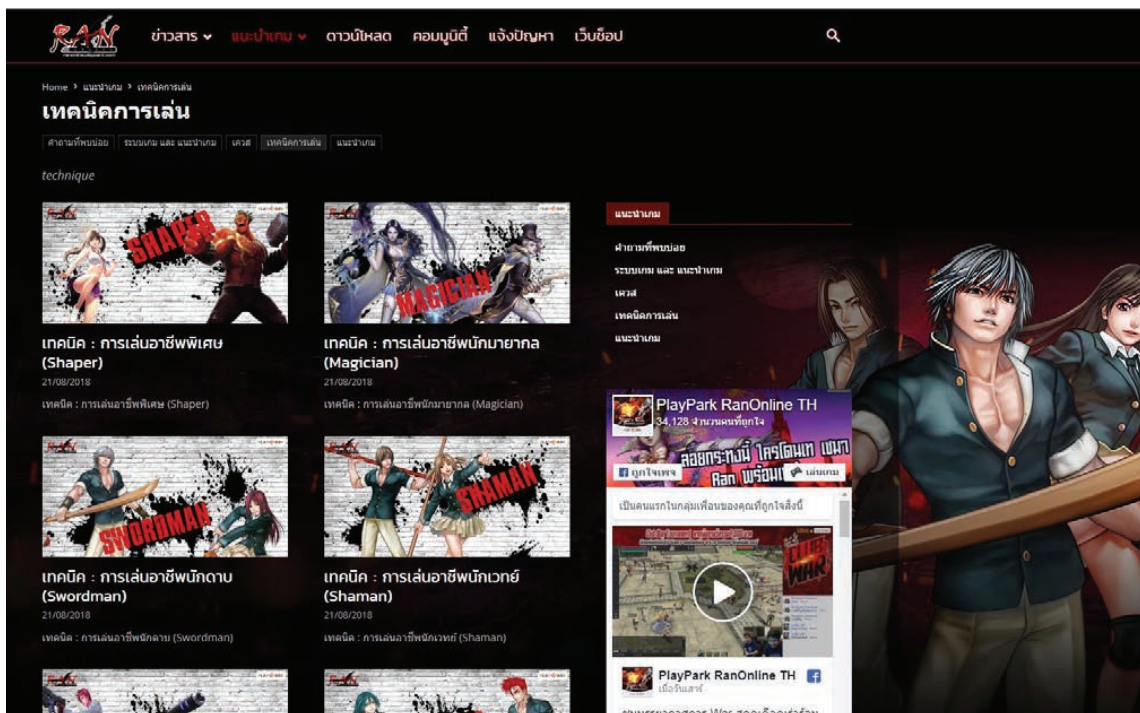
**Round 2** : The survey was conducted during 17 August - 14 September 2018  
with 1,610 respondents, scoring an average of 3.42, or 68.41%.

**Round 3** : The survey was conducted during 22 November - 17 December 2018  
with 1,610 respondents, scoring an average of 3.39 or 67.74%.

The overall customer satisfaction rating for the year 2018 is 68.46%.

Asiasoft continues to place importance on fair play - playing without hacking so that gamers can play without unfair advantages. Through monitoring, 14,197 gamer IDs were found using hacking to support their play, as a penalty, they were banned from playing.

Knowledge Base or the corpus of game and computer knowledge has been updated to make it easier for users to browse for game information via game website under Game Guide and [www.playpark.com/th-th/help-center](http://www.playpark.com/th-th/help-center). The information was created by our team who supervises the games' information and from input topics and experiences from other gamers.



## 14.2 Social Aspect

In operating Asiasoft's business, staff is the heart of providing online entertainment to customers driving the business ahead by delivering happiness to the society. Asiasoft places importance and care for staff like family members. We believe that if staff are happy at work, they will extend the happiness in multiples through servicing customers. Asiasoft has 356 staff in five countries across Southeast Asia.

In 2018, 53 staff joined Asiasoft, an average of 4 new staff per month. It can be said that Asiasoft is the career builder in the gaming industry, including accounting, IT, marketing, and jobs with specific skills in gaming such as Game Planning, Game Support and Game Project which require the passion in gaming and the abilities to apply the expertise to generate benefit for the Company.

Asiasoft is a company that creates and delivers happiness to the online society. Staff are the new generation that understand the needs of gamers. Additionally, we do not discriminate on the basis of gender for recruitment and employment. Asiasoft gives opportunities to all staff to be a part of creating online entertainment to the society.

The development of staff potential is well supported by senior executives as they recognize the importance of learning so staff can keep up with the constant change and transformation of technology, including out-of-the-box thinking. In 2018, many training courses and seminars were held.

Apart from training the local staff, Asiasoft set up training for staff in all countries using Thailand as the regional center for meeting to conduct online training and workshops to develop the competencies of staff in each country to be equivalent, both supervision and operation levels.

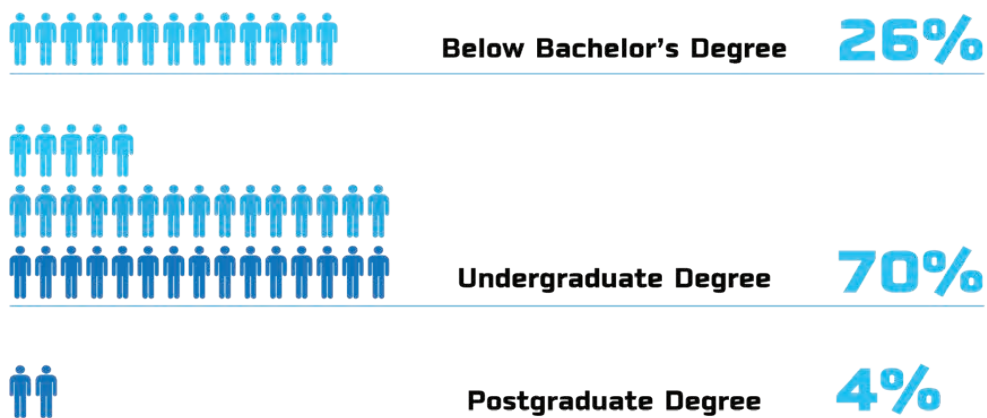
In 2018, 21 staff were promoted based on their knowledge, competencies, and capability in accepting more responsibilities at higher positions as the Company's policy is to encourage staff to grow within their line of work. And in each year, evaluations are made to award staff who participated in testing the games before the official launch with the "Best Game Tester of the Year" award, and staff who received the highest customer satisfaction score with the "Best Service of the Month" award.



## Asiasoft Staff in 2018

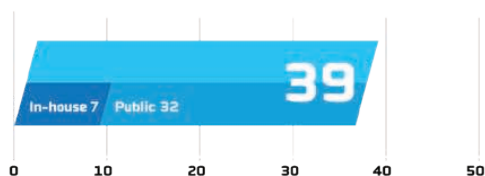


### Education Level

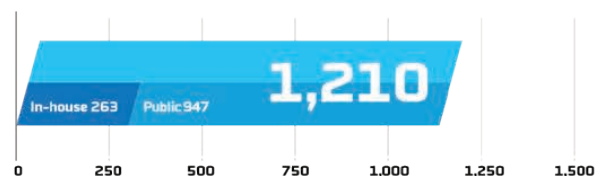


## Knowledge Training and Seminar in 2018

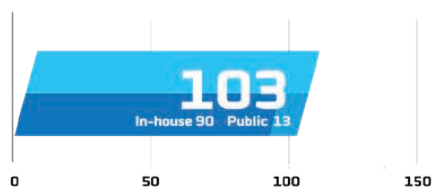
### Total courses



### Total training hours



### Total trainees



Department	In-House Training		Public Training		Total Hours
	Participants	Hours	Participants	Hours	
Management	6	43	10	84	127
Accounting	3	16	2	32	48
Corporate Finance	1	8	4	51	59
Human Resources	3	16	2	8	24
Business Development	1	7	-	-	7
Customer Care	3	24	-	-	24
Mobile Games	3	8	-	-	8
PC Games	42	23	1	24	47
Creative	9	32	-	-	32
MIS Department	13	39	10	350	389
Infrastructure Mgt	2	16	7	278	294
Marketing	1	31	1	120	151

Asiasoft attends to the welfare of staff with care; all aspects of basic benefits are covered including salary, social security, and allowance for travelling and accommodation. Other benefits include provident fund which encourages savings for retirement, and the group insurance which covers life insurance, personal accident insurance, and health insurance for all levels of staff - on top of the mandatory social welfare. Additionally, annual health checks are conducted, and to promote health, the Company set up badminton club, yoga and zumba dance activities they can participate after working hours. Moreover, the Company organized the first charity running event “PlayPark Gamer Run” to encourage staff to use free time to improve their health.

As Asiasoft is an online entertainment operator, there is no accident resulting from work on statistical records.

Asiasoft builds the awareness of staff to learn and be responsible for the society so that building online entertainment can grow sustainably with the society, and provide opportunity to be happy in both virtual and real life by getting everyone to share their own happiness with others in the society via various activities as follows :

#### **PlayPark Gamer Run 2018 :**

PlayPark.com, the leading service provider of online games in association with Asiasoft, organized the first running event for gamers in the country. “PlayPark Gamer Run 2018” was held at Makutromayasaran Park, Nonthaburi



town hall to promote health with over 600 gamers, the public and staff participating. All proceeds without deducting expenses in the amount of 147,000 baht were donated to “Kao Kon La Kao” project. This running event promoted a better use of free time and helped to build good relationship among staff.



#### **Used Computer Donations to Needy Schools :**

Asiasoft donated 48 computers to five schools to use as learning tools and develop the skills of the children. These schools included : Ban Krabok Tia School, Chachoengsao; Kochchavakwitthaya School, Phra Nakhon Si Ayutthaya; Bansrajang, Nakhon Ratchasima; Ban Kham Thale So, Nakhon Ratchasima; and Narakorapim Community School, Nakhon Ratchasima.



**Donation for Medical Equipment :** Asiasoft places the importance on the health of young children. A donation was made to the Children's Hospital Foundation, Queen Sirikit National Institute of Child Health to help with purchase of modern medical equipment for treating young patients with problem families, including local and foreign orphans, to have better health.



**Voice Recording for the Blind Training :** Asiasoft took staff volunteers to participate in the voice recording training for the blind at TAB Foundation on how to properly voice record using OBI program and Read for the Blind application. Every book recorded will help blind people to gain knowledge, entertainment and all of the staff who participated in this training was impressed and wanted to contribute by making the recording for the blind.



**Dragon Nest Donate :**

Dragon Nest game organized “Dragon Nest Hero”, an event for gamers to participate and donate funds. All proceeds from the event was given to Children Foundation to provide needy children with education.

**Audition FAM Outing :**

This event invited Audition gamers to perform good merits. This fifth-year event provided opportunity for 60 gamers from 6 FAMs to donate goods to needy children at Sataban Saengsawang Foundation. This activity was a social responsibility that encouraged good relationship among the players and the game providers.



**Songkran :** To carry out the Thai New Year tradition through a water-pouring ceremony for a blessing.



**Annual Health Check** : Asiasoft cares about the health of staff. Once a year, a health check is provided to look after staff for good health and efficiency in working.



**Movie Preview** : Asiasoft cares about the happiness of staff. In 2018, the staff was treated to an exclusive screening of the motivating movie of the year “2,215 Cheua Ba Kla Kao” to relax from working and to build relationships. All of the staff were happy and received good motivation for life and work.



**Badminton, Yoga and Zumba Dancing Club** : Asiasoft sets up the badminton, yoga and zumba dancing club for staff to exercise to improve health and have fun after working hours.





### 14.3 Environment

The Company is determined to operate the business with care for the environment by giving the importance to the prevention and reduction of pollution and or whatever affects or destroys the environment for example the conservation of energy use or saving, cleanliness project, fitness zone, Karaoke room, afterwork physical activities, air filters, and aromatic air diffusers to help staff feel relaxed. This is a continuing policy that has been in practice for some time.

**Energy Conservation Project :** The Company reduced number of lights used during break time, turned off the air-conditioning units 30 minutes before break time and end of work day, cleaned air-conditioning filters every three months, turned off lights in the area not in use, shut down the computer screens when not in use, and posted monthly electrical expense - all of which helped to bring down the expense by 14% when compared to 2017. The Company aimed to continue with the campaign as saving energy is one of the social responsibilities.

**Water Conservation Project :** In 2018, the Company campaigned to reduce water usage and to properly use water in washrooms. For the efforts, the Company was able to bring down the expense by 24% compared to 2017.

**Paper Use Reduction Project :** Since 2014, the Company encouraged all business units to reduce paper usage by replacing it with electronic documents. All filings and approvals in the form of electronic.

**Office Cleaning Project :** Every three months, staff are requested to tidy up the work space and get rid of documents that are no longer in use, or documents not necessary for work.

# INTERNAL CONTROL AND RISK MANAGEMENT

The Company's Board of Directors and Audit Committee assessed the Company's internal control systems by following the internal control system adequacy assessment form. They concluded that the Company's internal control system is adequate and proper for the Company's business, free from any material defect and can prevent the Company's or the subsidiaries' properties from misuse or unauthorized use of the management. The Board of Directors and the Audit Committee also highlighted the Company's improvement in the practice of good corporate governance in accordance with the SET's 2006 good corporate governance principles for listed companies. Moving forward, the Company will have to strengthen the risk management report to Management

## 15.1 Internal Control

The Company has strongly emphasized on the efficiency of its internal control systems at both the management and the operational levels with the aim to prevent or reduce possible risks. In this regard, the Company prepared a compliance manual to specify the duties, responsibilities and powers of staff and management, and to clearly separate the duties of operators, controllers and assessors from one another so as to create a proper system of checks and balances. Additionally, the Company hire Outsourcing Internal Audit to audit and assess the Company's internal control systems and to ensure that the Company's major activities and significant financial activities are performed in accordance with the stipulated rules with maximum efficiency and to check the Company's compliance with related laws and regulations (Compliance Control). To ensure that the Outsourced Internal Audit are independent and able to perform its supervisory duty, the Board of Directors requires that the Outsourced Internal Audit report the audit results directly to the Audit Committee and that the Outsourcing Internal Audit must be assessed its performance by the Audit Committee.

In the Meeting of the Company's Board of Directors No. 1/2018 held on 26 February 2018, attended by all members of the Audit Committee, the Board considered and evaluated the internal control system and approved the Company's internal control system adequacy assessment form that was prepared by Management. After assessing the Company's internal control system in 5 areas which are divided into 17 principles, namely (1) Control Environment which consists of 5 principles, (2) Risk Assessment which consists of 4 principles, (3) Control Activities which consists of 3 principles, (4) Information and Communication which consists of 3 principles, and (5) Monitoring Activities which consists of 2 principles, the Board was informed that the Audit Committee was of the same opinion as the outsourced internal auditor. Both parties have stated that the Company's internal control systems are adequate and proper for its business. So far, the Company has not found any crucial defects in the internal control systems which could materially affect the Company's financial condition or the auditor's opinion of the financial statements. The Company has also designed its internal control systems to conform with those suggested by the SET and with the international internal control framework of the Committee of Sponsoring Organizations of the Treadway Commission or COSO. Summarized details of the Company's internal control system are set out below.

1. Control Environment : The Company has set up control systems for the work of the finance and accounts, operations, organization, and personnel departments based on the good corporate governance principles and policies.

2. Risk Assessment : The Company always takes into consideration the risk factors that are now encountered or expected to be encountered for analyzing and estimating impacts and chances of those risks as well as formulating countermeasures to prevent and manage those risks. The Company then prepares risk management reports to its management and follows up regularly.

3. Control Activities : The Company provides supervisory tools to its management through its development of various systems e.g. management information systems security (ISO: 27001). This supervisory tools emphasis on information reliability, the protection of Company's properties and compliance with internal and external rules and regulations as well as information security.

4. Information and Communication : The Company emphasizes on information systems and communication channels both inside and outside the Company by providing an intranet system and a website to serve all-level communication.

5. Monitoring Activities : The Company assesses staff performance twice a year. It also informs its operating results on a quarterly basis at an executive meeting and staff meeting.

## **15.2 Internal Audit**

The Outsourced Internal Audit have been established to bolster the Audit Committee's confidence in the supervision and review of the accuracy of the financial reports, the adequacy of information disclosure, the transparency of information, internal control and risk management. It focuses on having a preventive and creative audit policy and adheres to audit guidelines of international standard and good corporate governance principles. The audit system is developed in consistence with the fast pace environment of the Company's business in order for the Company to have a transparent, auditable and reliable image.

The Audit Committee considers, elects and nominates Baker Tilly Monteiro Heng Governance Sdn. Bhd., Malaysia, as the outsourced internal audit for the year 2018 for CIB Development Sdn. Bhd., and Baker Tilly Monteiro Heng Governance Sdn. Bhd., Malaysia, has assigned Mr. Kuan Yew Choong, Head of Internal Audit and Governance Advisory, to be the Project Leader and responsible for the performing of the Company's internal audit in the part of Revenue Recognition and Payment for both PC and Mobile Game.

The Audit Committee has considered the qualification of Baker Tilly Monteiro Heng Governance Sdn. Bhd., Malaysia and Mr. Kuan Yew Choong, and has the opinion that Mr. Kuan Yew Choong has a sufficient appropriateness of such duties, because he is an independent internal auditor who have experience in providing internal auditing for both Private and Enterprise companies in several industries.

The appointment external consultant to conduct internal audit shall be approved by the Audit Committee.



# CONNECTED TRANSACTIONS

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## **Procedure for Approval of Connected Transactions of the Company and Subsidiaries**

The Company has set up a procedure in accordance with the relevant SEC notifications to control the Connected Transactions between the Company or its subsidiaries and interested person in the present or in the future. The procedure requires the Audit Committee to comment on the necessity of the transaction and the appropriateness of the transaction price, taking into account that all the conditions must be considered in the ordinary course of business and comparing the price with that offered by third parties. However, if the Audit Committee does not have expertise in the subject matter of the transaction, the Company must provide a comment of independent expert or the Company's auditor on the transaction to support the decision of the Company's Board of Directors, Audit Committee or shareholders, as the case may be. The interested person shall have no right to vote on the transaction. Additionally, the Company shall disclose information on the Connected Transactions and the acquisition or disposal of major assets of the Company and its subsidiaries, in accordance with the rules prescribed by the SEC and SET, including the accounting standard prescribed by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King.

The Company and its subsidiaries associated had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, subsidiaries associated and those related parties. The Company has disclosed the Related party transactions.

**The Connected Transactions between the Company or its Subsidiaries  
or Related Companies and Interested Parties in 2017 and 2018 (Unit: Baht Million)**

Company or Individual / Type of Business	Nature of Relationship	Transaction Description	Transaction Value according to Consolidated Final Statement		Rationale for Transaction
			31 Dec 2017	31 Dec 2018	
<b>Asiasoft International Co., Ltd. (ASI)</b> Holding Company	A subsidiary in which 100% of the shares	<ul style="list-style-type: none"> <li>Revenues from services</li> <li>Dividend Income</li> </ul>	0.012	0.009	<ul style="list-style-type: none"> <li>ASC charged for the accounting service fee</li> </ul>
<b>Asiasoft Online Pte. Ltd. (ASO)</b> Online game service provider in Singapore and Malaysia	A subsidiary in which 100% of the shares	<ul style="list-style-type: none"> <li>Revenue from distribution income of @Cash card</li> <li>License and service fee</li> <li>Inter Business Develop (IBD) cost and promotion expenses</li> <li>Revenue from online games</li> <li>Transfer of license fees</li> <li>Interest income</li> <li>Accounts receivable</li> <li>Other receivables from related parties</li> <li>Long-term loan to a related company</li> <li>Interest income</li> <li>Accounts payable</li> <li>Loan from ASC's Director</li> </ul>	0.02 2.27 18.21 1.61 - 2.10 0.08 0.31 84.35 0.15 1.73 -	- 3.15 23.21 0.43 - 0.81 0.03 0.84 - - 2.10 -	<ul style="list-style-type: none"> <li>The Company sold the products to ASO for use in its business</li> <li>The revenue from license fee, management, IT service</li> <li>ASO charged IBD cost and other expenses to ASC</li> <li>ASC charged @Cash</li> </ul>

<b>CIB Development Sdn. Bhd. (CIB)</b> Online game service provider in Malaysia	A subsidiary in which 61.68% of the shares are held by the Company and has common directors	<ul style="list-style-type: none"> <li>• License Fee and service fee</li> </ul>	2.17	2.26	<ul style="list-style-type: none"> <li>• The revenue from license and management fee</li> </ul>
		<ul style="list-style-type: none"> <li>• Revenue from distribution</li> </ul>	0.02	0.00	<ul style="list-style-type: none"> <li>• The Company sold the products to CIB for use in its business</li> </ul>
		<ul style="list-style-type: none"> <li>• Revenue from online games</li> </ul>	4.78	3.19	<ul style="list-style-type: none"> <li>• ASC charged @Cash to CIB</li> </ul>
		<ul style="list-style-type: none"> <li>• Inter Business Develop (IBD) cost and promotion expenses</li> </ul>	0.58	0.04	<ul style="list-style-type: none"> <li>• CIB charged IBD cost and other expenses to ASC</li> </ul>
		<ul style="list-style-type: none"> <li>• Accounts payable</li> </ul>	0.54	0.00	
		<ul style="list-style-type: none"> <li>• Other receivable from related parties</li> </ul>	0.37	0.53	
		<ul style="list-style-type: none"> <li>• Accounts receivables</li> </ul>	2.83	0.01	
<b>AS Online Sdn. Bhd. (ASM)</b> Distributor in Malaysia	A subsidiary in which 100% of the shares	<ul style="list-style-type: none"> <li>• Revenue game online</li> </ul>	-	-	
		<ul style="list-style-type: none"> <li>• Licence and service fee</li> </ul>	-	-	
		<ul style="list-style-type: none"> <li>• Other receivable from related parties</li> </ul>	-	-	
		<ul style="list-style-type: none"> <li>• Accounts payable</li> </ul>	-	-	
<b>A Capital Co., Ltd.</b> Holding Company	A subsidiary in which 99.99% of the shares	<ul style="list-style-type: none"> <li>• Revenue from services</li> </ul>	0.012	0.012	<ul style="list-style-type: none"> <li>• ASC charged for the accounting service fee</li> </ul>
<b>CONG TY TNHH CHAU A MEM (CTCM)</b> Online game service provider in Vietnam who sublicensed game from Asiasoft Group only	A sublicensee of online games from Asiasoft Group for online game service in Vietnam	<ul style="list-style-type: none"> <li>• License and services fee</li> </ul>	-	-	<ul style="list-style-type: none"> <li>• The Company sub-licensed online games to CTCM for online game service in Vietnam</li> </ul>
		<ul style="list-style-type: none"> <li>• Revenue from online games</li> </ul>	0.72	0.09	<ul style="list-style-type: none"> <li>• ASC charged @Cash DCUO/ADVN to CTCM</li> </ul>
		<ul style="list-style-type: none"> <li>• Promotion expenses</li> </ul>	0.29	0.04	<ul style="list-style-type: none"> <li>• CTCM charged marketing cost to ASC</li> </ul>
		<ul style="list-style-type: none"> <li>• Accounts receivable</li> </ul>	19.46	19.41	<ul style="list-style-type: none"> <li>• ASC and ASI collected the license fee from CTCM under a sublicense agreement</li> </ul>
		<ul style="list-style-type: none"> <li>• Accounts payable</li> </ul>	0.01	0.00	



<b>Playpark Co., Ltd.</b> (PlayPark, former name Funbox) Online game service provider	• A subsidiary in which 99.99% of the shares	• Revenue from distribution income of @Cash card	0.16	0.00	• The distribution income for @Cash card to PlayPark
		• Revenue from advertising and service	3.01	0.07	• ASC charged to PlayPark for advertising and service
		• Interest income	3.68	0.41	
		• Promotion expenses	-	-	
		• Accounts receivable	9.17	9.15	
		• Other accounts receivable from related parties	11.79	11.90	
		• Long-term loan to a related company	8.38	8.38	• The Company has provided a loan to PlayPark for operations
		• Accrued interest receivable	5.33	5.68	
		• Accounts payable	0.00	0.00	
<b>PlayPark Inc. (PPI)</b> Online game service provider	An associate in which 40% of the shares	• Revenue from online games	52.47	26.99	• Online game service income CB(PH)
		• Revenue from distribution income of @Cash card	0.03	0.00	• The distribution income for @Cash card to PPI
		• Revenue from advertising and service	0.35	1.90	• ASC charged management fee, IT Service income
		• Promotion expenses	21.51	11.93	• PPI charged marketing cost to ASC
		• Accounts receivable	32.79	31.66	
		• Other accounts receivable from related parties	0.12	2.35	
		• Accounts payable	2.48	0.29	
<b>PT. Asiasoft (ASID)</b> Online game service provider in Indonesia	A subsidiary in which 99.90% of the shares	• Interest income	1.24	0.01	
		• Other receivable from related parties	-	0.08	• ASC reimburse of advance payment
		• Accounts receivable	0.15	-	
		• Long-term loan to a related company	41.80	0.50	• The company granted loan to ASID for working capital purpose
		• Accrued interest receivable	6.16	0.01	
		• Accounts payable	-	-	

<b>Playcybergames Co., Ltd. (PCG)</b> Online game service provider	A subsidiary in which 59.99% of the shares are held by the Company and has common directors	<ul style="list-style-type: none"> <li>Revenue from service</li> <li>Transfer of license fee</li> <li>Interest income</li> <li>Accounts receivable</li> <li>Other accounts receivable from related parties</li> <li>Accrued interest receivable</li> <li>Accounts payable</li> </ul>	0.06 - 0.01 3.49 0.29 - -	0.02 - 0.00 - - - -	<ul style="list-style-type: none"> <li>ASC charged for the accounting service fee</li> </ul>
		<ul style="list-style-type: none"> <li>Revenue from service</li> <li>Advertising and service</li> <li>Other accounts receivable from related parties</li> <li>Accounts payable</li> </ul>	0.79 2.46 0.10 0.21	- - - -	<ul style="list-style-type: none"> <li>ASC charged for the accounting service fee</li> <li>TPD charged to ASC for advertising and service</li> </ul>
<b>Thinkplus Digital Co., Ltd. (TPD)</b> Web portals for online games and web advertisement services	A subsidiary in which 59.99% of the shares are held by the Company and has common directors	<ul style="list-style-type: none"> <li>Promotion expenses</li> <li>Income Interest</li> <li>Accounts receivable</li> <li>Other accounts receivable from related parties</li> <li>Accrued interest receivable</li> <li>Long-term loan to a related company</li> <li>Accounts payable</li> </ul>	0.40 1.77 2.86 8.92 4.83 70.59 -	- - - - - - -	<ul style="list-style-type: none"> <li>The Company has provided a loan to LUI for operations</li> </ul>
		<ul style="list-style-type: none"> <li>Promotion expenses</li> <li>Income Interest</li> <li>Accounts receivable</li> <li>Other accounts receivable from related parties</li> <li>Accrued interest receivable</li> <li>Long-term loan to a related company</li> <li>Accounts payable</li> </ul>	0.40 1.77 2.86 8.92 4.83 70.59 -	- - - - - - -	<ul style="list-style-type: none"> <li>The Company has provided a loan to LUI for operations</li> </ul>
<b>Level Up! Inc. (LUI)</b> Online game service provider	A subsidiary in which 100% of the shares are held by the Company and has common directors	<ul style="list-style-type: none"> <li>Promotion expenses</li> <li>Income Interest</li> <li>Accounts receivable</li> <li>Other accounts receivable from related parties</li> <li>Accrued interest receivable</li> <li>Long-term loan to a related company</li> <li>Accounts payable</li> </ul>	0.40 1.77 2.86 8.92 4.83 70.59 -	- - - - - - -	<ul style="list-style-type: none"> <li>The Company has provided a loan to LUI for operations</li> </ul>
		<ul style="list-style-type: none"> <li>Promotion expenses</li> <li>Income Interest</li> <li>Accounts receivable</li> <li>Other accounts receivable from related parties</li> <li>Accrued interest receivable</li> <li>Long-term loan to a related company</li> <li>Accounts payable</li> </ul>	0.40 1.77 2.86 8.92 4.83 70.59 -	- - - - - - -	<ul style="list-style-type: none"> <li>The Company has provided a loan to LUI for operations</li> </ul>

<b>Miryn Innovation Co., Ltd. (MYN)</b> Mobile game application	A subsidiary in which 65% of the shares are held by the Company and has common directors	<ul style="list-style-type: none"> <li>• Revenue from service</li> </ul>	0.06	0.01	<ul style="list-style-type: none"> <li>• ASC charged for the accounting service fee</li> </ul>
		<ul style="list-style-type: none"> <li>• Other accounts receivable from related parties</li> </ul>	0.01	-	<ul style="list-style-type: none"> <li>• ASC reimburse of advance payment</li> </ul>
		<ul style="list-style-type: none"> <li>• Income Interest</li> </ul>	0.26	0.01	
		<ul style="list-style-type: none"> <li>• License and service</li> </ul>	-	-	
		<ul style="list-style-type: none"> <li>• Accounts payable</li> </ul>	-	-	
		<ul style="list-style-type: none"> <li>• Accrued interest receivable</li> </ul>	0.00	-	
		<ul style="list-style-type: none"> <li>• Short-term loan to a related company</li> </ul>	0.26	-	<ul style="list-style-type: none"> <li>• The Company has provided a loan to MYN for operations</li> </ul>
		<ul style="list-style-type: none"> <li>• Loan from director Surapong who held 35% shares</li> </ul>	-	-	
<b>Skynet Systems Co., Ltd.</b> Mobile application	An associate in which 57.04% of the shares are held by the company through A Capital	<ul style="list-style-type: none"> <li>• Revenue from service</li> </ul>	-	0.31	<ul style="list-style-type: none"> <li>• ASC charged for the accounting service fee</li> </ul>
		<ul style="list-style-type: none"> <li>• Other accounts receivable from related parties</li> </ul>	0.21	0.03	

**Remarks :** Asiasoft Group has a regional purchasing policy. The Company is responsible for purchasing all properties, including online game licenses enabling the Company to purchase at better prices and on better condition than separate purchases by each company.



## STATEMENT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL REPORTING

The Board of Directors of Asiasoft Corporation Public Company Limited has managed to prepare consolidated and separate financial statements to present the financial positions and operating results of the Company and its subsidiaries, as well as financial information contained in the Company's Annual Report of 2018, which are true and reasonable in accordance with all relevant regulations and legislations.

Directors have their accountability and responsibility on behalf of directors of listed companies for governance and ensuring that the Company's financial reporting present fairly, accuracy, completely, transparency and sufficiency for maintaining the Company's assets and for determining the weak points and material issues. There will also be sufficient disclosures of significant information in notes to financial statements, complied with proper and consistency of accounting policies, as well as reasonable and prudent judgment and estimation in accordance with generally accepted accounting standards.

In order for the governance of financial reporting to be efficient, the Company's Board of Directors have set up the Audit Committee, with three independent directors who do not hold any positions on the Executive Board, responsible for supervising the quality of financial reporting and the internal control systems. The Audit Committee is also in charge with overseeing preparations for the mandated adoption of International Financial Reporting Standards (IFRS). The opinions on the aforementioned matters are detailed in the Company's Annual Report.

The Company's Board of Directors' opinion, the consolidated financial statements and the separate financial statements of Asiasoft Corporation Public Company Limited and its subsidiaries of Asiasoft Corporation Public Company Limited, which the Audit Committee has reviewed jointly with the Company's executives and external auditors, Mazars Ltd., present fairly in all material respects and operational results in accordance with generally accepted accounting standards, proper and consistency of accounting policies, sufficient information disclosures and compliance with relevant legislations and regulations, along with prudent and cautious considerations.



Mr. Tan Tgow Lim  
Chairman

On behalf of the Board of Directors

# FINANCIAL HIGHLIGHT

## Statement of Financial Position of Company and Subsidiaries

as at 31 December 2016 - 2018

Balance Sheet (THB M)	2018	2017	2016
Cash and Cash equivalents	63.60	135.15	223.86
Current Investments	-	-	-
Trade and Other Receivables	64.92	88.29	97.91
Inventories	-	-	-
Prepaid License Fees	3.47	6.96	25.61
Other Current Assets	37.06	49.11	74.53
Total Current Assets	169.05	279.51	421.90
Total Non-Current Assets	156.65	129.45	159.75
<b>Total Asset</b>	<b>325.70</b>	<b>408.97</b>	<b>581.65</b>
Total Current Liabilities	164.56	277.66	449.35
Total Non-Current Liabilities	15.68	8.67	18.35
<b>Total Liabilities</b>	<b>180.24</b>	<b>286.33</b>	<b>467.70</b>
Registered	512.35	512.35	409.88
Issued and Fully Paid-Up	409.88	409.88	409.88
Share Premium	-	-	796.83
Retained Earnings	(259.14)	(274.45)	(1,122.03)
Equity Attributable to Owners of Company	125.22	129.79	112.30
Non-controlling Interests of Subsidiaries	20.24	(7.15)	1.65
<b>Total Shareholder's Equity</b>	<b>145.46</b>	<b>122.64</b>	<b>113.96</b>

### Statement of Comprehensive Income of Company and Subsidiaries

end of 31 December 2016 - 2018

Profit and Loss (THB M)	2018	2017	2016
Revenue from Sales and Services	601.13	835.57	967.18
Other Income	41.22	13.86	15.58
<b>Total Revenue</b>	<b>642.35</b>	<b>849.44</b>	<b>982.76</b>
Cost of Sales and Services*	355.27	514.47	716.04
Selling and Administrative Expenses*	268.59	316.19	418.98
<b>Total Expense</b>	<b>623.86</b>	<b>830.66</b>	<b>1,135.02</b>
Profit (Loss)	14.01	12.64	(216.68)
Basic Earning Per Shares	0.03	0.03	(0.70)

**Remark :** \* including one-time items

### Statement of Cash Flows of Company and Subsidiaries

end of 31 December 2016 - 2018

Cash Flow Statements (THB M)	2018	2017	2016
Cash Flows from Operating Activities	(11.47)	3.43	67.53
Cash Flows from Investing Activities	(57.27)	(69.63)	(43.25)
Cash Flows from Financing Activities	(3.60)	(14.28)	76.67
Net Decrease in Cash and Cash Equivalents	(71.61)	(88.84)	100.78
Cash and Cash Equivalents at End of Year	63.60	135.15	223.86

### Financial Ratio

Financial Ratio	Financial Statement		
	2018	2017	2016
Current Ratio (Time)	1.03	1.01	0.94
Gross Profit Margin (%)*	40.89	38.42	25.96
Net Profit Margin (%)	2.33	1.51	(22.40)
ROE (%)	10.98	10.44	(128.86)
ROA (%)	3.81	2.55	(31.48)
Total Asset Turnover (Time)	1.64	1.69	1.41
DE (Time)	1.24	2.33	4.10

**Remark :** \* including one-time items

# MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL STATUS AND OPERATING RESULTS

## 19.1 Financial Status and Operating Results

### Overview of Past Operating Results

#### Business Structure 2018

The Group of Company's has a core business on Online Revenue both PC and Mobile game whereas PC game still be a core revenue, advertisement, distribution and payment channels in Thailand, Singapore, Malaysia, Indonesia and the Philippines.

#### Group Operating Result

Asiasoft Corporation Public Company Limited, a regional online entertainment service provider in Southeast Asia with a dominating market share in the region covering Thailand, Singapore, Malaysia, Indonesia and the Philippines.

In 2018, the Company has total revenue 601.1 million baht, decreased by 28.1% from year 2017 which had 835.5 million baht, mainly due to a delay on launching new games and a reduction of revenue from existing games.

Although a continuous of market competition and a decrease of total revenue, the Company can manage cost and expenses hence selling and administration expenses were reduced 15.1% from year 2017 and has profit 14 million baht, compare to year 2017 which had profit 12.6 million baht, improved 11.1% from year 2017.

#### Overview of Performance for 2018

The Total Revenue of the Company comprise of a proportion of online game, distribution, advertisement and other income as follows :

Business	Revenue					
	2018		2017		2016	
	THB M	%	THB M	%	THB M	%
Online Game Service	552.1	91.85	760.3	91.0	866.8	89.6
Distribution	36.9	6.14	18.9	2.3	28.6	3.0
Advertisement	-	-	26.2	3.1	20.2	2.1
Others	12.1	2.01	30.2	3.6	51.6	5.3
<b>Total</b>	<b>601.1</b>	<b>100</b>	<b>835.6</b>	<b>100</b>	<b>967.2</b>	<b>100</b>

**Remark :** The above revenue is already eliminated the related parties transactions.



**1. Online game service :** In year 2018, the Company had online revenue 552.1 million baht, year 2017 had 760.3 million baht and year 2016 had 866.8 million baht. Due to the market competition, the change of gamer's behavior and the delay on launching new games from the plan cause 2018 revenue reduced from year 2017 by 27.4% and from year 2016 by 36.3%. The Company have sharpened strategic focus on new game to be launched and expect to have revenue growth for year 2019 and beyond.

**2. Distribution :** The Company had revenue on payment channel in year 2018 at the amount of 36.9 million baht, increased from year 2017 which had 18.9 million baht by 95.2% and increased from year 2016 which had 28.6 million baht by 29% due to the change of business model and payment channels.

**3. Advertisement and Others :** It comprised of advertising income, sponsoring, licensing and social network advertising management. In year 2018 the revenue was 12.1 million baht, decreased from year 2017 and 2016 mainly due to the change of business model and the withdrawal of investment in one of subsidiary resulting this subsidiary was not included in the Group of Company in year 2018.

Geographic	Revenue (THB M)		
	2018	2017	2016
Thailand	255.4	476.3	468.2
Overseas	345.8	359.2	499.0
<b>Total</b>	<b>601.1</b>	<b>835.6</b>	<b>967.2</b>
<b>% Change</b>	<b>(28.1)</b>	<b>(13.6)</b>	

The proportion of Company revenue for domestic and oversea in year 2018 was 43:57 reduced from year 2017 and year 2016 which had 57:43 and 48:52 respectively, mainly due to the delay on launching new game in year 2018 and the decreased of revenue from existing games.

#### Costs, Expenses, Finance Costs and Income Tax

Year 2018, the Company had Costs, Expenses, Finance costs and Income tax at 626.6 million baht, decreased by 24.8% from year 2017 which had 833.7 million baht and decreased by 47.5% from year 2016 which had 1,192.8 million baht as to a controlling and managing of expenses and the reversal of loss on impairment for license fee at 25 million baht.

List	Consolidated (THB M)		
	2018	2017	2016
Costs of Sales and Services	(380.3)	(476.7)	(648.8)
Selling Expenses	(106.5)	(149.9)	(214.4)
Administrative Expenses	(162.1)	(166.3)	(185.0)
Loss on Impairment and Write-off of Intangible and Prepaid License Fee	25.0	(37.7)	(67.3)
Loss on Impairment of Investment in Associates	-	-	(19.5)
Total Operation Cost	(623.9)	(830.6)	(1,135.0)
Finance Costs	(0.9)	(1.2)	(2.2)
Income Tax Income (Expense)	(1.8)	(1.9)	(55.6)
<b>Total</b>	<b>(626.6)</b>	<b>(833.7)</b>	<b>(1,192.8)</b>
<b>% Change</b>		<b>(24.8)</b>	<b>(47.5)</b>

Cost of sale in year 2018 decreased by 20.2 % and 41% from year 2017 and 2016 respectively mainly due to the decreased of royalty fee subsequent from revenue reduction.

Selling expense decreased 29% and 50% from year 2017 and 2016 respectively mainly due to the strong management on marketing expense for advertisement and promotion in order to create more value added and a subsequent from revenue reduction.

Administration expense decreased 2.5% and 12% from year 2017 and 2016 respectively due mainly to the reduction of employee cost from Company's restructure and the controlling of expenses. In addition, in year 2018 there was no loss on impairment of intangible assets and prepaid license fee.

#### Net Profit (Loss)

Year 2018, the Company ended with profit 14 million baht, improved by 11.1% from year 2017 which had profit 12.6 million baht, improved by 106.5% from year 2016 which had a loss of 216.7 million baht.

The Company had target to reduce loss and make profit. The following table presented a continuous improvement for Net Profit/(Loss) of the Company :

Net Profit (Loss) (THB M)	2018	2017	2016
	14.0	12.6	(216.7)
<b>% Change</b>		<b>11.1</b>	<b>106.5</b>

## Balance Sheet

### *Assets*

Total assets as of 31 December 2018 was 325.7 million baht versus total assets as of year 2017 at 408.9 million baht, reduced 83.2 million baht or 20.3% as follows :

1. Current assets decreased 110.5 million baht or 39.5% from year 2017 due to these changes :

- Cash and cash equivalent decreased 71.5 million baht as to payment on due course and a decreased of revenue.
- Account receivables and other receivables reduced 23.4 million baht as to a collection on due date, and a decline on revenue.

The following table is the analyst of Aged Receivables - Third Parties :

Receivables	2018	% of net A/R	2017	% of net A/R
Current	24	52	37	65
Less Than 3 Months	15	33	14	25
3 - 6 Months	-	-	1	2
6 - 12 Months	-	-	-	-
Over 12 Months	7	15	5	8
<b>Total</b>	<b>46</b>	<b>100</b>	<b>57</b>	<b>100</b>
Less Allowance for Doubtful Accounts	(2)	(4)	(5)	(9)
<b>Trade Accounts Receivable</b>	<b>44</b>	<b>96</b>	<b>52</b>	<b>91</b>

In 2018, the Company had current account receivables-3rd and overdue less than 6 months at 39 million baht. The Company has no significant concentrations of credit risk arising from trade receivables as a large number of trade receivables and experience from previous collection. The Company had revised the policy of Doubtful Allowance, therefore, management believes that the doubtful allowance is sufficient.

2. Non-Current Asset increased 27.2 million baht or 21% from last year due mainly to the following :

- Decreased of equipment 3 million baht as to disposal and written off.
- Increased of intangible asset and prepaid license fee 31.6 million baht as to game investment.
- Decrease of prepaid license fee 2.4 million baht as to amortization and recoup.

### *Liabilities*

As of 31 December 2018, the Company had total liabilities 180.2 million baht versus total liabilities for year 2017 at 286.5 million baht, decreased by 37.1% due to the following :

1. Current Liabilities decreased 113.1 million baht or 40.7% due mainly to the following :

- Decreased of Trade Account Payables and Other Account Payables 67.8 million baht as to settlement on due cause.

- Decreased of Deferred revenue 43 million baht because of revenue recognition.
- Settlement of Short Term Loan to director 1 million baht.

2. Non - Current Liabilities increased 7 million baht or 81.3% from last year due mainly to the increase of employee benefit obligations as per new labor law and the increase of deferred tax liability 4 million baht.

### *Equities*

As to a recession of economy, the rapid and continuous change of technology and the change of gamers' behavior had impacted a loss to the Company. Although the Company can turnaround to have profit in year 2018 and 2017 and reduced the deficit retained earning but the equity attributable to owners of the parent as of 31 December 2018 was 125.2 million baht versus 129.8 million baht of year 2017 and versus 112.3 million baht of year 2016 which less than 50% of paid up capital.

Due to a new rule from SET on "C" (Caution) sign on securities of listed company which has equity ratio less than 50% of paid up capital, the Company was posted with "C" (Caution) sign from 10 August 2018. Therefore the Company had convened a meeting to provide information and a progress to deal with this event with shareholders, investors and concerned parties on 22 August and 20 November 2018. The next meeting will be held on 7 March 2019.

### Profitability

Year 2018, the Company and subsidiaries had gross profit margin 40.9% of net revenue (including the one time items) comparing to year 2017 and 2016 which had 38.4% and 25.9% respectively. This reflected a good sign on improvement. 2018 Net Profit Margin was 2.3% and 1.5% for year 2017 which turnaround from Net Loss 22.4% in year 2016 indicate a significant improvement of the Company.

### Asset Management Ability

In 2018, the Company and subsidiaries had Return on Assets (ROA) 3.8% comparing to 2.55% of year 2017 and (31.5%) of year 2016. Total Assets Turnover for year 2018 is the same with year 2017 which is 1.6 times compare to 1.41 times of year 2016 reflected the good asset management.

### Liquidity and Capital Adequacy

In 2018, the Company and subsidiaries had liquidity ratio 1.03 and 1.01 for year 2017 improved from year 2016 which had 0.94 times because of current asset higher than current liabilities.

Debt to Equity ratio in year 2018 was 1.2 improve from year 2017 which was 2.3 times and 4.1 times for year 2016 describe that the Company had a lower exposure.

## **19.2 Factors that Affect Financial Position Significantly in the Future, Both Internal and External**

The following factors may affect the overall performances, financial position and/or operations of the Company :

1. Risk of Product's Hit Factors : Online game industry in Southeast Asia has become more and more competitive where gamers have become more selective in terms of which games they will spend their time and



money into. Hence, the Company is committed to publish hit games and top-notch services that will appeal to our market and will result into positive financial performance for the Company.

2. Operation Schedules : Timing is key in online game industry whether for launching new titles, new game updates, new types of services, gaming events, etc. The Company is carefully scheduling key activities based on consumer's behavior and trend, such as school terms, holiday seasons, key sports events, or competitor's products schedules to ensure optimum timing for any product activities.

3. Changes in Technology and Platforms : Consumer behaviors have changed drastically, due to changes in technology and the games are easier to access and more prevalent. In the last several years, smartphone penetration has grown significantly in Thailand, so game application or mobile game became popular. However, the online game service providers are attend to entry in this business by launching mobile games which have been developed by themselves or with a partner for Thailand's market. Furthermore, the Company strives to look out for oncoming changes in behaviour and the Company will constantly adapt business plan to move into mobile gaming market. However, the Company also continues focusing on PC games with the strategy that let the players access the games easier and faster. The Company is also launching new business with co-publishing model, and developing a system to serve internet users in Southeast Asia both games and other services.

4. Privacy Protection : One of the Company's strengths is our massive amount of users from all across Southeast Asia and beyond. Hence, any leak of consumer's data by and to third parties may negatively affect our relationship with our users and our revenue. However, the Company has implemented security system to store and to protect our user database.

5. Diversifying Channel Partners : the Company has been maintaining good relationship with the channel partners (e.g. for payment, sales, distribution) such as mobile service providers, cyber cafes, convenient shops, gaming shops, and online gaming news portals. Our channel partners have significant influence over the products and services that we offer on their platforms. As such, the Company will maintain to provide agreement that beneficial to our channel partners.

6. Talents in Online Game Industry in Southeast Asia : the Company believes in keeping and nurturing talents as integral part in the Company's overall growth. As game industry in the region has grown significantly in the past decade, the demand for and quality of talents in game industry has increased too. The Company will stay competitive in terms of remuneration and advances in job environment, as well as maintaining the effort to draw top talents into the Company.

7. Risk in Expanding Business Abroad : the Company has expanded its investment in Southeast Asia since 2012. However, if the Company does not have an efficient analyzing system, internal control, and monitoring system, and if the Company cannot develop its own employees, the operating result might be affected.

8. Risk in Copyright Amortization : the Company has a risk from copyright cost for obsolete game which will be considered to terminated or estimated reserves for impairment which may affect the operation results. However, the Company has tried to revise the terms of contract and negotiate with the manufacturers or game developers to reduce the risk.





# FINANCIAL STATEMENT



# FINANCIAL STATEMENT

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## Independent Auditor's Report

To the shareholders and the Board of Directors of Asiasoft Corporation Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of Asiasoft Corporation Public Company Limited and its subsidiaries ("the Group"), and separate financial statements of Asiasoft Corporation Public Company Limited ("the Company"). These comprise the consolidated and separate statements of financial position as at 31 December 2018, and the related consolidated and separate statements of comprehensive income, and the related consolidated and separate statement of changes in equity, and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and the separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and of the Company as at 31 December 2018, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How my audit addressed the key audit matter
<p><b>Going Concern Assessment</b></p> <p>Refer to Note 1 General information, which describes the equity and paid-up share capital ratio of the Group, equity is less than 50 percent of paid-up share capital. This financial ratio has meant that the Stock Exchange of Thailand (SET) has posted a C (Caution) sign on securities of the listed Company.</p> <p>In their evaluation of going concern, Management has prepared a cash flow projection of games which categorised as continuous operation and also game in the process of development and which are expected to be published within the next financial year.</p> <p>From the above reason, I considered going concern as a key audit matter.</p>	<p>Key audit procedures included :</p> <ul style="list-style-type: none"> <li>• Evaluated the reasonableness of assumption for the period used by the Management for providing the cash flow projection of the Group.</li> <li>• Evaluated the reasonableness of cash flows projections provided by the management, and assessed the suitability of the essential assumptions of games which categorised as continuous operation and also game in the process of development, on a sample basis, by comparing with historical cash flow generated and future market plans.</li> <li>• Evaluated the reasonableness of the assumption about the possibility of unusual events that may affect to decrease future cash flows projections.</li> </ul>

Key audit matter	How my audit addressed the key audit matter
<p><b>Revenue recognition from online game services</b></p> <p>Refer to Note 2.17 Revenue recognition, and Note 6 Operating segments.</p> <p>The Group has primary income from online game services. The amount received in advance when gamers paid via refill channels is presented as deferred revenue in the statement of financial position. When gamers purchased an item in a game, it was recognised as revenue in the consolidated and separate statements of comprehensive income. For the year ended 31 December 2018, online game service revenue recognized for the Group and the Company was Baht 552 million and Baht 255 million, respectively.</p> <p>I considered revenue recognition from online game services as a key audit matter due to the high volume of transactions, the financial magnitude of this revenue stream to the financial statement, and the complexity of information technology system relating to online game revenue.</p>	<p>Key audit procedures included :</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of and evaluated the design effectiveness of the information technology and key controls related to revenue recognition.</li> <li>• Tested the information technology general controls over the system relating to online game revenue.</li> <li>• Tested key internal controls over the revenue cycle for online game services, on a sample basis.</li> <li>• Tested, on a sample basis, the information technology system relating to online game revenue of key online games to check the accuracy of processing and reporting information relating to cash refilled and cash used in a game.</li> <li>• Recalculated the monthly reconciliations of cash receipt from gamers and cash used in games. For the cash receipt from gamers, I tested a sample of receipt transactions as deferred revenues. For the cash used in game, I agreed with the reports generated by the system relating to online game revenue.</li> </ul>



- Sent out confirmation letters to selected game developers to confirm the accuracy and completeness of the balances of cash refilled and used in a game by gamers of key online games.
- On a sample basis, tested the recording of transactions with the underlying documents related to revenue and deferred revenue.

Key audit matter	How my audit addressed the key audit matter
<p><b>Impairments of game licenses</b></p> <p>Refer to Note 2.10 Accounting policies - Impairment of assets and Note 13 Intangible assets.</p> <p>The value of game licenses, of which the majority relates to intangible assets, is supported by the value-in-use calculations, which are based on future cash flow forecasts (i.e. 'recoverable amount').</p> <p>I considered this as a key audit matter because the impairment assessments of these assets are dependent on complex and subjective judgments by Management.</p>	<p>Key audit procedures included :</p> <ul style="list-style-type: none"> <li>• Tested management's impairment review of game licenses and also examined the future cash flow projections prepared by management for each game.</li> <li>• Tested the mathematical accuracy of the cash flow projection.</li> <li>• Inspected the inputs and assumptions on revenue growth rates and discount rates used by Management in the model. These inputs and assumptions were agreed to supporting documents or based on reasonable sources such as historical information or future market plan.</li> <li>• Compared the current year actual revenue results of each game to the budget and challenged Management to assess the appropriateness of assumptions used.</li> <li>• Evaluated the scenarios of cash flow projections prepared by Management and considered whether the chosen scenario appropriately reflected the circumstances of each game.</li> </ul>

## **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

## **Responsibilities of the directors for the consolidated and separate financial statements**

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

## **Auditor's responsibilities for the audit of the consolidated and separate financial statements**

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional scepticism throughout the audit. I also :

- Identify and assess the risks of material misstatement of the consolidated and separate 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 my 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I 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 my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other matters

The consolidated statement of Asiasoft Corporation Public Company Limited and its subsidiaries and the separate statement of Asiasoft Corporation Public Company Limited as at 31 December 2017, presented as comparative information, were audited by another auditor who expressed an unqualified opinion on those statements, under his report dated 26 February 2018.



**Sompop Pholprasarn**

Certified Public Accountant (Thailand) No. 6941

Mazars Limited

Bangkok

25 February 2019



Asiasoft Corporation Public Company Limited  
Statement of Financial Position  
As at 31 December 2018

		Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
Notes		Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	7	63,598,231	135,153,402	23,333,518	75,307,732
Trade and other receivables	8	64,918,008	88,284,895	58,464,397	68,748,387
Short-term loans to related parties	25 (d)	-	-	500,000	-
Inventories		-	-	-	-
Prepaid royalty fees - current		3,474,946	6,961,708	2,834,257	5,303,263
Other current assets	9,29	37,056,030	49,110,568	16,611,981	15,412,125
Total current assets		169,047,215	279,510,573	101,744,153	164,771,507
Non-current assets					
Restricted bank deposits	10	25,733,547	25,500,664	25,733,547	25,500,664
Investments in subsidiaries	11 (a)	-	-	18,007,573	18,768,734
Investments in associates	11 (b)	10,934,056	9,918,690	-	-
Long-term loans to related parties	25 (e)	-	-	-	-
Equipment	12	22,736,709	25,663,333	9,706,874	10,321,223
Intangible assets	13	91,499,999	59,935,690	67,060,538	52,269,181
Prepaid royalty fees		-	2,427,260	-	2,427,260
Deferred tax assets	16	114,830	386,965	-	-
Other non-current assets		5,632,030	5,622,360	5,367,633	5,286,633
Total non-current assets		156,651,171	129,454,962	125,876,165	114,573,695
Total assets		325,698,386	408,965,535	227,620,318	279,345,202

The accompanying notes are an integral part of these consolidated and separate financial statements.

**Asiasoft Corporation Public Company Limited**  
**Statement of Financial Position (Cont'd)**  
**As at 31 December 2018**

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Short-term borrowings from financial institution	14	15,235,603	23,504,060	15,235,603	23,504,060
Trade and other payables	15	60,734,155	128,507,277	30,773,855	48,473,664
Short-term loan from director	25 (f)	-	1,030,000	-	-
Short-term loan from related party	25 (g)	-	-	-	7,000,000
Deferred revenue and license fees		71,988,002	114,946,037	35,516,034	73,709,409
Other current liabilities	29	16,597,465	9,670,659	1,362,454	1,568,133
<b>Total current liabilities</b>		<b>164,555,225</b>	<b>277,658,033</b>	<b>82,887,946</b>	<b>154,255,266</b>
<b>Non-current liabilities</b>					
Finance lease liabilities	29	1,380,566	177,778	1,380,566	177,778
Long-term loan from director		-	-	-	-
Deferred tax liabilities	16	4,273,691	295,382	-	-
Employee benefit obligations	17	10,028,914	8,199,232	10,028,914	8,199,232
<b>Total non-current liabilities</b>		<b>15,683,171</b>	<b>8,672,392</b>	<b>11,409,480</b>	<b>8,377,010</b>
<b>Total liabilities</b>		<b>180,238,396</b>	<b>286,330,425</b>	<b>94,297,426</b>	<b>162,632,276</b>
<b>Equity</b>					
Share capital					
Authorised share capital					
512,346,270 ordinary shares of par Baht 1 each		512,346,270	512,346,270	512,346,270	512,346,270
Issued and paid-up share capital					
409,877,016 ordinary shares of par Baht 1 each		409,877,016	409,877,016	409,877,016	409,877,016
Premium on share capital	18	-	-	-	-
Retained earnings (deficits)					
Appropriated - legal reserve	19	-	-	-	-
Unappropriated		(259,142,988)	(274,453,266)	(276,554,124)	(293,164,090)
Other components of equity		(25,514,199)	(5,638,558)	-	-
<b>Equity attributable to owners of the parent</b>		<b>125,219,829</b>	<b>129,785,192</b>	<b>133,322,892</b>	<b>116,712,926</b>
Non-controlling interests		20,240,161	(7,150,082)	-	-
<b>Total equity</b>		<b>145,459,990</b>	<b>122,635,110</b>	<b>133,322,892</b>	<b>116,712,926</b>
<b>Total liabilities and equity</b>		<b>325,698,386</b>	<b>408,965,535</b>	<b>227,620,318</b>	<b>279,345,202</b>

The accompanying notes are an integral part of these consolidated and separate financial statements.

**Asiasoft Corporation Public Company Limited**  
**Statement of Comprehensive Income**  
**For the year ended 31 December 2018**

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
Revenues from sales and services	6	601,130,550	835,571,299	255,080,276	430,936,355
Cost of sales and services		(380,292,043)	(476,755,251)	(165,620,313)	(223,321,351)
<b>Gross profit</b>		220,838,507	358,816,048	89,459,963	207,615,004
Other income	20	41,224,230	13,864,659	16,973,950	48,091,088
Selling expenses		(106,464,038)	(149,878,379)	(37,510,657)	(67,659,526)
Administrative expenses		(162,123,710)	(166,312,208)	(105,642,128)	(118,468,385)
Loss on impairment and write off of prepaid royalty fee	6	(714,953)	(8,961,667)	(710,429)	(5,160,253)
Reversal of (loss on) impairment and write off of intangible assets	6	25,737,328	(28,754,610)	25,661,364	(17,969,111)
Loss on impairment of investments in subsidiaries	11	-	-	(118,015,448)	(116,500,000)
Loss on impairment of investments in associates		-	-	-	-
Reversal of (loss on) impairment of other receivable		-	-	17,154,721	-
Reversal of (loss on) impairment of short-term loans to subsidiaries		-	-	128,651,758	20,080,628
Reversal of (loss on) impairment of long-term loans to subsidiaries	25 (e)	-	-	260,000	96,654,179
Finance costs		(929,137)	(1,230,601)	(975,780)	(1,116,483)
Share of profit from investment in associates	11 (b)	1,095,423	1,792,687	-	-
<b>Profit (Loss) before income tax expense</b>		18,663,650	19,335,929	15,307,314	45,567,141
Income tax expense	22	(1,807,440)	(1,975,107)	-	-
<b>Profit (Loss) for the year</b>		16,856,210	17,360,822	15,307,314	45,567,141
<b>Other comprehensive income:</b>					
<b>Items that will not be reclassified subsequently to profit or loss:</b>					
Remeasurements of post-employment benefit obligations	17	1,302,652	6,485,559	1,302,652	6,485,559
Income tax on items that will not be reclassified subsequently to profit or loss		-	-	-	-
Total items that will not be reclassified subsequently to profit or loss		1,302,652	6,485,559	1,302,652	6,485,559

The accompanying notes are an integral part of these consolidated and separate financial statements.

**Asiasoft Corporation Public Company Limited**  
**Statement of Comprehensive Income (Cont'd)**  
**For the year ended 31 December 2018**

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
<b>Other comprehensive income: (Cont'd)</b>					
<b>Items that will be reclassified subsequently to profit or loss:</b>					
Exchange differences on translation of financial statements in foreign currencies		(4,172,490)	(2,733,433)	-	-
Total items that will be reclassified subsequently to profit or loss		(4,172,490)	(2,733,433)	-	-
<b>Other comprehensive income for the year, net of tax</b>		(2,869,838)	3,752,126	1,302,652	6,485,559
<b>Total comprehensive income (expense) for the year</b>		<u>13,986,372</u>	<u>21,112,948</u>	<u>16,609,966</u>	<u>52,052,700</u>
<b>Profit (loss) attributable to:</b>					
Owners of the parent		14,007,626	12,638,530	15,307,314	45,567,141
Non-controlling interests		2,848,584	4,722,292	-	-
		<u>16,856,210</u>	<u>17,360,822</u>	<u>15,307,314</u>	<u>45,567,141</u>
<b>Total comprehensive income (expense) attributable to:</b>					
Owners of the parent		13,136,200	17,483,745	16,609,966	52,052,700
Non-controlling interests		850,172	3,629,203	-	-
		<u>13,986,372</u>	<u>21,112,948</u>	<u>16,609,966</u>	<u>52,052,700</u>
<b>Earnings (loss) per share</b>					
Basic earnings (loss) per share	24	0.03	0.03	0.04	0.11
Diluted earnings (loss) per share	24	0.03	0.03	0.04	0.11

The accompanying notes are an integral part of these consolidated and separate financial statements.



Consolidated financial statements													
Attributable to owners of the parent													
Notes	Other components of equity												
	Other comprehensive income (expenses)												
	Exchange differences												
	on translation of financial statements in foreign currencies												
	Issued and paid-up share capital	Premium on share capital	Retained earnings (Deficits)	Unappropriated	Appropriated	Legal reserve	Unappropriated	Change in parent's ownership interests in subsidiaries	Total other components of equity	Total owners of the parent	Non-controlling interests	Total equity	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>Opening balance as at 1 January 2017</b>	409,877,016	796,833,756	31,600,000	(1,122,011,111)	(3,386,596)	(611,618)	(3,998,214)	112,301,447	1,654,289	113,955,736			
Proceeds from ordinary share issued	-	-	-	-	-	-	-	-	4,550,000	4,550,000			
Dividend	-	-	-	-	-	-	-	-	(16,983,574)	(16,983,574)			
Reclassify premium on share capital to offset deficits	-	(796,833,756)	-	796,833,756	-	-	-	-	-	-			
Reclassify legal reserve to offset deficits	-	-	(31,600,000)	31,600,000	-	-	-	-	-	-			
Total comprehensive income (expenses) for the year	-	-	-	19,124,089	(1,640,344)	-	(1,640,344)	17,483,745	3,629,203	21,112,948			
<b>Closing balance as at 31 December 2017</b>	409,877,016	-	-	(274,453,266)	(5,026,940)	(611,618)	(5,638,558)	129,785,192	(7,150,082)	122,635,110			
<b>Opening balance as at 1 January 2018</b>	409,877,016	-	-	(274,453,266)	(5,026,940)	(611,618)	(5,638,558)	129,785,192	(7,150,082)	122,635,110			
Proceeds from ordinary share issued	-	-	-	-	-	-	-	-	5,450,160	5,450,160			
Business combination	-	-	-	-	-	-	-	-	16,926,407	16,926,407			
Change in parent's ownership interests in subsidiaries	-	-	-	-	(10,127,923)	-	(10,127,923)	(10,977,701)	(10,977,701)	(10,977,701)			
Total comprehensive income (expenses) for the year	-	-	-	15,310,278	1,229,983	-	1,229,983	16,540,261	850,172	17,390,433			
<b>Closing balance as at 31 December 2018</b>	409,877,016	-	-	(259,142,988)	(13,924,880)	(11,589,319)	(25,514,199)	125,219,829	20,240,161	145,459,990			

The accompanying notes are an integral part of these consolidated and separate financial statements.

Asiasoft Corporation Public Company Limited

Statement of Changes in Equity (Cont'd)

For the year ended 31 December 2018

Separate financial statements							
Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings (Deficits)			Total equity	
			Baht	Baht	Baht		Baht

The accompanying notes are an integral part of these consolidated and separate financial statements.

**Asiasoft Corporation Public Company Limited**
**Statement of Cash Flows**
**For the year ended 31 December 2018**

		Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
	Notes	Baht	Baht	Baht	Baht
<b>Cash flows from operating activities</b>					
Profit (Loss) before income tax expense		18,663,650	19,335,929	15,307,315	45,567,141
Adjustments for:					
Depreciation and amortisation	12,13	53,645,498	71,225,387	35,819,805	42,635,859
Increase (Decrease) in doubtful accounts		2,475,191	(2,007,973)	(17,154,721)	8,909,468
Reversal of loss on net realisable value of inventories		-	(566,743)	-	(574,162)
Loss on (reversal of) impairment of short-term loans to subsidiaries		-	-	(128,651,758)	(20,080,628)
Loss on (reversal of) impairment of long-term loans to subsidiaries	25 (e)	-	-	(260,000)	(96,654,179)
Excess of acquisition cost under net book value		5,948,673	-	-	-
NCI -sub co which disposal of investment		(5,962,822)	-	-	-
Share of profit from investments in associated company	11 (b)	(1,095,423)	(1,792,687)	-	-
Write off of long-term loans to subsidiary company		-	-	455,000	-
Loss on write off of investment in associate		79,837	-	-	-
Loss on impairment of investments in subsidiaries	11 (a)	-	-	118,015,479	116,500,000
Loss on impairment and write-off of prepaid royalty fees		714,953	8,961,667	710,429	5,160,253
Reversal of (loss on) impairment and write-off of intangible asse		(25,737,328)	28,754,610	(25,661,364)	17,969,111
Gain from disposals of equipment		(1,106,591)	(315,763)	(1,966,524)	(310,858)
Gain from debt forgiveness of short-term loan from director		(1,065,000)	-	-	-
Unrealised loss (gain) on exchange rate		(40,533)	1,141,763	(79,877)	1,614,916
Dividend income	20	-	-	(3,540,000)	(26,270,666)
Employee benefit expenses	17	3,732,334	1,229,956	3,732,334	1,229,956
Finance costs		957,423	1,230,601	975,780	1,116,483
Cash flows before changes in operating assets and liabilities		51,209,862	127,196,747	(2,298,102)	96,812,694
Changes in operating assets and liabilities:					
Trade and other receivables		19,475,705	9,907,410	10,921,514	(32,902,467)
Inventories		-	652,815	-	652,873
Prepaid royalty fees		5,195,745	10,966,904	4,182,514	5,550,326
Other current assets		14,584,116	25,641,140	653,462	3,827,591
Other non-current assets		(9,670)	1,602,578	(81,000)	(1,916,221)
Trade and other payables		(65,898,693)	(40,157,328)	(16,244,776)	10,089,612
Deferred revenue and license fees		(42,958,035)	(104,598,577)	(38,193,375)	(80,938,728)
Other current liabilities		6,813,643	(19,507,558)	(318,841)	(1,263,549)
Provisions for employee benefits		(600,000)	-	(600,000)	-
Other non-current liabilities		-	(6,800,960)	-	-
Cash generated from operations		(12,187,327)	4,903,171	(41,978,604)	(87,869)
Interest income received		1,415,991	1,225,045	2,360,308	3,888,499
Interest paid		(614,922)	(1,230,601)	(883,757)	(1,118,037)
Income tax paid		(86,574)	(1,470,988)	(1,853,319)	-
Net cash generated from operating activities		(11,472,832)	3,426,627	(42,355,372)	2,682,593

The accompanying notes are an integral part of these consolidated and separate financial statements.

Asiasoft Corporation Public Company Limited

Statement of Cash Flows (Cont'd)

For the year ended 31 December 2018

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
<b>Cash flows from investing activities</b>					
Increase in restricted bank deposits, net		(232,883)	(15,995,977)	(232,883)	(15,995,977)
Cash paid for short-term loans to subsidiaries		-	-	(1,100,000)	-
Cash received from short-term loans to subsidiaries	25 (d)	-	-	12,968,650	20,080,628
Cash paid for long-term loans to subsidiaries	25 (e)	-	-	(195,000)	(4,260,000)
Cash received from long-term loans to subsidiaries	25 (e)	-	-	-	100,914,179
Dividends received from associated company	11 (b)	400,200	400,200	-	-
Cash paid for Investment in subsidiaries	11 (a)	(399,980)	-	260,636	(121,112,197)
Cash received from decrease in investment in related parties		-	-	6,000,000	-
Cash paid for purchase of equipment		(15,027,441)	(6,063,545)	(4,026,943)	(2,190,634)
Cash paid for purchase of intangible assets		(43,921,411)	(48,929,436)	(19,940,823)	(36,874,880)
Cash received from disposals of equipment		1,907,133	965,071	2,096,657	375,698
Dividends received from subsidairies	20	-	-	3,540,000	26,270,666
<b>Net cash used in investing activities</b>		<b>(57,274,382)</b>	<b>(69,623,687)</b>	<b>(629,706)</b>	<b>(32,792,517)</b>
<b>Cash flows from financing activities</b>					
Cash paid for short-term loan from director	25 (f)	(8,268,457)	(9,046,790)	-	-
Cash paid from long-term loan from director	25 (g)	-	(3,500,000)	-	-
Cash received from short-term loan from director	25 (f)	35,000	330,000	-	-
Cash received from long-term loan from director		-	-	-	-
Cash received from increase share capital from NCI		5,450,160	-	-	-
Cash paid for short-term loan from related party		-	-	-	(4,000,000)
Cash received from short-term loan from related party		-	-	-	-
Increase (decrease) from short-term borrowings					
from financial institution, net	14	-	(1,379,063)	(8,268,457)	(1,379,063)
Payment of finance lease liabilities		(813,124)	(679,744)	(813,124)	(679,744)
Cash received from issue of ordinary shares	18	-	-	-	-
<b>Net cash generated from (used in) financing activities</b>		<b>(3,596,421)</b>	<b>(14,275,597)</b>	<b>(9,081,581)</b>	<b>(6,058,807)</b>
<b>Translation adjustment of cash and cash equivalents</b>		<b>734,719</b>	<b>(8,362,992)</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(71,608,916)</b>	<b>(88,835,649)</b>	<b>(52,066,659)</b>	<b>(36,168,731)</b>
Cash and cash equivalents at the beginning of the year		135,153,402	223,857,324	75,307,732	111,490,532
Unrealised exchange gain (loss) on cash and cash equivalents		53,745	131,727	92,445	(14,069)
<b>Cash and cash equivalents at the end of the year</b>		<b>63,598,231</b>	<b>135,153,402</b>	<b>23,333,518</b>	<b>75,307,732</b>
<b>Non-cash transactions</b>					
Acquisitions of vehicle assets under financial lease agreements		2,000,000	-	2,000,000	-
Increase in intangible assets by other payables	15	4,056,800	6,196,642	4,056,800	6,196,642
Increase in prepaid royalty fee by other payables	15	-	4,927,080	-	4,927,080
Disposals of prepaid royalty fee by other receivables		-	-	-	3,251,460
Decrease in short-term loan from director		1,065,000	-	-	-

The accompanying notes are an integral part of these consolidated and separate financial statements.



**Asiasoft Corporation Public Company Limited**

**Notes to the Consolidated and Separate Financial Statements**

**For the year ended 31 December 2018**

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**1 General information**

Asiasoft Corporation Public Company Limited (“the Company”) is a public limited company incorporated and resident in Thailand. The address of the Company’s registered office is as follows:

9/283-5, 28th floor, UM Tower Building, Ramkhamhaeng Road, Suanluang, Suanluang, Bangkok.

The Company’s ordinary shares are listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiaries are referred to as “the Group”.

The Group is principally engaged in the distributor and provider of online game services.

The consolidated and separate financial statements were authorised for issue by the Board of Directors on 25 February 2019.

**Equity and paid-up share capital ratio**

The consolidated financial statement as at 31 December 2018 shows that the equity is equal to 31 percent of the paid-up share capital. This financial ratio is less than 50 percent which means that the Stock Exchange of Thailand (SET) has posted a C (Caution) sign on securities of the listed company continuously from the date of the announcement a C sign on 10 August 2018 in accordance with the Regulation of the SET: Measure in case of Events that may affect the Listed Companies’ Financial Condition and Business Operation B.E. 2561 (2018). The Company convened a meeting to provide information and decided on a plan and progress to deal with this event with shareholders, investors and concerned parties on 22 August 2018 and 20 November 2018.

**2 Accounting policies**

The principal accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below:

**2.1 Basis of preparation**

The consolidated and separate financial statements have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention, except

**2 Accounting policies (cont'd)**

**2.1 Basis of preparation (cont'd)**

The preparation of consolidated and separate financial statements in conformity with Thai Generally Accepted Accounting Principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in Note 4.

An English version of the consolidated and separate financial statements have been prepared from the consolidated and separate financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language consolidated and separate financial statements shall prevail.

**2.2 Revised financial reporting standards and related interpretations**

2.2.1 The following revised financial reporting standards and related interpretations are effective in the current year.

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

2.2.2 The following revised financial reporting standards and related interpretations are effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) including new accounting treatment guidance, will become effective for annual periods beginning on or after 1 January 2019. The Group has not early adopted this standard. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

TFRS 15

Revenue from contracts with customers

**2 Accounting policies (cont'd)**

**2.2 Revised financial reporting standards and related interpretations (cont'd)**

TFRS 15 provide the requirements for the recognition of revenue. This standard will supersede the following standards:

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TFRIC 13 (revised 2017)	Customer loyalty programmes
TFRIC 15 (revised 2017)	Agreements for the construction of real estate
TFRIC 18 (revised 2017)	Transfers of assets from customers
TSIC 31 (revised 2017)	Revenue - barter transactions involving advertising services

The new standard is based on the principle that

- revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards
- an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The management has assessed and considered that the above revised standards will not have a material impact on the Group.

**2.2.3 Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020**

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TAS 32	Financial Instruments: Presentation
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

**2 Accounting policies (cont'd)**

**2.2 Revised financial reporting standards and related interpretations (cont'd)**

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

**2.3 Group Accounting - Investments in subsidiaries and associates**

**(1) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquirer's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.



**2 Accounting policies (cont'd)**

**2.3 Group Accounting - Investments in subsidiaries and associates (cont'd)**

**(1) Subsidiaries (cont'd)**

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognise and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separated financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

**(2) Transactions with non-controlling interests**

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

**(3) Disposal of subsidiaries**

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

**2 Accounting policies (cont'd)**

**2.3 Group Accounting - Investments in subsidiaries and associates (cont'd)**

**(4) Associates**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identifies on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit or loss of associates in profit or loss.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group'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 changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

In the separated financial statements, investments in associates are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

**2 Accounting policies (cont'd)**

**2.4 Foreign currency translation**

**(a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Thai Baht, which is the Company's functional and presentation currency.

**(b) Transactions and balances**

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 re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss in the statement of comprehensive income, any exchange component of that gain or loss is recognised in profit or loss.

**(c) Group companies**

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

**2 Accounting policies (cont'd)**

**2.5 Cash and cash equivalents**

In the statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less from the date of acquisition and are not pledged as collateral and bank overdrafts. Bank overdrafts are presented as current liabilities in the statement of financial position.

**2.6 Trade accounts receivable**

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in profit or loss within administrative expenses.

**2.7 Investments**

Investments other than investments in subsidiaries and associates are classified into the following three categories: (1) trading investments; (2) held-to-maturity investments; and (3) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

1. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
2. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.
3. Investments in non-marketable equity securities are classified as general investments.

All three categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand and association of investment management companies. The unrealised gains and losses of trading investments are recognised as profit or loss in the statement of comprehensive income.



## 2 Accounting policies (cont'd)

### 2.7 Investments (cont'd)

Held-to-maturity investments are carried at amortised cost using the effective yield method less allowance for impairment.

General investments are carried at cost less allowance for impairment.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

### 2.8 Equipment

Equipment is stated at cost less accumulated depreciation and allowance for impairment of assets (if any). Historical cost includes expenditure that is directly attributable to the acquisition of items.

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 Group 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.

Depreciation of equipment is calculated to write down the cost of equipment to their residual values on the straight-line basis over estimated useful lives are as follows:

Building improvements	5 years
Server	5 years
Furniture & fixture and equipment	3 and 5 years
Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.10).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2 Accounting policies (cont'd)**

**2.9 Intangible assets**

**Game licenses**

Purchased game licenses are carried at cost less accumulated amortisation. Amortisation is calculated using straight-line basis over their estimated useful lives of 2 - 4 years.

**Computer software**

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using straight-line basis over their estimated useful lives of 3 and 5 years. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the criteria are met.

**Right for use of golf club**

Right for use of golf club are carried at cost less allowance for impairment (if any). Right for use of golf club is not amortised as it deems to have indefinite useful life.

**Customer relationship**

Customer relationship acquired in a business combination are recognised at fair value at the acquisition date. Customer relationship have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using straight-line basis over their estimated useful lives of 3 years and 7 years.

**Trademark**

Trademark acquired in a business combination are recognised at fair value at the acquisition date. Trademark has a finite useful life and are carried at cost less accumulated amortisation and allowance for impairment. Amortisation is calculated using straight-line basis over its estimated useful life of 20 years.

**2 Accounting policies (cont'd)**

**2.10 Impairment of assets**

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**2.11 Leases - where the Group is the lessees**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group leases certain equipment. Leases of equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in finance lease liabilities. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

**2.12 Borrowings**

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

**2 Accounting policies (cont'd)**

**2.13 Current and deferred income taxes**

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 directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition 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 nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income 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. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.



**2 Accounting policies (cont'd)**

**2.14 Employee benefits**

**(a) Defined contribution plan**

A defined contribution plan is a post employment plan which the Group pays fixed contributions into a separate entity and management by fund manager. The fund has received contributions from employees and the Group.

The contributions are recognised as employee benefit expense in statements of comprehensive income when they are due.

**(b) Post employment benefit obligations**

The Group provides for post employment benefits to or retirement indemnity employees under the labor laws applicable in Thailand depends on basis of salary and service year of staff until the future last working day. The Group has recorded the liabilities in respect of employee benefits which are the present value of the defined benefit obligations calculated by an independent actuary in accordance with the actuarial technique, and discounted benefit by the projected unit credit method. The present value of the defined benefit obligations are determined by discounting estimated future cash flows using yields on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality, length of service and other. The Group recorded provision of employee benefit as non-current liabilities. Actuarial gains and losses arising from experience adjustments or changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss.

**2.15 Provisions**

Provisions, which exclude the provision relating to employee benefits, are recognised when the Group have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expect a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain.

**2.16 Share capital**

Ordinary shares are classified as equity. Other shares including mandatory redeemable preference shares are classified as liabilities.

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

**2 Accounting policies (cont'd)**

**2.17 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, and after eliminating sales within the Group. Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances. Revenue from online game services is recognised when gamers use the services. The amount paid in advance by gamers via the refill channels is presented as deferred revenue in the statement of financial position, and is recognised as revenue in the statement of comprehensive income when the gamers purchased an item in game. Revenue from licensing game services to game shops is recognised on the straight-line method over the license period.

Interest income and other income are recognised on an accrual basis, except if collectability is in doubt.

Dividend income is recognised when the right to receive payment is established.

**2.18 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders and Board of Director's approval for interim dividend payment.

**2.19 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Board of Directors that makes strategic decisions.

**3 Financial risk management**

**3.1 Financial risk factors**

The principal financial risks faced by the Group are market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Risk management is carried out by Group management. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

**3 Financial risk management (cont'd)**

**3.1.1 Foreign exchange risk**

The associates and subsidiaries of the Group operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD, MYR, SGD and PHP. However, the Group believes that foreign exchange risk will have no material effect to their operational results and they therefore do not use derivative financial instruments to hedge this risk.

**3.1.2 Interest rate risk**

The Group's interest rate risk arises from finance lease liabilities and amounts due to related parties. Finance lease liabilities issued at variable rates and amounts due to related parties issued at fixed rate. Management considers that interest rate risk is not significant.

**3.1.3 Credit risk**

Most of the Group's revenues, being online revenue, are normally paid by clients in advance. Therefore, the Group has never experienced significant difficulties in debt collection. In addition, the Group is exposed to credit risk with respect to amounts due from related parties and loans to the related parties without collateral. However, the management assesses and considers the abilities to make the payments of the related parties regularly.

**3.1.4 Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to manage market positions. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

**3.2 Fair value estimation**

As at 31 December 2018, the Group had no assets or liabilities measured at fair value. Disclosures of fair value measurements by level are as below:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair values of financial assets and liabilities approximate their carrying amounts.

#### 4 Critical accounting estimates, assumptions, and judgements

Estimates, assumptions, and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Estimated impairment of goodwill, intangible assets and prepaid royalty fees

The Group tests annually whether goodwill has suffered any impairment and considers impairment of intangible assets and prepaid royalty fees when indicators of impairment exist, which are in accordance with the accounting policy stated in Note 2.12. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(b) Equipment and intangible assets

Management determines the estimated useful lives and residual values for the plant, equipment and intangible assets of which are mainly considered by technical ability and economic useful lives. The management will revise the depreciation charge where useful lives and residual values are significantly different to previously estimated, or it will write off or write down technically obsolete or assets that have been abandoned or sold.

(c) Allowance for doubtful accounts

The Group maintains an allowance for doubtful accounts to reflect impairment of trade receivables and loans including interest receivables relating to estimated losses resulting from the default or inability of customers to make required payments. The allowance is based on consideration of historical collection experience, known and aging of outstanding debt of each customer. The management will fully set up allowance for long outstanding amounts and without any collateral.

(d) Employee benefit obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the pensions include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of employee benefit obligations.



**4 Critical accounting estimates, assumptions, and judgements (Cont'd)**

**(d) Employee benefit obligations (Cont'd)**

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related employee benefit liability.

Other key assumptions for employee benefit obligations are based in part on current market conditions. Additional information is disclosed in Note 18.

**5 Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

**6 Operating segments**

Board of Directors is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by Board of Directors for the purposes of allocating resources and assessing performance.

Board of Directors considers the business from both a geographic and product and service perspective. Geographically, management considers the performance in Thailand, Singapore, Malaysia, Philippines and other countries. From a product and service perspective, management separately considers the online game services and distribution activities in these geographies. The Group derives their revenue primarily from the online game services.

Board of Directors assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes discontinued operations and the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event. The measure also excludes the effects of equity-settled share-based payments and unrealised gains/losses on financial instruments. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

**6 Operating segments (Cont'd)**

Sales between segments are carried out at arm's length. The revenue from external parties reported to Board of Directors is measured in a manner consistent with that in profit or loss.

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decision about the allocation of resource to the segment and assess its performance. The chief operating decision maker has been identified as the Board of Directors.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have 3 reportable segments as follows:

- The online game segment is a business segment which provides online game services through internet using servers of the Group; and
- The distribution segment is a business which distributes game products and provides payment channel services.
- The advertising segment is a business which provides marketing services through internet and advertising services.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial information.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions

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**6 Operating segments (Cont'd)**

The following table presents revenue and profit information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2018 and 2017.

	For the years ended 31 December						Unit : Thousand Baht			
	Online game segment <sup>1)</sup>		Distribution segment <sup>2)</sup>		Advertising segment <sup>3)</sup>		Others		Consolidation	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from sales and services from external customers	552,098	760,255	36,895	18,980	-	26,163	12,138	30,173	601,131	835,571
Segment profit (loss)	208,720	354,769	189	5,316	-	4,025	11,930	(5,294)	220,839	358,816
Loss on write-off and impairment of prepaid royalty fees	(715)	(8,962)	-	-	-	-	-	-	(715)	(8,962)
Reversal of (loss on) write-off and impairment of intangible assets	25,737	(28,755)	-	-	-	-	-	-	25,737	(28,755)
Unallocated income (expenses):										
Interest income									2,774	1,772
Other income									38,450	12,093
Selling and administrative expenses									(268,587)	(316,190)
Finance costs									(929)	(1,231)
Share of profit from investments in associates									1,095	1,793
Income tax expense									(1,807)	(1,975)
Non-controlling interests									(2,849)	(4,722)
Gain (loss) attributable to owners of the parent for the year									14,008	12,639

<sup>1)</sup> The online game segment is a business segment which provides online game services through the server of the Group.

<sup>2)</sup> The distribution segment is a business segment which distributes game products and provides payment channel services.

<sup>3)</sup> The advertising segment is a business segment which provides marketing services through internet and advertising services

**6 Operating segments (Cont'd)**

**Geographic information**

Revenue from external customers for the years ended 31 December 2018 and 2017 based on locations of the Company and subsidiaries, are made up as follows:

	<b>Consolidated</b>	
	<b>financial statements</b>	
	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Thailand	255,356	476,324
Singapore	145,047	205,443
Malaysia	76,586	135,760
Philippines	124,142	18,044
Total	601,131	835,571

**7 Cash and cash equivalents**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Cash on hand	352	303	46	50
Deposit held at call with banks	63,246	134,850	23,287	75,258
Total cash and cash equivalents	63,598	135,153	23,333	75,308

As at 31 December 2018, deposits held at call with banks bore interests at rates from 0.375% to 1.15% per annum. (2017: from 0.05% to 2.25% per annum).



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8 Trade and other receivables

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Trade accounts receivable				
- third parties	46,268	57,953	24,015	31,142
<u>Less</u> Allowance for doubtful accounts	(2,507)	(5,452)	(2,136)	(2,136)
Trade accounts receivable, net	43,761	52,501	21,879	29,006
Trade accounts receivable				
- related parties (Note 25)	36,657	52,763	60,263	70,843
<u>Less</u> Allowance for doubtful accounts (Note 25)	(19,400)	(19,400)	(28,569)	(32,233)
Trade accounts receivable, net	17,257	33,363	31,694	38,610
Trade accounts receivable, net	61,018	85,864	53,573	67,616
Amounts due from related parties (Note 25)	718	1,100	15,725	29,630
Other receivables from related parties	-	-	-	-
<u>Less</u> Allowance for doubtful accounts				
- related parties (Note 25)	-	-	(17,118)	(29,630)
Interest receivable - third parties		-	-	-
Interest receivable - related parties (Note 25)	-	-	5,689	16,488
<u>Less</u> Allowance for doubtful accounts				
- related parties (Note 25)	-	-	-	(16,488)
Accrued income from third parties	60	647	-	749
Accrued income from related parties				
(Note 25)	-	-	-	551
<u>Less</u> Allowance for doubtful accounts				
- related parties (Note 25)	-	-	-	(168)
Other receivables from third parties	3,122	2,301	595	-
<u>Less</u> Allowance for doubtful accounts				
- third parties	-	(1,627)	-	-
Trade and other receivables, net	64,918	88,285	58,464	68,748

**8 Trade and other receivables (Cont'd)**

Outstanding trade accounts receivable can be analysed as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
<b>Third parties</b>				
Trade accounts receivable				
Current	23,878	37,005	8,376	14,304
Overdue less than 3 months	14,762	14,389	13,503	13,535
3 - 6 months	66	1,209	-	1,063
6 - 12 months	71	11	-	100
Over 12 months	7,491	5,339	2,136	2,140
Total	46,268	57,953	24,015	31,142
<u>Less</u> Allowance for doubtful accounts	(2,507)	(5,452)	(2,136)	(2,136)
Trade accounts receivable - third parties, net	43,761	52,501	21,879	29,006
<b>Related parties</b>				
Trade accounts receivable				
Current	3,446	8,897	40	9,123
Overdue less than 3 months	3,071	12,551	649	15,025
3 - 6 months	7,189	1,487	3,773	11,675
6 - 12 months	-	10,428	27,524	7,932
Over 12 months	22,951	19,400	28,277	27,088
Total	36,657	52,763	60,263	70,843
<u>Less</u> Allowance for doubtful accounts	(19,400)	(19,400)	(28,569)	(32,233)
Trade accounts receivable - related parties, net	17,257	33,363	31,694	38,610

**9 Other current assets**

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Account receivable				
- Revenue department	4,408	10,162	435	324
Withholding taxes refundable	11,199	16,992	6,072	4,219
Prepaid expenses	16,057	14,770	9,457	5,395
Undue input vat	1,778	415	156	223
Others	3,614	6,772	492	5,251
Total other current assets	37,056	49,111	16,612	15,412

**10 Restricted bank deposits**

The Group pledged the fixed deposits with the banks to secure credit facilities amount of Baht 25.73 million.

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**11 Investments in subsidiaries and associates**

**11 (a) Investment in subsidiaries**

The Group had the following subsidiaries as at 31 December 2018

Name	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares directly held by parent (%)		Proportion of ordinary shares held by the Group (%)		Proportion of shares held by non-controlling interests (%)	
			2018	2017	2018	2017	2018	2017
<b>Direct</b>								
<b>Subsidiaries which held by Asiasoft Corporation Public Company Limited</b>								
A Capital Co., Ltd.	Thailand	Investment	100.00	100.00	100.00	100.00	-	-
Asiasoft International Co., Ltd.	Thailand	Investment	100.00	100.00	100.00	100.00	-	-
Playcybergames Co., Ltd.	Thailand	Publisher of online games	99.99	99.99	99.99	99.99	0.01	0.01
CIB Development Sdn. Bhd.	Malaysia	Publisher of online games	61.68	61.68	61.68	61.68	38.32	38.32
Thinkplus Digital Co., Ltd.	Thailand	Providing internet marketing and advertising media services	-	59.99	-	59.99	-	40.01
Level Up! Inc.	Philippines	Publisher of online games	-	100.00	-	100.00	-	-
Miryn Innovation Co., Ltd.	Thailand	Developer of game application on mobile phone	65.00	65.00	65.00	65.00	35.00	35.00
Playpark Co., Ltd.	Thailand	Publisher of online games	99.99	99.99	99.99	99.99	0.01	0.01
Playpark Pte Ltd.	Singapore	Publisher of online games	100.00	100.00	100.00	100.00	-	-
(Formerly known "Asiasoft Online Pte. Ltd.")								
AS Online Sdn. Bhd.	Malaysia	Publisher of online games	100.00	100.00	100.00	100.00	-	-
PT. Asiasoft	Indonesia	Publisher of online games	99.99	-	99.99	79.90	0.01	20.10



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**11 Investments in subsidiaries and associates (Cont'd)**

**11 (a) Investment in subsidiaries (Cont'd)**

The Group had the following subsidiaries as at 31 December 2018

Name	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares directly held by parent (%)		Proportion of ordinary shares held by the Group (%)		Proportion of shares held by non-controlling interests (%)	
			2018	2017	2018	2017	2018	2017
<b>Indirect</b>								
<b>Subsidiaries which held by A Capital Company Limited</b>								
Skynet Systems Co., Ltd.	Thailand	Developer of mobile applications	-	-	57.04	70.00	42.96	30.00
<b>Subsidiaries which held by Asiasoft International Company Limited</b>								
CTB Net Station Sdn. Bhd. which has a subsidiary as follows:	Malaysia	Publisher of online games	100.00	-	100.00	100.00	-	-
Chinesego Sdn. Bhd.	Malaysia	Internet and electronic commerce provider	-	-	-	100.00	-	-

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company does not have any shareholdings in the preference shares of subsidiary undertaking included in the Group.

**11 Investments in subsidiaries and associates (Cont'd)**

**11 (a) Investment in subsidiaries (Cont'd)**

Movements of investment in subsidiaries can be analysed as follows:

For the year ended 31 December	Separate financial statements	
	2018	2017
	Thousand Baht	Thousand Baht
Opening net book amount	18,769	14,157
Acquisitions	130,254	121,112
Disposals - Cost	(149,346)	-
- Allowance for impairment	136,346	-
Loss on impairment	(118,015)	(116,500)
Closing net book amount	18,008	18,769
<b>As at 31 December</b>		
Cost	681,734	700,826
<u>Less</u> Allowance for impairment	(663,726)	(682,057)
Net book amount	18,008	18,769

**Increase of investment in Playpark Pte Ltd. (Formerly known as Asiasoft Online Pte. Ltd.)**

The Company increase its investment in Playpark Pte Ltd., its subsidiary by the amount of Baht 71.59 million in the same proportion of investment previously held. Playpark Pte Ltd. used the investment amount of Baht 71.59 million to repay short-term loan to the Company which was previously fully impaired. As a result, the Company recorded a reversal of impairment on loan to subsidiary and recorded loss on impairment of investment in subsidiary by the amount of Baht 71.59 million in the separate statement of comprehensive income for the period.

**Increase of investment in PT. Asiasoft**

The Company invested in ordinary shares of PT.Asiasoft in proportion of 99.90% of registered capital or registered capital amount of IDR 8.91 billion and capital deficiency amount of IDR 24.88 billion by the total purchase price amount of USD 1. The seller of ordinary shares is Asiasoft International Co., Ltd. (79.90%).

**11 Investments in subsidiaries and associates (Cont'd)**

**11 (a) Investment in subsidiaries (Cont'd)**

**Increase of investment in PT. Asiasoft (Cont'd)**

The Company increase its investment in PT.Asiasoft., its subsidiary, by the amount of Baht 56.43 million in the same proportion of investment previously held. PT.Asiasoft. used the investment amount of Baht 55.21 million to repay short-term loan amount of Baht 41.80 million, trade and other receivable amount of Baht 13.41 million to the Company which was previously fully impaired. As a result, the Company recorded a reversal of impairment on short-term loan to subsidiary amount of Baht 41.80 million, trade and other receivable amount of Baht 13.41 million

The company recorded loss on impairment of investment in subsidiary by the total amount of Baht 56.43 million in the separate statement of comprehensive income for the period.

**Increase share capital of Skynet system Co.,Ltd.**

On 19 September 2018, A subsidiary, Skynet system Co.,Ltd. issued new shares amounting to Baht 0.68 million and premium shares amounting to Baht 2.32 million. Skynet system received subscription from non-controlling interest amounting to Baht 3 million. The Group's shareholding interest in Skynet decrease to 61.60%.

On 19 December 2018, issued new shares amounting to Baht 0.45 million and premium shares amounting to Baht 1.55 million. Skynet system received subscription from non-controlling interest amounting to Baht 2.00 million. The Group's shareholding interest in Skynet decrease to 57.04%.

**Purchased ordinary shares of an associate from a subsidiary**

The Company invested in ordinary shares of Playpark Inc. in proportion of 40% of registered capital or amount of PHP 1.6 million and fair value amount of PHP 6.39 million by the total purchase price amount of PHP 3.6 million. The seller of ordinary shares is Level Up! Inc., a subsidiary in which 100% of the shares are held by the Company. The investment in Playpark Inc. changed status from "Investment in associates" to "Investment in subsidiaries" at the date that the Group has significant control of Playpark Inc. The Group adjusted fair value of this investment at that date and recognise gain on fair value adjustment of Baht 1.73 million in other income.

**Liquidation of Playcybergames Co., Ltd.**

Playcybergames Co., Ltd. registered for liquidation with the Ministry of Commerce and is under the liquidation process. The management believe that there will be no material impact from this liquidation.

**11 Investments in subsidiaries and associates (Cont'd)**

**11 (a) Investment in subsidiaries (Cont'd)**

**Decrease share capital of subsidiary**

On 5 July 2018, the extraordinary shareholders' meeting 1/2018 of Asiasoft International Co., Ltd., passed a resolution to decrease the registered share amounting to THB 10 million by reducing the number of shares. The remain share capital is THB 102 million.

**Withdrawal of investment in a subsidiary**

At the Board of Directors' meeting No. 03/2018 held on 14 August 2018, the Board of Directors approved to withdraw the investment in Think Plus Digital Co., Ltd. amounting to THB 3 million and registered on 9 October 2018, resulting in the company not being included in our subsidiaries since the fourth quarter.

The Group recognised gain from withdrawal in the consolidated financial statements for the year ended 31 December 2018.

**Sale of ordinary shares of a subsidiary to a third party**

On 1 October 2018, the Company sold 100% of its ordinary shares of Level Up!, Inc. its subsidiary, to a third party, for a total consideration of USD 1. Accordingly, Level Up!, Inc. is no longer a subsidiary of the Company, effective from this date. The Group recognised gain from sale of ordinary shares in the consolidated financial statements for the year ended 31 December 2018.



11 Investments in subsidiaries and associates (Cont'd)

11 (a) Investment in subsidiaries (Cont'd)

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amount disclosed for each subsidiary are before inter-company eliminations.

Summarised statement of financial position

	CIB Development Sdn. Bhd.		PT. Asiasoft		Skynet system Co., Ltd.		Playpark Inc.		Total	
	As at 31 December		As at 31 December		As at 31 December		As at 31 December		As at 31 December	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Current</b>										
Assets	22,174	42,451	1,784	1,640	1,856	1,921	61,089	-	86,903	46,012
Liabilities	(32,317)	(34,761)	(2,386)	(58,303)	(207)	(325)	(58,427)	-	(93,337)	(93,389)
Total current net assets	(10,143)	7,690	(602)	(56,663)	1,649	1,596	2,662	-	(6,434)	(47,377)
<b>Non-current</b>										
Assets	2,703	5,425	19	47	4,735	211	22,551	-	30,008	5,683
Liabilities	-	(287)	-	-	-	-	(4,274)	-	(4,274)	(287)
Total non-current net assets	2,703	5,138	19	47	4,735	211	18,277	-	25,734	5,396
Net assets (liabilities)	(7,440)	12,828	(583)	(56,616)	6,384	1,807	20,939	-	19,300	(41,981)
Accumulated NCI	628	7,977	(54)	(11,033)	5,662	560	13,992	-	20,228	(2,496)

11 Investments in subsidiaries and associates (Cont'd)

11 (a) Investment in subsidiaries (Cont'd)

Summarised financial information on subsidiaries with material non-controlling interests (Cont'd)

Summarised statement of comprehensive income

	CIB Development Sdn. Bhd.		PT. Asiasoft		Skynet system Co.,Ltd.		Playpark Inc.		Total	
	For the years ended 31 December		For the years ended 31 December		For the years ended 31 December		For the years ended 31 December		For the years ended 31 December	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Revenue	76,621	136,647	-	-	237	-	124,961	-	201,819	136,647
Profit (Loss) before income tax	(15,463)	14,072	926	(6,474)	(1,923)	(1,693)	12,395	-	(4,065)	5,905
Income tax expense	(405)	(563)	-	-	-	-	(1,402)	-	(1,807)	(563)
Post-tax profit (loss) from continuing Operations	(15,868)	13,509	926	(6,474)	(1,923)	(1,693)	10,993	-	(5,872)	5,342
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (expense)	(15,868)	13,509	926	(6,474)	(1,923)	(1,693)	10,993	-	(5,842)	5,342
Profit (Loss) allocated to non-controlling interests	(5,663)	5,365	2	(1,281)	(347)	(490)	8,354	-	2,346	3,594
Dividends paid to non-controlling interests	-	16,984	-	-	-	-	-	-	-	-

11 Investments in subsidiaries and associates (Cont'd)

11 (a) Investment in subsidiaries (Cont'd)

Summarised financial information on subsidiaries with material non-controlling interests (Cont'd)

Summarised statement of cash flows

	CIB Development Sdn. Bhd.		PT. Asiasoft		Skynet system Co.,Ltd.		Playpark Inc.		Total	
	For the years ended 31 December		For the years ended 31 December		For the years ended 31 December		For the years ended 31 December		For the years ended 31 December	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Cash flow from operating activities</b>										
Cash (used in) generated from operations	(6,264)	(10,059)	1,011	(4,521)	(2,071)	(2,038)	16,243	-	8,919	(16,618)
Interest paid	-	-	-	-	-	-	-	-	-	-
Income tax paid	(305)	(503)	-	-	-	-	(1,716)	-	(2,021)	(503)
Net cash (used in) generated from operating activities	(6,569)	(10,562)	1,011	(4,521)	(2,071)	(2,038)	14,527	-	6,898	(17,121)
Net cash used in investing activities	(1,391)	(5,559)	-	(31)	(4,613)	(218)	(12,554)	-	(18,558)	(5,808)
Net cash (used in) generated from financing activities	-	(43,459)	-	3,990	6,500	3,500	2,138	-	8,638	(35,969)
Net (decrease) increase in cash and cash equivalents	(7,960)	(59,580)	1,011	(562)	(184)	1,244	4,111	-	(3,022)	(58,898)
Cash and cash equivalents at beginning of year	23,068	83,115	266	887	1,895	651	7,861	-	33,090	84,653
Exchange (loss) gain on cash and cash equivalents	(3,977)	(467)	(983)	(59)	-	-	760	-	(4,200)	(526)
Cash and cash equivalents at end of year	11,131	23,068	294	266	1,711	1,895	12,732	-	25,868	25,229

**11 Investments in subsidiaries and associates (Cont'd)**

**11 (a) Investment in subsidiaries (Cont'd)**

**Investments accounted for using equity method**

The amounts recognised in the statement of financial position are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
At 31 December	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Associates	10,934	9,919	-	-
	10,934	9,919	-	-

The amounts recognised in profit or loss are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
For the years ended 31 December	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Associates	1,095	1,793	-	-
	1,095	1,793	-	-



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11 Investments in subsidiaries and associates (Cont'd)

11 (b) Investment in associates (Cont'd)

Nature of investment in associates the year 2018 and 2017:

Name of entity	Place of business/ country of incorporation	% of ownership interest		Nature of the relationship	Measurement method	Cost method		Equity method		Dividend	
		2018	2017			2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
<b>Direct</b>											
Pomelo Network Pte. Ltd.	Taiwan/ Singapore	-	11.01	Developer of mobile Applications and mobile Messenger	Equity	-	25,073	-	19,164	-	-
<b>Indirect</b>											
Thaiware Communication Company Limited	Thailand	40.00	40.00	Services on website	Equity	-	-	10,534	9,839	400	400
Cybergames Corporation Company Limited	Thailand	-	30.00	Services on network	Equity	-	-	-	12,080	-	-
Playpark Inc.	Philippines	-	40.00	Publisher of online games	Equity	-	-	-	-	-	-
Triple S Social Trade Company Limited	Thailand	40.00	-	Develop and provide software solution and IT equipment	Equity	400	-	400	-	-	-
Total		400	25,073			400	25,073	10,934	41,083	400	400
Less Provision for impairment of investment in associates		-	(25,073)			-	-	-	(31,164)	-	-
Total investments in associates, net		400	-			400	-	10,934	9,919	400	400

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11 Investments in subsidiaries and associates (Cont'd)

11 (b) Investment in associates (Cont'd)

Movements of investment in associates can be analysed as follows:

	Consolidated financial statements Thousand Baht	Separate financial statements Thousand Baht
<b>For the year ended 31 December 2018</b>		
Opening net book amount	9,919	-
Increased of investment in associate	400	-
Dividend received	(400)	-
Share of profit	1,095	-
Liquidation on associate	(80)	-
Closing net book amount	10,934	-
<b>As at 31 December 2018</b>		
Cost	10,934	-
<u>Less</u> Allowance for impairment	-	-
Net book amount	10,934	-

Set out below is the associate of the Group, which is material to the Group, in the opinion of the directors. The associate as listed below has share capital consisting solely of ordinary shares, which is held directly by parent.

**Increase of investment in Triple S social trade (Thailand) Co.,Ltd.**

On 22 June 2018, Skynet System Co., Ltd. invested with individual and other shareholder in 39,998 shares, totalling Baht 399,980 of Triple S Social Trade (Thailand) Co., Ltd. which is newly registered entity engaging in develop and provide software solution and IT equipment. The company hold Triple S Social Trade (Thailand) Co., Ltd. share representing 40% of the registered share capital. The company was already approved by the Board of Directors.

**11 Investments in subsidiaries and associates (Cont'd)**

**11 (b) Investment in associates (Cont'd)**

**Liquidation on associate incurred during 2018**

Pomelo Network Pte. Ltd. a 40% owned associate, complete the liquidation. The Group recognised gain (loss) from liquidation in the separate statement of comprehensive income for the year ended 31 December 2018.

Cybergames Corporation Company Limited a 30% owned associate, complete the liquidation. The Group recognised gain (loss) from liquidation in the separate statement of comprehensive income for the year ended 31 December 2018.

**Summarised financial information for associates**

Set out below are the summarised financial information for Thaiware Communication Company Limited which is accounted for using the equity method.

**Summarised statement of financial position**

As at 31 December	2018	2017
	Thousand Baht	Thousand Baht
<b>Current assets</b>		
Cash and cash equivalents	6,831	11,372
Other current assets (excluding cash)	11,437	12,728
Total current assets	18,268	24,100
<b>Non-current Assets</b>	3,070	1,465
	21,338	25,565
<b>Current liabilities</b>		
Financial liabilities (excluding trade payables)	-	-
Other current liabilities (including trade payables)	(2,034)	(7,937)
Total current liabilities	(2,034)	(7,937)
Net assets	19,304	17,628

**11 Investments in subsidiaries and associates (Cont'd)**

**11 (b) Investment in associates (Cont'd)**

**Summarised financial information for associates (Cont'd)**

Set out below are the summarised financial information for Thaiware Communication Company Limited which is accounted for using the equity method. (Cont'd)

**Summarised statement of comprehensive income**

For the years ended 31 December	2018	2017
	Thousand Baht	Thousand Baht
Revenues	73,603	83,969
Cost of sales	(29,323)	(24,460)
Selling and administrative expenses	(41,111)	(54,606)
Depreciation and amortisation	(430)	(421)
Interest expense	-	-
Total comprehensive income	2,739	4,482
Dividends received from associates	400	400

The statement of financial position and statement of comprehensive income (unaudited) of Thaiware Communication Company Limited are prepared by management. However, the management has considered that the impact is not material to the consolidated financial statements.

The information above reflects the amounts presented in the financial statements of the associates (not the Group's share of those amounts) and adjusted for differences in accounting policies between the Group and the associates.



**11 Investments in subsidiaries and associates (Cont'd)**

**11 (b) Investment in associates (Cont'd)**

**Summarised financial information for associates (Cont'd)**

**Reconciliation of summarised financial information**

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates:

**Summarised financial information**

	As at 31 December	
	2018	2017
	Thousand Baht	Thousand Baht
Opening net assets 1 January	17,628	14,147
Profit for the year	2,739	4,482
Other comprehensive income	-	-
Dividend paid	(1,001)	(1,001)
Closing net assets	19,366	17,628
Interest in associates (40.00%)	7,747	7,052
Goodwill	2,787	2,787
Carrying value	10,534	9,839

There are no contingent liabilities relating to the Group's interest in the associates.

**Individually insignificant associates**

In addition to the interest in associates disclosed above, the Group also has interests in a number of individually insignificant associates that are accounted for using the equity method

	2018
	Thousand Baht
Aggregate carrying amount of individually insignificant associates	400
Aggregate amounts of the reporting entity's share of:	
Loss from continuing activities	-
Post-tax profit or loss from discontinued operations	-
Other comprehensive income	-
<b>Total comprehensive income</b>	-

12 Equipment

	Consolidated financial statements				
	Furniture &				Total Thousand Baht
	Building	Server	fixture and	Vehicles	
	improvements		equipment		
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	
<b>At 1 January 2017</b>					
Cost	21,039	439,584	181,554	11,203	653,380
<u>Less</u> Accumulated					
Depreciation	(16,529)	(399,564)	(177,538)	(10,837)	(604,468)
Net book amount	4,510	40,020	4,016	366	48,912
<b>For the year ended</b>					
<b>31 December 2017</b>					
Opening net book amount	4,510	40,020	4,016	366	48,912
Exchange differences	49	(3,302)	2,479	1	(773)
Additions	110	2,805	2,260	-	5,175
Disposal/write off, net	(561)	(57)	(31)	-	(649)
Depreciation charge	(2,179)	(20,895)	(3,687)	(241)	(27,002)
Closing net book amount	1,929	18,571	5,037	126	25,663
<b>At 31 December 2017</b>					
Cost	19,893	418,485	161,031	11,174	610,583
<u>Less</u> Accumulated					
depreciation	(17,964)	(399,914)	(155,994)	(11,048)	(584,920)
Net book amount	1,929	18,571	5,037	126	25,663

12 Equipment (Cont'd)

	Consolidated financial statements				
	Furniture &				Total
	Building	Server	fixture and	Vehicles	
	improvements		equipment		
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>For the year ended</b>					
<b>31 December 2018</b>					
Opening net book amount	1,929	18,571	5,037	126	25,663
Exchange differences	(30)	(2,096)	1,644	(4)	(486)
Additions	780	4,660	8,418	3,211	17,069
Disposal/write off, net	-	(167)	(422)	-	(589)
Depreciation charge	(1,357)	(11,962)	(5,338)	(264)	(18,921)
Closing net book amount	1,322	9,006	9,339	3,069	22,736
<b>At 31 December 2018</b>					
Cost	20,623	216,876	109,331	10,340	357,170
<u>Less</u> Accumulated					
depreciation	(19,301)	(207,870)	(99,992)	(7,271)	(334,434)
Net book amount	1,322	9,006	9,339	3,069	22,736

12 Equipment (Cont'd)

	Separate financial statements				
	Furniture &				Total
	Building	Server	fixture and	Vehicles	
	improvements		equipment		
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>At 1 January 2017</b>					
Cost	18,304	129,962	47,800	7,481	203,547
<u>Less</u> Accumulated depreciation	(15,638)	(116,950)	(43,432)	(7,234)	(183,254)
Net book amount	2,666	13,012	4,368	247	20,293
<b>For the year ended</b>					
<b>31 December 2017</b>					
Opening net book amount	2,666	13,012	4,368	247	20,293
Additions	-	27	1,275	-	1,302
Disposals/write off, net	-	(3)	(61)	-	(64)
Depreciation charge	(1,662)	(6,940)	(2,367)	(241)	(11,210)
Closing net book amount	1,004	6,096	3,215	6	10,321
<b>At 31 December 2017</b>					
Cost	18,304	116,295	43,706	7,481	185,786
<u>Less</u> Accumulated depreciation	(17,300)	(110,199)	(40,491)	(7,475)	(175,465)
Net book amount	1,004	6,096	3,215	6	10,321



12 Equipment (Cont'd)

	Separate financial statements				
	Building improvements Thousand Baht	Server Thousand Baht	Furniture & fixture and equipment Thousand Baht	Vehicles Thousand Baht	Total Thousand Baht
<b>For the year ended</b>					
<b>31 December 2018</b>					
Opening net book amount	1,004	6,096	3,215	6	10,321
Additions	780	1,070	1,603	3,211	6,664
Disposals/write off, net	-	(69)	(61)	-	(130)
Depreciation charge	(965)	(4,192)	(1,727)	(264)	(7,148)
Closing net book amount	819	2,905	3,030	2,953	9,707
<b>At 31 December 2018</b>					
Cost	19,084	90,535	74,387	7,279	191,285
<u>Less</u> Accumulated					
depreciation	(18,265)	(87,630)	(71,357)	(4,326)	(181,578)
Net book amount	819	2,905	3,030	2,953	9,707

**13 Intangible assets**

	Consolidated financial statements					
	Game licenses	Computer software	Right for use of golf club	Customer relationship	Trademark	Total
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand
	Thousand Baht	Baht	Baht	Baht	Baht	Baht
<b>At 1 January 2017</b>						
Cost	667,662	52,368	3,766	55,538	61,067	840,401
<u>Less</u> Accumulated amortisation	(471,820)	(41,739)	-	(28,942)	(9,274)	(551,775)
<u>Less</u> Allowance for impairment	(127,538)	-	(1,405)	(26,596)	(51,793)	(207,332)
Net book amount	68,304	10,629	2,361	-	-	81,294
<b>For the year ended</b>						
<b>31 December 2017</b>						
Opening net book amount	68,304	10,629	2,361	-	-	81,294
Exchange differences	488	-	(33)	-	-	455
Additions	51,105	60	-	-	-	51,165
Reclassification to						
prepaid royalty fees	-	-	-	-	-	-
Disposal/write-off, net	-	-	-	-	-	-
Amortisation charged	(42,704)	(1,519)	-	-	-	(44,223)
Impairment charged	(28,755)	-	-	-	-	(28,755)
Closing net book amount	48,438	9,170	2,328	-	-	59,936

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13 Intangible assets (Cont'd)

	Consolidated financial statements					
	Game licenses	Computer software	Right for use of golf club	Customer relationship	Trademark	Total
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand
	Thousand Baht	Baht	Baht	Baht	Baht	Baht
<b>At 31 December 2017</b>						
Cost	672,263	52,428	3,713	55,538	61,067	845,009
<u>Less</u> Accumulated amortisation	(488,873)	(43,258)	-	(28,942)	(9,274)	(570,347)
<u>Less</u> Allowance for impairment	(134,952)	-	(1,385)	(26,596)	(51,793)	(214,726)
Net book amount	48,438	9,170	2,328	-	-	59,936
<b>For the year ended 31 December 2018</b>						
Opening net book amount	48,438	9,170	2,328	-	-	59,936
Exchange differences	159	-	(72)	-	-	87
Additions	19,505	1,179	-	-	-	20,684
Acquisition	-	-	-	21,096	-	21,096
Write off / disposal	(9,289)	-	-	-	-	(9,289)
Amortisation charged	(33,294)	(1,429)	-	-	-	(34,723)
Reversal impairment charged	33,709	-	-	-	-	33,709
Closing net book amount	59,228	8,920	2,256	21,096	-	91,500
<b>At 31 December 2018</b>						
Cost	565,396	53,607	3,641	76,634	61,067	537,202
<u>Less</u> Accumulated amortisation	(417,837)	(44,687)	-	(28,942)	(9,274)	(293,283)
<u>Less</u> Allowance for impairment	(88,331)	-	(1,385)	(26,596)	(51,793)	(152,419)
Net book amount	59,228	8,920	2,256	21,096	-	91,500

13 Intangible assets (Cont'd)

	Separate financial statements			
	Game license in			
	Game licenses	process of development	Computer software	Total
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
At 1 January 2017				
Cost	211,897	-	50,740	262,637
<u>Less</u> Accumulated amortisation	(135,701)	-	(40,267)	(175,968)
<u>Less</u> Allowance for impairment	(27,715)	-	-	(27,715)
Net book amount	48,481		10,473	58,954
For the year ended 31 December 2017				
Opening net book amount	48,481	-	10,473	58,954
Additions	42,651	-	60	42,711
Amortisation charged	(29,910)	-	(1,517)	(31,427)
Reversal impairment charged	(17,969)	-	-	(17,969)
Closing net book amount	43,253	-	9,016	52,269
At 31 December 2017				
Cost	208,677	-	50,800	259,477
<u>Less</u> Accumulated amortisation	(127,500)	-	(41,784)	(169,284)
<u>Less</u> Allowance for impairment	(37,924)	-	-	(37,924)
Net book amount	43,253	-	9,016	52,269

13 Intangible assets (Cont'd)

	Separate financial statements			
	Game license in			Total
		process of	Computer	
	Game licenses	development	software	
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>For the year ended 31 December 2018</b>				
Opening net book amount	43,253	-	9,016	52,269
Additions	8,113	20,775	1,180	30,068
Disposal/write-off, net	(20,026)	-	-	(20,026)
Transferred	(12,436)	12,436	-	-
Amortisation charged	(27,263)	-	(1,407)	(28,670)
Impairment charged	33,419	-	-	33,419
Closing net book amount	25,060	33,211	8,789	67,060
<b>At 31 December 2018</b>				
Cost	180,000	33,211	51,980	265,191
<u>Less</u> Accumulated amortisation	(151,929)	-	(43,191)	(195,120)
<u>Less</u> Allowance for impairment	(3,011)	-	-	(3,011)
Net book amount	25,060	33,211	8,789	67,060



**14 Short-term borrowings from financial institution**

Movement of short-term borrowings from financial institution during the year are as follows;

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>For the years ended 31 December</b>				
Beginning balance	23,504	24,883	23,504	24,883
Additions	62,713	40,606	62,713	40,606
Repayments	(70,981)	(41,980)	(70,981)	(41,980)
Exchange rate differences	-	(5)	-	(5)
Ending balance	15,236	23,504	15,236	23,504

The interest rate exposure on the borrowings of the Group and the Company is as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Borrowings:				
- at fixed rates	15,236	23,504	15,236	23,504
- at floating rates	-	-	-	-
Total borrowings	15,236	23,504	15,236	23,504

The short-term borrowings from financial institution as at 31 December 2018 bore interest at rates from 2.85% to 3.85% per annum and are due within 4-6 months (2017: interest at rate from 2.92% to 5.00%% per annum).

**Credit facility**

As at 31 December 2018, the Company had short-term loan facility of Baht 35 million (2017: Baht 45 million) by a bank for investment in game licenses and repayment of license fee. The remaining unused facility as at 31 December 2018 was Baht 19.76 million (2017: Baht 21.50 million).

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15 Trade and other payables

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Trade account payables - third party	-	26,600	1,094	32
Trade account payables - related parties				
(Note 25)	22,474	7,949	2,401	4,980
Other payables - third party	-	42,449	2,896	2,560
Other payables - related parties (Note 25)	7,170	-	-	-
Accrued royalty fee	16,556	25,118	13,870	21,941
Payables for license fees	-	4,927	-	4,927
Payables for purchases of intangible assets	4,057	6,197	4,057	6,197
Accrued expenses	10,477	15,267	6,455	7,837
Total trade and other payables	60,734	128,507	30,773	48,474

**16 Deferred income taxes**

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate from 17% - 30%.

The analysis of deferred tax assets and deferred tax liability is as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
<b>Deferred tax assets:</b>				
Deferred tax assets to be recovered within 12 months	115	387	-	-
Deferred tax assets to be recovered after 12 months	-	-	-	-
	115	387	-	-
<b>Deferred tax liabilities:</b>				
Deferred tax liabilities to be settled within 12 months	-	-	-	-
Deferred tax liabilities to be settled after 12 months	(4,274)	(295)	-	-
	(4,274)	(295)	-	-
<b>Deferred tax assets (liabilities), net</b>	<b>(4,159)</b>	<b>92</b>	<b>-</b>	<b>-</b>

16 Deferred income taxes (Cont'd)

The gross movement and the deferred income tax account is as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Deferred income tax, net - 1 January	92	(44)	-	-
Credited to profit or loss	(4,313)	(98)	-	-
Charged (credited) to other comprehensive income	-	-	-	-
Exchange differences	62	234	-	-
Deferred income tax, net - 31 December	(4,159)	92	-	-

The movement in deferred tax assets and liabilities is as follows:

	Consolidated financial statements		
		Credited (charged) to profit or loss	
As at 31 December	2017		2018
	Thousand Baht	Thousand Baht	Thousand Baht
<b>Deferred tax assets</b>			
Deferred revenue and license fees	387	(272)	115
Accumulated depreciation - equipment	-	-	-
	387	(272)	115
<b>Deferred tax liabilities</b>			
Accumulated depreciation - equipment	(295)	(3,979)	(4,274)
<b>Deferred tax assets (liabilities), net</b>	92	(4,251)	(4,159)

17 Employee benefit obligations

The amounts recognised in the statement of financial position are determined as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Present value of post-employment				
benefit obligations	10,029	8,199	10,029	8,199
Liability in the statement of				
financial position	10,029	8,199	10,029	8,199

Movements in the employee benefit obligations over the year are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Opening book amount	8,199	13,455	8,199	13,455
Current service costs	929	1,008	929	1,008
Past service cost	2,516	-	2,516	-
Interest costs	288	222	288	222
Gain on remeasurement of retirement				
of benefit obligations	(1,303)	(6,486)	(1,303)	(6,486)
Employer direct benefit payment	(600)	-	(600)	-
Closing book amount	10,029	8,199	10,029	8,199



17 Employee benefit obligations (Cont'd)

The amounts recognised into profit or loss are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Current service costs	929	1,008	929	1,008
Past service cost	2,516	-	2,516	-
Interest costs	288	222	288	222
Total, included in staff costs	3,733	1,230	3,733	1,230

Of the total charge, Baht 3.73 million and Baht 3.73 million (2017: Baht 1.23 million and Baht 1.23 million) were included in cost of goods sold and administrative expenses in the consolidated statements of comprehensive income and separate statements of comprehensive income, respectively.

The amounts recognised in other comprehensive income are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Gain on remeasurements				
of employee benefit obligations	1,303	6,486	1,303	6,486
Employer direct benefit payment	600	-	600	-

17 Employee benefit obligations (Cont'd)

The principal actuarial assumptions used were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	%	%	%	%
Discount rate	2.92	3.30	2.92	3.30
Future salary increase rate	5.00	6.00	5.00	6.00
Resignation rate	3.82 – 45.84	3.82 – 45.84	3.82 – 45.84	3.82 – 45.84

Sensitivity analysis for each significant actuarial assumption:

Consolidated financial statements and Separate financial statements					
Impact on defined benefit obligations					
Change in assumption		Increase in obligations		Decrease in obligations	
		2018	2017	2018	2017
		Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Discount rate	- 1%	-	897	585	-
Discount rate	+ 1%	546	-	-	779
Salary increase rate	- 1%	-	-	1,035	828
Salary increase rate	+ 1%	1,163	939	-	-
Resignation rate	- 1%	-	91	2,066	-
Resignation rate	+ 1%	1,625	-	-	69

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation- to significant actuarial assumptions, the same method has been applied as when calculating the liability recognised in the statement of financial position.

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17 Employee benefit obligations (Cont'd)

Expected maturity analysis of undiscounted retirement benefits:

	Consolidated financial statements and Separate financial statements				Total
	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Retirement benefits					
At 31 December 2018	-	1,672	-	12,451	14,123
At 31 December 2017	467	507	1,344	7,998	10,316

The weighted average duration of the retirement benefit is 23.33 years. (2017: 23.33 years).

On 13 December 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment and the Company have additional liabilities for non-current provisions for employee benefits. The Company has recorded the effect of the change by recognizing past service costs as expenses in the income statement.

**18 Share capital and premium on share capital**

	Number of authorised ordinary shares	Issued and paid-up shares	Issued and paid-up shares	Premium on Share capital capital	Total
			Thousand	Thousand	Thousand
	Shares	Shares	Baht	Baht	Baht
At 1 January 2017	307,407,762	307,407,762	307,408	796,834	1,104,242
Issue of shares	102,469,254	102,469,254	102,469	-	102,469
At 31 December 2017	409,877,016	409,877,016	409,877	796,834	1,206,711
Issue of shares	102,469,254	-	-	-	-
Reversal of premium on share Capital	-	-	-	(796,834)	(796,834)
At 31 December 2018	512,346,270	409,877,016	409,877	-	409,877

The total number of authorised ordinary shares is 512,346,270 shares with a par value of Baht 1 per share.

The 409,877,016 shares are issued and fully paid.

On 25 April 2017, the shareholders at the general meeting passed a resolution to approve as follows:

**Increase the authorised share capital**

Approved an increase in authorised share capital of the Company from Baht 409,877,016 to Baht 512,346,270 by the issuance of 102,469,254 new ordinary shares at a par value of Baht 1 each for the exercise of the warrants (AS-W1) which was allocated to the Company's existing shareholders proportionately to their shareholding (at an offering price of Baht 0.00), at an offering ratio of 4 existing ordinary shares per 1 unit of warrants. The Company registered the increase of the authorised share capital with the Ministry of Commerce on 5 May 2017.

**Elimination of deficits**

To approve the elimination of deficits by offsetting with the legal reserve amount of Baht 31,600,000 and the shares premium amount of Baht 796,833,756.

**19 Legal reserve**

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
At 1 January	-	31,600	-	31,600
Reversal of legal reserve (Note 19)	-	(31,600)	-	(31,600)
At 31 December	-	-	-	-

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

**20 Other income**

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Interest income	2,774	1,772	3,491	10,128
Dividend income	-	-	3,540	26,271
Other income	38,450	12,093	9,943	11,692
Total other income	41,224	13,865	16,974	48,091



Asiasoft Corporation Public Company Limited

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2018

**21 Expenses by nature**

The following expenditure items, classified by nature, have been charged in arriving at the operating profit (loss):

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Salaries, wages and other employee benefits	180,924	184,848	92,742	102,368
Monthly royalty fee	159,844	222,775	60,326	91,225
Depreciation	18,921	27,002	7,149	11,210
Amortisation	34,724	44,223	28,670	31,427
Loss on write off and impairment of intangible assets and prepaid license fees	25,022	37,716	(24,951)	23,129
Loss on impairment of investments in subsidiaries and associates	-	-	118,015	116,500
Loss on (Reversal of) impairment of loans to subsidiaries	-	-	(128,912)	(116,735)
Publisher fee	11,077	22,471	13,031	23,008

**22 Income tax**

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Current tax:</b>				
Current tax on profit for the year	6,208	1,510	-	-
Adjustment in respect of prior year	(88)	367	-	-
Total current tax	6,120	1,877	-	-
<b>Deferred tax:</b>				
Origination and reversal of temporary differences:				
- Deferred tax assets	(115)	66	-	-
- Deferred tax liabilities	(4,198)	32	-	-
Total deferred tax (income) expense	(4,313)	98	-	-
Total income tax expense	1,807	1,975	-	-

Asiasoft Corporation Public Company Limited

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2018

22 Income tax (Cont'd)

The tax on the Group's profit (loss) before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the Group as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Profit (loss) before income tax	18,664	19,336	15,307	45,567
Tax rate	17 - 30%	17 - 30%	20%	20%
Tax calculated at tax rate	5,345	2,167	3,061	9,113
Tax effect of:				
Adjustment in respect of prior year	(88)	367	-	-
Income not subject to tax	-	(7,341)	-	(5,254)
Expenses not deductible for tax purpose	4,726	32,476	526	28,445
Used tax benefit from previously unrecognised deferred tax assets	(8,176)	(42,393)	(3,587)	(32,304)
Tax loss not recognised as deferred tax assets	-	16,699	-	-
Tax charge	1,807	1,975	-	-

## 23 Earnings (loss) per share

Basic earnings (loss) per share attributable to shareholders of the parent company is calculated by dividing net earnings (loss) attributable to shareholders of the parent by the weighted average number of paid-up ordinary shares in issue during the period

The diluted earnings (loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares being warrants as detailed follow:

The Company has issued and offered warrants to shareholders of the Company, who are entitled in 16 March 2017 (record date). The warrants have no offered price and their terms do not exceed 3 years from the issued date (the issued date is 15 May 2017) at a maximum of 102,468,974 units. The exercise price is at Baht 2 per share. The exercise ratio is one warrant to one ordinary share. The warrants can be exercised on every 6 months, which will be on 25 June and 25 December throughout the term of warrants. The first exercise date will be on 25 December 2017.

The outstanding warrants as at 31 December 2018 which were issued and offered to shareholders of the Company did not affect the diluted earnings (loss) per share since the exercise price of the outstanding warrants is higher than the average market price of the Company's shares during the twelve-month period ended 31 December 2018.

The basic earnings (loss) per share are calculated as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Earnings (loss) attributable to ordinary				
shareholders of the Company (Thousand Baht)	14,008	12,639	15,307	45,567
Weighted average number of ordinary				
shares outstanding (Thousand Baht)	409,877	409,877	409,877	409,877
Basic earnings (loss) per share (Baht per share)	0.03	0.03	0.04	0.11

**23 Earnings (loss) per share (Cont'd)**

The diluted earnings (loss) per share are calculated as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Earnings (loss) attributable to ordinary				
shareholders of the Company (Thousand Baht)	14,008	12,639	15,307	45,567
Weighted average number of ordinary				
shares outstanding (Thousand Shares)	409,877	415,973	409,877	415,973
Diluted earnings (loss) per share (Baht per share)	0.03	0.03	0.04	0.11

**24 Commitments**

**(a) License agreements**

The Group has entered into software license agreements, agreements licensing it to provide online game services and distribution rights agreements with several local and overseas companies. Under the agreements, the Company and subsidiaries are committed to pay initial license fees, minimum guarantee based on agreements and royalty fees based on revenue as stated in the agreements. The minimum guarantee payment are due according to the payment terms in the agreements.

As at 31 December 2018 and 2017, the Group are committed to pay initial license fees and minimum guarantee as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Initial license fees	8,316	34,725	5,708	30,384
Minimum guarantee	55,789	39,636	30,821	35,200

**24 Commitments (Cont'd)**

**(a) License agreements (Cont'd)**

During the year 2018, the Group and the Company had made the software license termination letters with several game developer companies because game developments do not meet the expectation. The game developer companies had acknowledged and agreed on termination of the agreements.

**(b) Operating lease commitments - where the Group is the lessee**

The Group entered into operating lease agreements related to the rental of office space, warehousing and server storage space, and other agreements. The agreements have 1 to 5 years terms and are renewable.

As at 31 December 2018 and 2017, the Company and subsidiaries have future minimum lease payments required under these non-cancellable operating lease contracts are as follows.

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Not later than 1 year	14,196	21,847	9,780	16,686
Later than 1 year but not later than				
5 years	18,552	4,025	17,290	2,979
	<u>32,748</u>	<u>25,872</u>	<u>27,070</u>	<u>19,665</u>



**25 Related party transactions**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company's shares are held by Mr. Pramoth Sudjitporn in the proportion of 48%. The remaining of 52% are widely held.

The significant investments in subsidiaries and associates are set out in Note 11.

25 Related party transactions (Cont'd)

The following significant transactions were carried out with related parties:

(a) Sales of goods and services and others

For the years ended 31 December	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Revenues from license fees and services</b>				
Subsidiaries	-	-	7,723	9,416
Associates	-	350	-	350
Related parties	5,899	-	5,899	-
	<u>5,899</u>	<u>350</u>	<u>13,622</u>	<u>9,766</u>
<b>Revenues from selling card</b>				
Subsidiaries	-	-	108	6,818
Associates	-	681	-	681
	<u>-</u>	<u>681</u>	<u>108</u>	<u>7,499</u>
<b>Dividend income</b>				
Subsidiaries	-	-	-	26,271
	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,271</u>
<b>Interest income</b>				
Subsidiaries	-	-	1,249	9,058
	<u>-</u>	<u>-</u>	<u>1,249</u>	<u>9,058</u>
<b>Other income</b>				
Related parties	10	-	10	-
	<u>10</u>	<u>-</u>	<u>10</u>	<u>-</u>

**25 Related party transactions (Cont'd)**

The following significant transactions were carried out with related parties: (Cont'd)

**(b) Purchases of goods and services and others**

For the years ended 31 December	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>License fees and management fee</b>				
Subsidiaries	-	-	22,051	20,596
Associates	-	189	-	189
Related parties	-	-	-	-
	-	189	22,051	20,785
<b>Cost from selling card</b>				
Subsidiaries	-	-	102	6,620
Associates	-	648	-	648
	-	648	102	7,268
<b>Publisher fee</b>				
Subsidiaries	-	-	12,031	1,404
Associates	-	21,320	-	21,320
Related parties	38	292	38	292
	38	21,612	12,069	23,016

25 Related party transactions (Cont'd)

The following significant transactions were carried out with related parties: (Cont'd)

(c) Outstanding balances arising from sales/purchases of goods/services and others

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Trade accounts receivable</b>				
Subsidiaries	-	-	40,854	18,590
Associates	-	33,779	-	32,791
Related parties	19,449	18,984	19,409	19,462
Total	19,449	52,763	60,263	70,843
<u>Less</u> Allowance for doubtful accounts	(19,400)	(19,400)	(28,569)	(32,233)
	49	33,363	31,694	38,610
<b>Amounts due from and</b>				
<b>accrued interest from related parties</b>				
Subsidiaries - other receivables	-	-	15,725	29,514
- accrued interest	-	-	5,689	16,488
- accrued income	-	-	-	551
Associates	-	1,093	-	116
Related parties	-	7	-	-
Total	-	1,100	21,414	46,669
<u>Less</u> Allowance for doubtful accounts	-	-	(17,118)	(46,286)
	-	1,100	4,296	383
<b>Trade and other payables</b>				
Subsidiaries	-	-	2,397	2,483
Associates	-	7,937	-	2,485
Related parties	4	12	4	12
	4	7,949	2,401	4,980

(d) Short-term loans to related parties

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Short-term loans to related parties</b>				
Subsidiaries	-	-	500	196,946
<u>Less</u> Allowance for impairment	-	-	-	(196,946)
	-	-	500	-

The movements of short-term loans to related parties are shown below:

	Separate financial statements Thousand Baht
<b>For the year ended 31 December 2018</b>	
Opening balance	-
Loans advanced during the year	1,100
Reclassify from Long term loan	4,383
Loans repayments received during the year	(12,969)
Write off loan during the year	(68,494)
Repayment of loan to investment during the year	(116,083)
Reversal of allowance for impairment	196,946
Reclassify impairment from Long term loan	(4,383)
Closing balance	500

Short-term loans to related parties are loans without collateral, repayable at call and carry interest at rate from 2.10% to 5.10% per annum.



(e) Long-term loans to related parties

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Long-term loans to related parties</b>				
Subsidiaries	-	-	4,000	8,643
<u>Less</u> Allowance for impairment	-	-	(4,000)	(8,643)
	-	-	-	-

The movements of long-term loans to related parties during the year are shown below:

	Separate financial statements Thousand Baht
<b>For the year ended 31 December 2018</b>	
Opening balance	-
Loans advanced during the year	195
Reclassify to short-term loan	(4,383)
Write off loan during the year	(455)
Reversal of allowance for impairment	260
Reclassify impairment to short term loan	4,383
Closing balance	-

Long-term loans to related parties are loans without collateral, repayable within 2019-2020 and carry interest at rate from 3.90% to 5.60% per annum.

**26 Related party transactions (Cont'd)**

The following significant transactions were carried out with related parties: (Cont'd)

**(f) Short-term loan from director**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>	<b>Thousand Baht</b>
<b>Short-term loan from director</b>				
Key management	-	1,030	-	-
	-	1,030	-	-

The movements of short-term loan from director is shown below:

	<b>Consolidated</b>
	<b>financial statements</b>
	<b>Thousand Baht</b>
<b>For the year ended 31 December 2018</b>	
Opening balance	1,030
Loans received during the year	35
Debtor forgiveness during the year	(1,065)
Closing balance	-

**25 Related party transactions (Cont'd)**

The following significant transactions were carried out with related parties: (Cont'd)

**(g) Short-term loans from related parties**

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Short-term loans from related parties</b>				
Subsidiaries	-	-	-	7,000
	-	-	-	7,000

The movements of short-term loans from related parties are shown below:

	Separate
	financial statements
	Thousand Baht
<b>For the year ended 31 December 2018</b>	
Opening balance	7,000
Loans repayments received during the year	(7,000)
Closing balance	-

Short-term loans from related parties are loans without collateral, due at call and carry interest at rate 2.10% per annum.

(h) Key management's compensations

Key management includes directors (executive and non-executive), members of the Executive Committee, and the Company Secretary. The compensation paid or payable to key management for employee services is shown below:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Short-term employee benefits	28,897	30,417	17,794	21,271
Retirement benefits	1,442	1,134	380	258
	30,339	31,551	18,174	21,529

**26 Financial assets and liabilities denominated in foreign currencies**

The significant outstanding balances of the Company and its subsidiaries' financial assets and liabilities denominated in foreign currencies are as follows:

Consolidated financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2018	2017	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Baht	Baht
Baht per 1 unit of foreign currency						
USD	1,279	4,364	717	749	32.4498	32.6809
EUR	-	-	15	12	37.1252	39.0273
MYR	2,769	4,645	69	319	7.8056	8.0584
SGD	529	2,962	169	249	23.6943	24.4503
PHP	57,413	54,914	1,078	11,225	0.6183	0.6556
IDR	52,815	-	406,694	406,694	0.0022	0.0024

Separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2018	2017	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Baht	Baht
Baht per 1 unit of foreign currency						
USD	1,035	4,199	298	617	32.4498	32.6809
EUR	-	-	15	12	37.1252	39.0273
MYR	-	-	-	-	7.8056	8.0584
SGD	-	1,844	87	70	23.6943	24.4503
PHP	56,690	54,705	459	1,918	0.6183	0.6556
IDR	35,603	-	-	-	0.0022	0.0024

In addition, the Company and its subsidiaries are exposed to foreign exchange risk on their investments in overseas subsidiaries. These investments are currently not hedged by derivative financial instruments.



**27 Events occurring after the reporting date**

**Increase of the Company's registered capital**

At the Extraordinary General Shareholders Meeting dated 21 December 2018, the shareholders approved the increase of registered share capital from Baht 512,346,270 to Baht 532,840,120 by issuing new ordinary shares of 20,493,850 shares at a par value of Baht 1 per share to reserve for exercise of warrants (AS-WB). The Company registered the increase of share capital with the Ministry of Commerce on 3 January 2019.

**28 Contingent liabilities**

The Company is in dispute with a game licensor and developer concerning the termination of an exclusive marketing and distribution agreement for a game product. On 9 April 2018, the game licensor has referred the dispute between the parties to the Singapore International Arbitration Centre ('SIAC'). The arbitration process between the Company and Tencent/ALLM has come to end, with a favourable verdict for Tencent/ALLM as there still are other legal processes to follow. In addition, the Company's lawyer is working with Tencent's lawyer towards a mutually satisfactory agreement. As the amount, nature and timing of any such arrangement remains uncertain, the Company expects to accrue the cost in year 2019, once a conclusion is agreed.

In August 2017, Level up! Inc., a subsidiary received a warrant of distraint from the local tax regulator related to the deficiency of income tax and value added tax payments for the year ended 31 December 2012 amounting to PHP 14.36 million (Baht 9.59 million). The matter is currently being disputed by the subsidiary with the local tax regulator. Nevertheless, the management has determined, after obtaining legal advice, that there is uncertainty to such assessment. Therefore, as at 30 September 2018, the Group did not recognise a provision in relation to this assessment. Furthermore, as identified in Note 19, on 1 October 2018, the Company sold 100% of its ordinary shares of Level Up!, Inc. to a third party. Resulting that Level up! Inc. not being included this as contingent liabilities since the fourth quarter.

## 29 Reclassification of accounts

Certain accounts in the 2017 financial statement have been reclassified to conform to the presentation in the 2018 financial statement as follow:

	Consolidated financial statement			Separated financial statement		
	Previously	Reclassification	After	Previously	Reclassification	After
	presented		reclassification	presented		reclassification
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Statement of Financial Position</b>						
<b>31 December 2017</b>						
<b>Assets</b>						
Inventories	38	(38)	-	34	(34)	-
Other current assets	49,198	(87)	49,111	15,504	(87)	15,417
<b>Liabilities</b>						
Other current liabilities	9,765	(94)	9,671	1,662	(94)	1,568
Finance lease liabilities	209	(31)	178	209	(31)	178





# NEXT STEP OF ASIASOFT



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## THE NEXT STEP OF ASIASOFT

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Asiasoft continues to be committed to operating the business with increased profit by procuring and offering high quality, big title games, and penetrating the market more aggressively. Moreover, the Company continuously makes structural and strategic adjustments to correspond with the situation. Plans are underway to expand the market to cover more countries in Southeast Asia and look for other investment opportunities in related businesses for sustainability. With 18 years of experience, Asiasoft firmly believes that we can adapt to the gaming market competition. With the dedication, spirit, and readiness of everyone in the Company, we are confident that we can get back to growth in the online gaming industry again.



