GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2016 AND 2015

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

REPORT OF INDEPENDENT ACCOUNTANTS

PWCR16003871

To the Board of Directors and Stockholders of Gamania Digital Entertainment Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Gamania Digital Entertainment Co, Ltd. and its subsidiaries (the "Group") as at December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Revenue recognition for the sale of virtual currencies and virtual items

Description

Please refer to Note 4(29) for accounting policies on revenue recognition, and Note 5(2) for the critical accounting estimates and assumptions applied on revenue recognition.

The Group is primarily engaged in providing online game services. The game players purchase virtual currencies to play the game or exchange for virtual items. The Group recognises receipt of payments for game card purchases or value-added by players as 'deferred revenue' within current liabilities, and recognises revenue over the period of the service or the estimated delivery period of the virtual items when the virtual currency is used for the purchase of service or virtual items, respectively.

Management estimates the virtual items delivery period based on historical data on player behavior, item consumption and item transfer. The Group has implemented processes and controls to develop and periodically review these estimates. Given that the Group has extensive list of virtual items spread across thousands of users and the estimation of delivery period for virtual items may be complex, we consider revenue recognition for the sale of virtual currencies and virtual items a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

A. Assessed and tested the relevant internal controls over revenue recognition for virtual currencies and virtual items.

B. Tested on a sample basis the consumption information generated from the Group's data collection systems and verified against the consumption report provided by the Group's accountant.

C. Tested on a sample basis the virtual items information generated from the Group's data collection systems and verified against the deferred revenue as shown in the trial balance sheet provided by the Group's accountant.

D. Tested on a sample basis the estimated delivery period of virtual items as reflected in the data collection systems, and compared with expected consumption based on the Group's accounting policy.

Impairment assessment of licence fees

<u>Description</u>

Please refer to Note 4(17) for accounting policies on licence fees, Note 4(19) for accounting policies on non-financial assets impairment, Note 5(2) for the critical accounting estimates and assumptions applied on impairment assessment of licence fees, and Note 6(8) for details of licence fees.

Upfront licence fees for operating online game software are capitalized and amortised based on the period of the contract or deducted based on actual units of play. The Group assesses whether there is any indication that a particular licence might be impaired. If there is any indication of impairment, the Group determines the recoverable amount based on the value in use. As of December 31, 2016, the licence fees, net of impairment loss, was $208,591 thousand.

As the calculation of value in use is subject to management's judgement and assumptions with high degree of uncertainty, we consider the impairment assessment of licence fees a key audit matter.

<u>How our audit addressed the matter</u>

We performed the following audit procedures on the above key audit matter:

A. Reviewed management's impairment assessment of licence fees for each individual game and relevant internal evidences, and confirmed whether it was consistent with the Group's accounting policy.

B. For licence fees determined by management to have been impaired, assessed the reasonableness of future cash flows estimated by management, including reviewing data with respect to assumptions used in estimating expected online game revenue, and compared against the income statement for the particular game after the balance sheet date.

C. Checked the parameters of valuation model used and recalculated the accuracy.

Impairment assessment of available-for-sale financial assets

Description

Please refer to Note 4(10) for accounting policies on financial assets impairment, Note 5(1) for critical judgement on impairment of financial assets equity investment, and Note 6(2) for details of available-for-sale financial assets.

As described in Note 6(2), the fair value of the Group's investment in private common shares has significantly declined below its initial cost due to the changes in the Taipei Exchange's trading process and suspension. Because of this, the Group recognised impairment loss totaling $325 million for the year ended December 31, 2016.

Management used the closing price at balance sheet date in assessing how fair value was affected if lock-up period was limited before the shares of XPEC Entertainment Inc. stopped trading. The Group engaged an independent appraiser to estimate the fair value of XPEC Entertainment Inc. shares using the market approach after XPEC Entertainment Inc. stopped trading. The valuation process was affected by limitation of lock-up period, and the key assumptions used for market approach were based on operating revenue and EBIT information of similar comparative companies, taking into consideration discounted amount of market liquidity. Given that some of the parameters may not be acquired from observable market information, the accounting estimation has a significant impact in assessing the value in use. Thus, we consider the Company's impairment assessment of ordinary shares through private placement a key audit matter.

How our audit addressed the matter

We tested the accounting estimation and significant inputs used by management in the estimation, and performed the following audit procedures:

A. Assessed whether the valuation model used by the management and independent appraiser was appropriate and widely used in the industry.

B. Assessed whether the valuation model used in lock-up period which was affected by limitation was reasonable in the industry.

C. Evaluated the reasonableness of the same type of companies chosen by independent appraiser, including assessing its business characteristics and checked public information.

D. Verified the parameters used in valuation model, including the market-determined risk-free rate and the accuracy of the calculation of historical share price volatility.

E. Checked the accuracy of the calculation used in the valuation model.

Other matter – Scope of the Audit

As described in Notes 4(3) and 6(5), we did not audit the financial statements of certain consolidated subsidiaries and investments accounted for using equity method, which statements reflect total assets including certain investments accounted for using equity method of $1,147,414 thousand and $1,483,451 thousand, constituting 15% and 18% of consolidated total assets as of December 31, 2016 and 2015, respectively, and operating revenue was $2,298,684 thousand and $2,915,135 thousand, constituting 27% and 30% of consolidated total operating revenue for the years then ended, respectively, and share of profit (loss) of associates and joint ventures accounted for using equity method and share of other comprehensive income of associates and joint ventures accounted for using equity method of $32,701 thousand and $23,214 thousand, constituting (12%) and 11% of consolidated total comprehensive income for the years then ended, respectively. Those financial statements and information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements relative to these subsidiaries and investees is based solely on the audit reports of the other independent accountants.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Gamania Digital Entertainment Co, Ltd. as at and for the years ended December 31, 2016 and 2015.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor’s responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient 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. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Lin, Yi-Fan	Chang, Shu-Chiung

for and on behalf of PricewaterhouseCoopers, Taiwan

March 16, 2017

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	2106	2015
	Current assets			
1100	Cash and cash equivalents	6(1)	$ 1,472,133	$ 1,458,557
1150	Notes receivable, net		182	-
1170	Accounts receivable, net	6(3)	1,408,798	1,954,729
1180	Accounts receivable - related parties	7	36,589	5,591
1200	Other receivables		85,883	134,650
1210	Other receivables - related parties	7	5,711	8,346
1220	Current income tax assets		14,668	22,478
130X	Inventory	6(4)	36,547	112,902
1410	Prepayments		174,251	243,927
1470	Other current assets	8	190,012	199,949
11XX	**Total Current Assets**		3,424,774	4,141,129
	Non-current assets			
1523	Available-for-sale financial assets - non-current	6(2)	468,013	535,303
1550	Investments accounted for under equity method	6(5)(10)	528,606	375,196
1600	Property, plant and equipment	6(6), 7 and 8	2,810,280	2,814,390
1760	Investment property - net	6(7)	188,057	-
1780	Intangible assets	6(8)(10)	282,592	265,843
1840	Deferred income tax assets	6(28)	161,899	150,797
1900	Other non-current assets	6(9)(17) and 8	45,945	34,018
15XX	**Total Non-current Assets**		4,485,392	4,175,547
1XXX	**Total Assets**		$ 7,910,166	$ 8,316,676

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GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	2016	2015
	Current liabilities			
2100	Short-term borrowings	6(11)	$ 726,732	$ 393,829
2120	Financial liabilities at fair value through profit or loss - current	6(12)	2,870	-
2150	Notes payable		-	100
2170	Accounts payable		1,165,147	1,381,991
2180	Accounts payable - related parties	7	69,265	70,362
2200	Other payables	6(13)	366,691	447,136
2220	Other payables - related parties	7	29,418	26,566
2230	Current income tax liabilities		15,139	8,313
2300	Other current liabilities	6(14)	1,435,525	745,596
21XX	**Total Current Liabilities**		3,810,787	3,073,893
	Non-current liabilities			
2500	Financial liabilities at fair value through profit or loss - non-current	6(12)	-	1,400
2530	Corporate bonds payable	6(15)	-	672,940
2540	Long-term borrowings	6(16)	1,716,389	1,600,000
2570	Deferred income tax liabilities	6(28)	9,355	5,606
2600	Other non-current liabilities	6(17)	5,224	21,549
25XX	**Total Non-current Liabilities**		1,730,968	2,301,495
2XXX	**Total Liabilities**		5,541,755	5,375,388
	Equity attributable to owners of parent			
	Share capital			
3110	Share capital - common stock	6(19)	1,575,936	1,575,936
	Capital surplus	6(20)		
3200	Capital surplus		697,656	695,448
	Retained earnings	6(21)		
3310	Legal reserve		51,971	13,182
3320	Special reserve		64,656	-
3350	(Accumulated deficit) unappropriated retained earnings		(307,946)	390,297
	Other equity interest			
3400	Other equity interest	6(22)	171,535	(64,656)
3500	Treasury stocks	6(19)	(185,464)	-
31XX	**Equity attributable to owners of the parent**		2,068,344	2,610,207
36XX	**Non-controlling interest**	4(3)	300,067	331,081
3XXX	**Total Equity**		2,368,411	2,941,288
	Significant contingent liabilities and unrecorded contract commitments	9		
3X2X	**Total Liabilities and Equity**		$ 7,910,166	$ 8,316,676

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

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars, except earnings (loss) per share data)

	Items	Notes	2016	2015
4000	**Operating revenue**	6(23) and 7	$ 8,409,034	$ 9,680,033
5000	**Operating costs**	6(27) and 7	(7,120,612)	(8,291,185)
5950	**Gross profit**		1,288,422	1,388,848
	Operating expenses	6(27) and 7		
6100	Selling expenses		(508,943)	(537,967)
6200	General and administrative expenses		(751,637)	(791,747)
6300	Research and development expenses		(167,478)	(143,234)
6000	**Total operating expenses**		(1,428,058)	(1,472,948)
6900	**Operating loss**		(139,636)	(84,100)
	Non-operating income and expenses			
7010	Other income	6(24)	85,580	118,158
7020	Other gains and losses	6(2)(10)(12)(25)	(373,323)	320,714
7050	Finance costs	6(26)	(50,855)	(38,111)
7060	Share of profit of associates and joint ventures accounted for under equity method		2,109	14,251
7000	**Total non-operating income and expenses**		(336,489)	415,012
7900	**(Loss) profit before income tax**		(476,125)	330,912
7950	Income tax expense	6(28)	(8,964)	(24,864)
8200	**(Loss) profit for the year**		($ 485,089)	$ 306,048

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GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars, except earnings (loss) per share data)

	Items	Notes	2016	2015
	Other comprehensive income			
	Components of other comprehensive income that will not be reclassified to profit or loss			
8311	Actuarial gain (loss) on defined benefit plan	6(17)	$ 276	($ 3,546)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	(47)	603
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**		229	(2,943)
8361	Financial statements translation differences of foreign operations		(38,900)	22,157
8362	Unrealized gain (loss) on valuation of available-for-sale financial assets	6(2)	255,555	(118,788)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		(1)	(297)
8300	**Total other comprehensive income (loss) for the year**		$ 216,883	($ 99,871)
8500	**Total comprehensive (loss) income for the year**		($ 268,206)	$ 206,177
	(Loss) profit attributable to:			
8610	Owners of the parent		($ 382,883)	$ 387,888
8620	Non-controlling interest		(102,206)	(81,840)
			($ 485,089)	$ 306,048
	Comprehensive (loss) income attributable to:			
8710	Owners of the parent		($ 146,463)	$ 285,391
8720	Non-controlling interest		(121,743)	(79,214)
			($ 268,206)	$ 206,177
	(Loss) earnings per share (in dollars)	6(29)		
9750	**Basic (loss) earnings per share**		($ 2.45)	$ 2.46
9850	**Diluted (loss) earnings per share**		($ 2.45)	$ 2.46

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

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent												
			Capital Reserves			Retained Earnings			Other Equity Interest					
	Notes	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Others	Legal reserve	Special reserve	(Accumulated deficit) unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Treasury stocks	Total	Non-controlling interest	Total equity
2015														
Balance at January 1, 2015		$ 1,575,936	$640,461	$ 24,234	$ 2,839	$ 3,856	$34,703	$ 90,291	($ 25,517)	$ 60,415	$ -	$ 2,407,218	$191,044	$ 2,598,262
Appropriation and distribution of 2014 retained earnings	6(21)													
Legal reserve		-	-	-	-	9,326	-	(9,326)	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	-	(34,703)	34,703	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	(110,316)	-	-	-	(110,316)	-	(110,316)
Profit (loss) for the year		-	-	-	-	-	-	387,888	-	-	-	387,888	(81,840)	306,048
Other comprehensive income (loss) for the year		-	-	-	-	-	-	(2,943)	19,234	(118,788)	-	(102,497)	2,626	(99,871)
Capital reserve from recognition of equity component of convertible bonds issued		-	-	-	24,036	-	-	-	-	-	-	24,036	-	24,036
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(30)	-	-	-	3,878	-	-	-	-	-	-	3,878	-	3,878
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	219,251	219,251
Balance at December 31, 2015		$ 1,575,936	$640,461	$ 24,234	$ 30,753	$13,182	$ -	$ 390,297	($ 6,283)	($ 58,373)	$ -	$ 2,610,207	$331,081	$ 2,941,288
2016														
Balance at January 1, 2016		$ 1,575,936	$640,461	$ 24,234	$ 30,753	$13,182	$ -	$ 390,297	($ 6,283)	($ 58,373)	$ -	$ 2,610,207	$331,081	$ 2,941,288
Appropriation and distribution of 2015 retained earnings	6(21)													
Legal reserve		-	-	-	-	38,789	-	(38,789)	-	-	-	-	-	-
Special reserve		-	-	-	-	-	64,656	(64,656)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	(189,112)	-	-	-	(189,112)	-	(189,112)
Loss for the year		-	-	-	-	-	-	(382,883)	-	-	-	(382,883)	(102,206)	(485,089)
Other comprehensive income (loss) for the year		-	-	-	-	-	-	229	(19,364)	255,555	-	236,420	(19,537)	216,883
Purchase of treasury stocks	6(19)	-	-	-	-	-	-	-	-	-	(185,464)	(185,464)	-	(185,464)
Changes in equity of associates and joint ventures accounted for using equity method		-	-	-	1,371	-	-	(6,592)	-	-	-	(5,221)	-	(5,221)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(30)	-	-	-	837	-	-	(16,440)	-	-	-	(15,603)	-	(15,603)
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	90,729	90,729
Balance at December 31, 2016		$ 1,575,936	$640,461	$ 24,234	$ 32,961	$51,971	$64,656	($ 307,946)	($ 25,647)	$197,182	($ 185,464)	$ 2,068,344	$300,067	$ 2,368,411

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

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax		($ 476,125)	$ 330,912
Adjustments			
Adjustments to reconcile profit (loss)			
Provision for doubtful accounts	6(3)	18,693	8,561
Depreciation	6(6)(27)	93,895	110,183
Amortization	6(8)(27)	132,604	114,835
Loss (gain) on financial assets or liabilities at fair value through profit or loss	6(25)	1,470	(1,190)
Share-based payments	6(18)	-	230
Share of loss of associates accounted for using equity method		(2,109)	(14,251)
Loss (gain) on disposal of property, plant and equipment	6(25)	56	(75,316)
Intangible assets transferred to other loss and expenses	6(8)	13,172	5,164
Gain on disposal of investments	6(25)	(5,200)	(70,997)
Gain on disposal of non-current assets held for sale	6(25)	-	(238,673)
Impairment loss on financial assets	6(25)	349,057	-
Impairment loss on non-financial assets	6(25)	-	27,795
Interest income	6(24)	(4,473)	(5,366)
Interest expense	6(26)	50,855	38,111
Dividend income	6(24)	(595)	(1,920)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(182)	13
Accounts receivable		527,237	(412,211)
Accounts receivable - related parties		(30,998)	164,436
Other receivables		48,432	(35,146)
Other receivables - related parties		1,900	(6,114)
Inventories		76,355	(56,644)
Prepayments		69,676	(121,298)
Other current assets		(2,481)	27,552
Other non-current assets		(648)	2,540
Changes in operating liabilities			
Notes payable		(100)	65
Accounts payable		(216,844)	(95,011)
Accounts payable - related parties		(1,097)	40,261
Other payables		(121,566)	54,951
Other payables - related parties		26,116	(7,912)
Other current liabilities		(64,515)	34,598
Other non-current liabilities		1,695	1,063
Cash inflow (outflow) generated from operations		484,280	(180,779)
Interest received		4,473	5,366
Dividend received		13,144	1,920
Interest paid		(40,185)	(33,240)
Income tax refund (paid)		19,681	(47,765)
Net cash flows from (used in) operating activities		481,393	(254,498)

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GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	Notes	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of available-for-sale financial assets		($ 36,900)	($ 127,269)
Proceeds from disposal of available-for-sale financial assets	6(31)	15,200	178,514
Acquisition of investments accounted for using equity method		(168,061)	(80,600)
Proceeds from disposal of held-for-sale assets	6(25)	-	239,280
Acquisition of property, plant and equipment	6(31)	(249,887)	(2,454,318)
Proceeds from disposal of property, plant and equipment	6(31)	2,593	10,294
Acquisition of intangible assets	6(31)	(164,930)	(56,930)
Proceeds from disposal of intangible assets		-	2,007
Decrease (increase) in other financial assets		3,511	(135,418)
(Increase) decrease in other non-current assets		(2,372)	4,404
Net cash flows used in investing activities		(600,846)	(2,420,036)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		332,903	393,829
Proceeds from issuing bonds		-	700,000
Increase in long-term borrowings		200,000	1,600,000
Repayment of long-term debt		(12,777)	-
(Decrease) increase in other non-current liabilities		(18,020)	18,461
Cash dividends paid	6(21)	(189,112)	(110,316)
Purchase of treasury share	6(19)	(185,464)	-
Disposal of ownership interests in subsidiaries (without losing control)		74,000	221,000
Net cash flows from financing activities		201,530	2,822,974
Effect of exchange rate changes on cash and cash equivalents		(68,501)	37,247
Net increase in cash and cash equivalents		13,576	185,687
Cash and cash equivalents at beginning of year		1,458,557	1,272,870
Cash and cash equivalents at end of year		$ 1,472,133	$ 1,458,557

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

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

1. HISTORY AND ORGANIZATION

Gamania Digital Entertainment Co., Ltd. (the 'Company') was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the 'Group') are primarily engaged in software services of on-line game and sales of related merchandises.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 16, 2017.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATION

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

None.

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

New standards, interpretations and amendments as endorsed by FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The above standards and interpretations have no significant impact to the Group's financial condition and operating results based on the Group's assessment.

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS as endorsed by the FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018
Applying IFRS 9, 'Financial instruments' with IFRS 4, 'Insurance contracts' (amendments to IFRS 4)	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Clarifications to IFRS 15, 'Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS12)	January 1, 2017
Transfers of investment property (amendments to IAS 40)	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018

New Standards, Interpretations and Amendments	International Accounting Standards Board
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, ‘Disclosure of interests in other entities’	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, ‘Investments in associates and joint ventures’	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and operating results based on the Group’s assessment. The quantitative impact will be disclosed when the assessment is complete.

A. IFRS 9, ‘Financial instruments’

Classification of debt instruments is driven by the entity’s business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

B. IFRS 15, ‘Revenue from contracts with customers’

IFRS 15, ‘Revenue from contracts with customers’ replaces IAS 11, ‘Construction Contracts’, IAS 18, ‘Revenue’ and relevant interpretations. According to IFRS 15, revenue is recognised when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

The core principle of IFRS 15 is that 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:

Step1: Identify contracts with customer

Step 2: Identify separate performance obligations in the contract(s)

Step 3: Determine the transaction price

Step 4: Allocate the transaction price

Step 5: Recognise revenue when the performance obligation is satisfied

Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

C. Amendments to IFRS 15, ‘Clarifications to IFRS 15 Revenue from Contracts with Customers’

The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard.

D. IFRS 16, 'Leases'

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

E. Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'

These amendments clarify the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, and they clarify several of the general principles underlying the accounting for deferred tax assets. The amendments clarify that a deductible temporary difference exists whenever an asset is measured at fair value and that fair value is below the asset's tax base. When an entity assesses whether taxable profits will be available against which it can utilise a deductible temporary difference, it considers a deductible temporary difference in combination with all of its other deductible temporary differences unless there are tax law restrictions, and the tax deduction resulting from temporary differences is excluded from estimated future taxable profits.

The Group is assessing the potential impact of the new standards, interpretations and amendments above. The impact will be disclosed when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

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

   (a) Financial assets and financial liabilities at fair value through profit or loss.

   (b) Available-for-sale financial assets measured at fair value.

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

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

   (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

   (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated.

   (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2016	Ownership (%) December 31, 2015	Description
Gamania Digital Entertainment Co., Ltd.	Gamania Holdings Ltd. (GH)	Holding company	100	100	
Gamania Holdings Ltd. (GH)	Gamania International Holdings Ltd.	Investment holdings	100	100	
Gamania International Holdings Ltd. (GIH)	Gamania China Holdings Ltd.	Investment holdings	98.85	98.85	
Gamania International Holdings Ltd. (GIH)	Gamania Western Holdings Ltd.	Investment holdings	100	100	
Gamania International Holdings Ltd. (GIH)	Gamania Netherlands Holdings Cooperatief U.A.	Investment holdings	100	100	
Gamania International Holdings Ltd. (GIH)	Joymobee Entertainment Co., Ltd.	Software services	100	100	
Gamania International Holdings Ltd. (GIH)	Achieve Made International Ltd. (AMI)	Investment holdings	52.76	52.76	
Gamania International Holdings Ltd. (GIH)	HaPod Digital Technology Co., Ltd	Software services and sales	100	100	
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	Software services and sales	100	100	
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	Investment holdings	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2016	Ownership (%) December 31, 2015	Description
Gamania Netherlands Holdings Cooperatief U.A.	Gamania Digital Entertainment (Europe) B.V.	Software services and sales	100	100	
Gamania Western Holdings Ltd.	Gamania Digital Entertainment (U.S.) Co., Ltd.	Software services and sales	100	100	
Gamania Sino Holdings Ltd.	Gamania Digital Entertainment (Beijing) Co., Ltd.	Design, research and development and sales of software	100	100	
Achieve Made International Ltd. (AMI)	Jollywiz Digital Technology Co., Ltd.	Information and supply of electronic services	100	100	
Jollywiz Digital Technology Co., Ltd.	Cyber Look Properties Ltd.	Investment holdings	100	100	
Jollywiz Digital Technology Co., Ltd.	Jollywiz International (HK) Co., Ltd.	Information and supply of electronic services	100	100	
Cyber Look Properties Ltd.	Legion Technology (Shanghai) Co., Ltd	Information and supply of electronic services	100	100	
Legion Technology (Shanghai) Co., Ltd.	Jollywiz Digital Business Co., Ltd.	Information and supply of electronic services	100	100	
Gamania Digital Entertainment Co., Ltd.	Gamania Asia Investment Co., Ltd.	Investment company	100	100	
Gamania Asia Investment Co., Ltd.	Ciirco Inc.	Software services	-	100	Note 1 Note 2
Gamania Digital Entertainment Co., Ltd.	Ciirco Inc.	Software services	97.09	-	Note 1 Note 2
Gamania Digital Entertainment Co., Ltd.	Fundation Digital Entertainment Co., Ltd.	Publishing of magazines and periodicals	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2016	Ownership (%) December 31, 2015	Description
Gamania Digital Entertainment Co., Ltd.	Gamania Digital Entertainment Labuan Holdings, Ltd.	Investment holdings	-	100	Note 3
Gamania Digital Entertainment Co., Ltd.	Redgate Games Co., Ltd.	Design and research and development of software	100	100	
Gamania Digital Entertainment Co., Ltd.	Seedo Games Co., Ltd.	Software services	38.26	40	Note 4
Gamania Digital Entertainment Co., Ltd.	Two Tigers Co., Ltd.	Animation production	51	51	
Gamania Digital Entertainment Co., Ltd.	Gash Point Co., Ltd.	Software information and supply of electronic services	90	90	
Gamania Digital Entertainment Co., Ltd.	Ants' Power Co., Ltd.	Customer service	100	100	
Gamania Digital Entertainment Co., Ltd.	Global Pursuit Co., Ltd.	IP commodities authorization	100	100	
Gamania Digital Entertainment Co., Ltd.	We Backers Co., Ltd.	Crowd funding	72.73	70	
Gamania Digital Entertainment Co., Ltd.	BeanGo! Co., Ltd.	Software services	92.50	-	Note 5
Gamania Digital Entertainment Co., Ltd.	MadSugr Digital Technology Co., Ltd.	Software services and sales	51	51	
MadSugr Digital Technology Co., Ltd.	Madsugr Digital Technology (HK) Co., Ltd.	Software services and sales	100	100	
Gamania Digital Entertainment Co., Ltd.	Coture New Media Co., Ltd.	Online media production	71.57	55	
Gamania Digital Entertainment Co., Ltd.	GAMA PAY Co., Ltd.	Third-Party Payment	40	41.67	Note 6 Note 7 Note 8

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2016	Ownership (%) December 31, 2015	Description
Gamania Digital Entertainment Co., Ltd.	Punch Technologies Co., Ltd.	Software services and sales	100	100	
Gash Point Co., Ltd.	Gash Point (Hong Kong) Company Limited	Software information and supply of electronic services	100	100	
Gash Point Co., Ltd.	Gash Point (Japan) Co., Ltd.	Software information and supply of electronic services	100	100	
Gash Point Co., Ltd.	Gash Point Korea Co., Ltd.	Software information and supply of electronic services	100	100	
Gash Point Co., Ltd.	GAMA PAY Co., Ltd.	Third-Party Payment	25	25	Note 6 Note 7
Gash Point Co., Ltd.	Conetter CoMarketing Co., Ltd.	Software services	52	80	Note 8
Punch Technologies Co., Ltd.	Coco Digital Technology (HK) Co., Ltd.	Software services and sales	100	100	

Note 1: The subsidiary was formerly known as Minigigi Digital Technology Co., Ltd. and has been renamed on May 24, 2016.

Note 2: Mimigigi Digital Technology Co., Ltd. was formerly a subsidiary of Gamania Asia Investment Co., Ltd. and became a subsidiary of the Company due to restructuring in March 2016. Mimigigi Digital Technology Co., Ltd. increased capital by issuing new shares which the Group did not acquire additional shares proportionately to its interest. As a result, the Group's equity interest decreased from 100% to 97.09%.

Note 3 The liquidation of Gamania Digital Entertainment Labuan Holdings, Ltd. was resolved by the Company's Board of Directors on October 2, 2014. The liquidation process had been completed on May 20, 2016.

Note 4 The Company has disposed 60% share capital of Seedo Games Co., Ltd. on January 6, 2015 and no longer has control. Therefore, the Company deconsolidated Seedo Games Co., Ltd. from January 6, 2015. See Note 6(25) for the disclosure of gain or loss from disposing Seedo Games Co., Ltd.

Note 5: An investee company newly incorporated in the first quarter of 2016.

Note 6: GASH Pay Co., Ltd. was included in the consolidated entities as Gash Point Co., Ltd. held

100% shares. After the capital increase on April 20, 2015, June 8, 2015 and November 20, 2015, the Company and Gash Point Co., Ltd. held 41.67% and 25% of shares, respectively. Furthermore, after the reelection of the Board of Directors on June 30, 2015, the Company and Gash Point Co., Ltd. jointly held more than half of the Board seats of GASH Pay Co., Ltd. and have control over GASH Pay Co., Ltd. Thus, GASH Pay Co., Ltd. was still included in the consolidated entities.

Note 7: The subsidiary was formerly known as GASH Pay Co., Ltd. and has been renamed on August 4, 2016.

Note 8: The subsidiary was formerly known as GASH Media Digital Marketing Co., Ltd. and has been renamed on November 1, 2016.

The financial statements of certain consolidated subsidiaries were audited by other independent accountants, which statements reflect total assets of $960,901 and $1,248,629, constituting 12% and 15% of the consolidated total assets as of December 31, 2016 and 2015, respectively, and net operating revenue of $2,298,684 and $2,915,135, constituting 27% and 30% of the consolidated total operating revenues for the years then ended, respectively.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2016 and 2015, the non-controlling interest amounted to $300,067 and $331,081, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest				
		December 31, 2016		December 31, 2015		
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)	Description
AMI and subsidiaries	Taiwan and China	$ 81,111	47.24%	$ 103,364	47.24%	(Note)
GAMA PAY Co., Ltd.	Taiwan	162,153	35.00%	187,675	33.33%	

(Note) Registered location of AMI is Cayman Islands.

Balance sheets

	AMI and subsidiaries	
	December 31, 2016	December 31, 2015
Current assets	$ 293,498	$ 369,165
Non-current assets	56,791	73,918
Current liabilities	(178,590)	(224,277)
Non-current liabilities	-	-
Total net assets	$ 171,699	$ 218,806

	GAMA PAY Co., Ltd.	
	December 31, 2016	December 31, 2015
Current assets	$ 484,163	$ 571,840
Non-current assets	35,566	23,417
Current liabilities	(56,436)	(32,175)
Non-current liabilities	-	-
Total net assets	$ 463,293	$ 563,082

Statements of comprehensive income

	AMI and subsidiaries	
	Years ended December 31,	
	2016	2015
Revenue	$ 632,593	$ 873,882
Loss before income tax	(41,226)	(49,598)
Income tax expense	-	-
Loss for the year	(41,226)	(49,598)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the year	($ 41,226)	($ 49,598)
Comprehensive loss attributable to non-controlling interest	($ 19,475)	($ 23,429)
Dividends paid to non-controlling interest	$ -	$ -

	GAMA PAY Co., Ltd.	
	Years ended December 31,	
	2016	2015
Revenue	$ 250	$ 1,239
Loss before income tax	(99,809)	(36,878)
Income tax expense	-	-
Loss for the year	(99,809)	(36,878)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the year	($ 99,809)	($ 36,878)
Comprehensive loss attributable to non-controlling interest	($ 34,933)	($ 6,492)
Dividends paid to non-controlling interest	$ -	$ -

Statements of cash flows

	AMI and subsidiaries	
	Years ended December 31,	
	2016	2015
Net cash provided by (used in) operating activities	$ 40,948	($ 232,654)
Net cash provided by (used in) investing activities	9,251	(9,414)
Net cash (used in) provided by financing activities	(44,272)	109,841
Effect of exchange rate changes on cash and cash equivalents	(13,565)	15,930
Decrease in cash and cash equivalents	(7,638)	(116,297)
Cash and cash equivalents, beginning of year	126,229	242,526
Cash and cash equivalents, end of year	$ 118,591	$ 126,229

	GAMA PAY Co., Ltd.	
	Years ended December 31,	
	2016	2015
Net cash used in operating activities	($ 64,032)	($ 19,256)
Net cash used in investing activities	(29,491)	(10,431)
Net cash provided by financing activities	-	590,000
Effect of exchange rate changes on cash and cash equivalents	-	-
(Decrease) increase in cash and cash equivalents	(93,523)	560,313
Cash and cash equivalents, beginning of year	570,292	9,979
Cash and cash equivalents, end of year	$ 476,769	$ 570,292

(4) Foreign currency translation

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 consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

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

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

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

B. Translation of foreign operations

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

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

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

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

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

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

(5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

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

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as financial assets held for trading unless they are designated as hedges.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using settlement date accounting.

C. Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.

(8) Available-for-sale financial assets

A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.

C. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income.

(9) Accounts receivable

Accounts receivable are receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. However, for short-term accounts receivable which are non-interest bearing, as the effect of discounting is insignificant, they are measured subsequently at initial invoice amount.

(10) Impairment of financial assets

A. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

(a) Significant financial difficulty of the issuer or debtor;

(b) A breach of contract, such as a default or delinquency in interest or principal payments;

(c) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) The disappearance of an active market for that financial asset because of financial difficulties;

(f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or

(h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(a) Financial assets measured at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increase, and the increase can be related ovjectively to an event occurring after the impairment loss was recognised, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive cash flows from the financial asset expire.

B. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has not retained control of the financial asset.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. The original costs are the cost to obtain the assets. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

(13) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(14) Investments accounted for under the equity method / associates

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

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the 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 legal or/constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity are not recognised in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. 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.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest.

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

G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, then the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the 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.

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

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

Buildings	3～55 years
Machinery and equipment	2～6 years
Transportation equipment	5 years
Office equipment	2～4 years
Leasehold assets	2～6 years
Other equipment	2～4 years

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 4 ~ 55 years.

(17) Intangible assets

A. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

B. Software

Costs of software are stated at cost and amortised under the straight-line basis over the estimated useful lives.

C. Licence fees

Upfront licence fees for operating online game software are capitalised and amortised based on the period of the contract or deducted based on actual units of play.

D. Other intangible assets

Other intangible assets, which are trademarks, outsourcing for mobile games' production and unamortised expenses, have definite useful lives and are amortised on a straight-line basis over their estimated useful lives.

(18) Lease

Lease income from an operating lease (net of any incentives given to the lessee) or payments made under an operating lease (net of any incentives received from the lessor) is recognised in profit or loss on a straight-line basis over the lease term.

(19) Impairment of non-financial assets

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

B. The recoverable amounts of goodwill and intangible assets that have not yet been available for use shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(20) <u>Borrowings</u>

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

(21) <u>Notes and accounts payable</u>

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable which are non-interest bearing are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) <u>Derecognition of financial liabilities</u>

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

(23) <u>Financial liabilities and equity instruments – Bonds payable</u>

A. Ordinary corporate bonds issued by the Group are initially recognised at fair value, net of transaction costs incurred. Ordinary corporate bonds are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.

B. Convertible corporate bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset, a financial liability or an equity instrument ('capital surplus - stock warrants') in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument. Convertible corporate bonds are accounted for as follows:

(a) Call options and put options embedded in convertible corporate bonds are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

(b) Bonds payable of convertible corporate bonds is initially recognised at fair value and subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.

(c) Conversion options embedded in convertible corporate bonds issued by the Group, which meet the definition of an equity instrument, are initially recognised in 'capital surplus—stock warrants' at the residual amount of total issue price less amounts of 'financial assets or financial liabilities at fair value through profit or loss' and 'bonds payable—net' as stated above. Conversion options are not subsequently remeasured.

(d) Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.

(e) When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the abovementioned liability component plus the book value of capital surplus - stock warrants.

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

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

C. Termination benefits

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

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

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

(25) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(26) Income tax

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

B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, 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 tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

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

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

F. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the tax credits can be utilised.

(27) Share capital

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

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

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(29) Revenue recognition

A. Sales of goods

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

(b) The Group is engaged in the sale of on-line game stored-value cards and provision of on-line game services. When the consumers purchase the online game credits, and use the credits to exchange for service for playing the on-line games and receiving virtual items then the consumed credits are deducted from the players' accounts. The Group recognises the collections of payments for game card purchases or value-added by players as 'deferred revenue' within current liabilities, and amortises those amounts as revenue over the period of the services or the estimated delivery period of the virtual items, when they are actually used in the purchases of services or virtual items for online games.

B. Sales of services

Commissions received on prepaid cards from the on-line game providers by the Group is deferred and recognised as revenue when services are rendered.

(30) Revenue from government grants

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

(31) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All 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. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date. The duration of fair value measurement of identifiable assets and assumed liabilities of acquiree may not exceed 1 year from the acquisition date.

(32) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgments in applying the Group's accounting policies

A. Financial assets-impairment of equity investments

The Group follows the guidance of IAS 39 to determine whether a financial asset-equity investment is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If the decline of the fair value of an individual equity investment below cost was considered significant or prolonged the Group would suffer a loss in its financial statements, being the transfer of the accumulated fair value adjustments recognized in other comprehensive income on the impaired available-for-sale financial assets to profit or loss or being the recognition of the impairment loss on the impaired financial assets measured at cost in profit or loss.

B. Revenue recognition on a net/gross basis

The determination of whether the Group is acting as principal or agent in a transaction is based on an evaluation of the Group's exposure to the significant risks and rewards associated with the sale of goods or the rendering of service in accordance with the business model and substance of the transaction. Where the Group acts as a principal, the amount received or receivable from customer is recognised as revenue on a gross basis. Where the Group acts as an agent, net revenue is recognised representing commissions earned.

The following characteristics of a principal are used as indicators to determine whether the Group shall recognise revenue on a gross basis:

(a) The Group has primary responsibilities for the goods or services it provides;

(b) The Group bears inventory risk;

(c) The Group has the latitude in establishing prices for the goods or services, either directly or indirectly.

(d) The Group bears credit risk of customers.

(2) Critical accounting estimates and assumptions

A. Revenue recognition

The Group recognises the collections of payments for game card purchases or value-added by players as 'deferred revenue' within current liabilities, and amortizes those amounts as revenue over the period of the services or the estimated delivery period of the virtual items, when they are actually used in the purchases of services or virtual items for online games. The Group estimates the deferred amount and delivery period based on operating history and other known factors, and reviews its rationale periodically. As of December 31, 2016, the Group's deferred revenue amounted to $20,443, shown as 'Other current liabilities'.

B. Impairment assessment of licence fees

The impairment assessment of licence fees depends on the Group's subjective judgement. The recoverable amount is determined based on estimated online game revenue arising from expected game points used by players and projected expenditures. Please refer to Note 6(10) for the information on recognition and assessment of impairment loss on licence fees.

As of December 31, 2016, the Group recognised licence fees, net of impairment loss, amounting to $208,591.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2016	December 31, 2015
Cash on hand	$ 1,539	$ 1,346
Checking accounts and demand deposits	1,255,592	1,226,130
Cash equivalents - time deposits	215,002	231,081
	$ 1,472,133	$ 1,458,557

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

B. Details of the Group's cash and cash equivalents pledged to others as collateral are provided in Note 8.

(2) Available-for-sale financial assets

Items	December 31, 2016	December 31, 2015
Non-current items:		
Listed stocks	$ 373,308	$ 374,327
Unlisted stock	255,440	228,555
	628,748	602,882
Valuation adjustment of available-for-sale financial assets	197,528	(58,373)
Accumulated impairment	(358,263)	(9,206)
	$ 468,013	$ 535,303

A. The Group recognised ($93,502) and ($52,732) in other comprehensive income for fair value change for the years ended December 31, 2016 and 2015, respectively. The Group reclassified ($349,057) and $66,056 from equity to profit or loss because of gain (loss) on disposal of investments for the years ended December 31, 2016 and 2015, respectively.

B. There are no available-for-sale financial assets of the Group that are debt instrument investments.

C. The trading process of private common shares of XPEC Entertainment Inc. held by the Group was changed by the Taipei Exchange and the shares were suspended which caused the fair value of investment in XPEC Entertainment Inc. to fall below its investment cost. Accordingly, the Group recognised impairment loss in the amount of $325,000 which was reclassified from equity to profit or loss for the year end December 31, 2016.

D. As of December 31, 2016, the fair value of common shares of GameMAG Interactive Inc. was significantly declined and fell below its investment cost. This decline occurred as GameMAG Interactive Inc. has decided to terminate its original operating activities. Thus, the Group recognised impairment loss in the amount of $24,058 which was reclassified from equity to profit or loss for the year ended December 31, 2016.

E. As of December 31, 2016 and 2015, no available-for-sale financial assets of the Group were pledged as collateral.

(3) Accounts receivable

	December 31, 2016	December 31, 2015
Accounts receivable	$ 1,515,353	$ 2,042,792
Less: Allowance for doubtful accounts	(106,018)	(87,526)
Allowance for sales returns and discounts	(537)	(537)
	$ 1,408,798	$ 1,954,729

A. The accounts receivable (including accounts receivable-related parties) were neither past due nor impaired since the Group had properly screened and managed the credit of the counterparties that have certain standard credit quality. Thus, there is no significant credit risk. The balances are as follows:

	December 31, 2016	December 31, 2015
Neither past due nor impaired	$ 1,247,988	$ 1,768,160

B. The movement analysis of impaired financial assets that are past due is as follows:

(a) As of December 31, 2016 and 2015, the Group's accounts receivable and overdue accounts receivable that were impaired amounted to $102,539 and $102,531, respectively.

(b) Movement on allowance for bad debts is as follows:

	2016		
	Individual provision	Group provision	Total
At January 1	$ 102,531	$ 87,526	$ 190,057
Provision for impairment loss	8	18,685	18,693
Write-off during the period	-	(23)	(23)
Effect of exchange rate	-	(170)	(170)
At December 31	$ 102,539	$ 106,018	$ 208,557

	2015		
	Individual provision	Group provision	Total
At January 1	$ 102,539	$ 78,681	$ 181,220
Reversal of impairment	-	8,561	8,561
Effect of exchange rate	(8)	284	276
At December 31	$ 102,531	$ 87,526	$ 190,057

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

	December 31, 2016	December 31, 2015
Up to 30 days	$ 139,859	$ 120,388
31~60 days	14,710	6,395
61~90 days	5,233	35,779
91~180 days	11,056	2,192
Over 180 days	133,096	115,469
	$ 303,954	$ 280,223

The above ageing analysis was based on past due date.

D. The Group does not hold any collateral as security.

(4) Inventories

	December 31, 2016		
	Cost	Allowance for obsolescence and market value decline	Book value
Inventories	$ 38,388	($ 1,841)	$ 36,547

	December 31, 2015		
	Cost	Allowance for obsolescence and market value decline	Book value
Inventories	$ 113,386	($ 484)	$ 112,902

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2016	2015
Cost of goods sold	$ 837,807	$ 1,090,022
Provision for inventory obsolescence and market price decline	1,357	26
	$ 839,164	$ 1,090,048

(5) Investments accounted for under the equity method

A. List of long-term investments:

	December 31, 2016		December 31, 2015	
Name of associates	Ownership percentage	Balance	Ownership percentage	Balance
Seedo Games Co., Ltd. (Seedo)	38.26	$ 186,513	40.00	$ 180,203
Gungho Gamania Co., Limited (Gungho Gamania)	49.00	100,353	-	-
NOWnews Network Co., Ltd. (NOWnews)	34.51	97,090	22.74	66,417
Jsdway Digital Technology Co., Ltd. (Jsdway)	35.04	58,352	35.04	54,619
Fantasy Fish Digital Games Co., Ltd.	44.08	42,605	44.08	25,669
Chuang Meng Shr Ji Co., Ltd. (Note)	19.35	22,042	23.08	23,767

Name of associates	December 31, 2016		December 31, 2015	
	Ownership percentage	Balance	Ownership percentage	Balance
Petsmao Co., Ltd. (Petsmao)	37.50	10,942	37.50	13,153
Ju Shr Da Jiu (Shanghai) International Trading Co., Ltd. (Ju Shr Da Jiu)	30.00	3,774	-	-
Taiwan e-sports Co., Ltd. (Taiwan e-sports)	30.94	797	30.94	4,373
Pri-One Marketing Co., Ltd.	30.00	2,211	30.00	2,730
ACCI Group Limited (ACCI)	30.00	1,495	30.00	1,600
UniCube Co., Ltd. (UniCube)	40.00	1,028	40.00	2,485
Machi Pictures Co., Ltd. (Machi Pictures)	33.33	180	33.33	180
4-Way Voice CuHural Co.,	38.00	1,224	-	-
Firedog Creative Co., Ltd. (Firedog)	40.00	-	40.00	-
		$ 528,606		$ 375,196

Note: In May 2016, the Company did not participate in the capital increase of Chuang Meng Shr Ji Co., Ltd. proportionately to the interest ownership, thus, the share ownership decreased to 19.35%. However, the Company maintains significant influence over Chuang Meng Shr Ji Co., Ltd. as the Company holds one seat in the Board of Directors and participates in making strategic decisions.

B. Among the investees under the equity method for the year ended December 31, 2016, the investment in Seedo Games Co., Ltd. was accounted for based on the financial statements audited by other independent accountants. The investment income recognised based on the financial statements audited by other independent accountants was $15,522. As of December 31, 2016, the balance of long-term investments was $186,513.

C. Among the investees under the equity method for the year ended December 31, 2015, the investments in Seedo Games Co., Ltd. and Jsdway Digital Technology Co., Ltd. were accounted for based on the financial statements audited by other independent accountants. The investment income recognised based on the financial statements audited by other independent accountants was $23,214. As of December 31, 2015, the balance of long-term investment was $234,822.

D. Information on the Group’s significant associates as of December 31, 2016 and 2015, is shown below:

		Ownership (%)			
Company name	Principal place of business	December 31, 2016	December 31, 2015	Nature of relationship	Method of measurement
Seedo	Taiwan	38.26%	40.00%	(Note 1)	Equity method

Note: Seedo’s main business activities are software services and sales. Seedo was 100% owned by the Company. To accelerate the transformation of the Group and adjust the investment components, the Company disposed 60% share capital of Seedo on January 6, 2015 and accordingly, Seedo became an associate.

E. The summarised financial information of the associates that are material to the Group is shown below:

Balance sheet

	Seedo	
	December 31, 2016	December 31, 2015
Current assets	$ 204,019	$ 152,922
Non-current assets	193,074	184,819
Current liabilities	(102,148)	(71,087)
Non-current liabilities	(7,287)	(7,287)
Total net assets	$ 287,658	$ 259,367
Share in associate's net assets	$ 110,057	$ 103,747
Unrealised loss on downstream transactions	4,699	4,699
Goodwill	71,757	71,757
Carrying amount of the associate	$ 186,513	$ 180,203

Statement of comprehensive income

	Seedo	
	Years ended December 31,	
	2016	2015
Revenue	$ 392,927	$ 303,322
Profit for the year from continuing operations	39,000	38,143
Loss for the year from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year	$ 39,000	$ 38,143
Dividends received from associates	$ 8,000	$ -

F. As of December 31, 2016 and 2015, the carrying amount of the Group's individually immaterial associates amounted to $342,093 and $194,993, respectively. The Group's share of the operating results are summarised below:

	Years ended December 31,	
	2016	2015
Loss for the year from continuing operations	($ 13,413)	($ 5,952)
Loss for the year from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive loss	($ 13,413)	($ 5,952)

G. There is no price in open market for associates in the Group, therefore, no fair value is applicable.

(6) Property, plant and equipment

	Land	Buildings	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction	Total
At January 1, 2016									
Cost	$ 2,262,947	$ 394,598	$ 552,563	$ 1,419	$ 61,256	$ 55,829	$ 14,197	$ -	$ 3,342,809
Accumulated depreciation	-	(38,712)	(392,045)	(1,389)	(42,430)	(35,529)	(11,885)	-	(521,990)
Accumulated impairment	-	-	(6,382)	-	(47)	-	-	-	(6,429)
	$ 2,262,947	$ 355,886	$ 154,136	$ 30	$ 18,779	$ 20,300	$ 2,312	$ -	$ 2,814,390
2016									
Opening net book amount as at January 1	$ 2,262,947	$ 355,886	$ 154,136	$ 30	$ 18,779	$ 20,300	$ 2,312	$ -	$ 2,814,390
Additions	-	23,269	55,719	-	5,737	7,695	1,812	187,702	281,934
Disposals	-	-	(1,169)	-	(73)	(337)	-	-	(1,579)
Transfer	-	115,323	1,500	-	17,738	12,469	23,339	(170,369)	-
Reclassifications (Note)	(111,855)	(76,201)	(1,457)	-	-	-	-	-	(189,513)
Depreciation charge	-	(9,824)	(72,399)	-	(5,028)	(5,383)	(1,261)	-	(93,895)
Net exchange differences	(257)	(682)	(313)	33	500	(347)	9	-	(1,057)
Closing net book amount as at December 31	$ 2,150,835	$ 407,771	$ 136,017	$ 63	$ 37,653	$ 34,397	$ 26,211	$ 17,333	$ 2,810,280
At December 31, 2016									
Cost	$ 2,150,835	$ 428,842	$ 489,622	$ 1,354	$ 70,544	$ 42,950	$ 30,049	$ 17,333	$ 3,231,529
Accumulated depreciation	-	(21,071)	(347,223)	(1,291)	(32,891)	(8,553)	(3,838)	-	(414,867)
Accumulated impairment	-	-	(6,382)	-	-	-	-	-	(6,382)
	$ 2,150,835	$ 407,771	$ 136,017	$ 63	$ 37,653	$ 34,397	$ 26,211	$ 17,333	$ 2,810,280

(Note) The remaining balance is reclassified to intangible assets and investment property.

	Land	Buildings	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Total
At January 1, 2015								
Cost	$ 158,309	$ 196,340	$ 662,908	$ 1,395	$ 68,908	$ 59,531	$ 16,863	$ 1,164,254
Accumulated depreciation	-	(48,455)	(451,530)	(1,179)	(46,967)	(32,564)	(12,359)	(593,054)
Accumulated impairment	-	-	(6,382)	-	(47)	-	-	(6,429)
	$ 158,309	$ 147,885	$ 204,996	$ 216	$ 21,894	$ 26,967	$ 4,504	$ 564,771
Less: Classified as non-current assets held for sale	(36,448)	(19,732)	(31,597)	-	(707)	(876)	(219)	(89,579)
	$ 121,861	$ 128,153	$ 173,399	$ 216	$ 21,187	$ 26,091	$ 4,285	$ 475,192
2015								
Opening net book amount as at January 1	$ 158,309	$ 147,885	$ 204,996	$ 216	$ 21,894	$ 26,967	$ 4,504	$ 564,771
Additions	2,140,661	253,796	64,683	-	7,454	1,084	1,231	2,468,909
Disposals	-	(19,280)	(1,742)	-	(1,265)	(20)	(82)	(22,389)
Depreciation charge	-	(7,911)	(82,787)	(155)	(8,746)	(7,463)	(3,121)	(110,183)
Effect of decrease in consolidated entities	(36,448)	(19,732)	(31,597)	-	(707)	(876)	(219)	(89,579)
Net exchange differences	425	1,128	583	(31)	149	608	(1)	2,861
Closing net book amount as at December 31	$ 2,262,947	$ 355,886	$ 154,136	$ 30	$ 18,779	$ 20,300	$ 2,312	$ 2,814,390
At December 31, 2015								
Cost	$ 2,262,947	$ 394,598	$ 552,563	$ 1,419	$ 61,256	$ 55,829	$ 14,197	$ 3,342,809
Accumulated depreciation	-	(38,712)	(392,045)	(1,389)	(42,430)	(35,529)	(11,885)	(521,990)
Accumulated impairment	-	-	(6,382)	-	(47)	-	-	(6,429)
	$ 2,262,947	$ 355,886	$ 154,136	$ 30	$ 18,779	$ 20,300	$ 2,312	$ 2,814,390

A. No borrowing costs were capitalized as part of property, plant and equipment.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(7) Investment property

	Land		Buildings		Total	
At January 1, 2016						
Cost	$	-	$	-	$	-
Accumulated depreciation and impairment		-		-		-
	$	-	$	-	$	-
2016						
Opening net book amount as at January 1	$	-	$	-	$	-
Reclassifications		111,855		76,201		188,056
Closing net book amount as at December 31	$	111,855	$	76,201	$	188,056
At December 31, 2016						
Cost	$	111,855	$	102,425	$	214,280
Accumulated depreciation and impairment		-	(	26,223)	(	26,223)
	$	111,855	$	76,202	$	188,057

A. The Group transferred land and buildings in Zhonghe to investment property in the third quarter of 2016, so there was no rent income and direct operating expense yet.

B. The fair value of the investment property held by the Group as of December 31, 2016 was $375,121, which was valued by independent appraisers.

(8) Intangible assets

	Licence fees	Software	Other intangible asset	Goodwill	Total
At January 1, 2016					
Cost	$ 401,726	$ 46,534	$ 83,659	$ 50,924	$ 582,843
Accumulated amortisation	(182,597)	(32,868)	(29,642)	-	(245,107)
Accumulated impairment	(41,254)	-	(83)	(30,556)	(71,893)
	$ 177,875	$ 13,666	$ 53,934	$ 20,368	$ 265,843
2016					
Opening net book amount as at January 1	$ 177,875	$ 13,666	$ 53,934	$ 20,368	$ 265,843
Additions	140,291	17,312	3,807	-	161,410
Amortisation charge	(103,047)	(17,275)	(12,282)	-	(132,604)
Transfer to other expenses and losses	(7,812)	(63)	(5,297)	-	(13,172)
Reclassifications (Note)	-	1,457	-	-	1,457
Net exchange differences	1,284	(43)	(1,080)	(503)	(342)
Closing net book amount as at December 31	$ 208,591	$ 15,054	$ 39,082	$ 19,865	$ 282,592
At December 31, 2016					
Cost	$ 384,888	$ 52,024	$ 80,422	$ 49,667	$ 567,001
Accumulated amortisation	(157,494)	(36,970)	(41,257)	-	(235,721)
Accumulated impairment	(18,803)	-	(83)	(29,802)	(48,688)
	$ 208,591	$ 15,054	$ 39,082	$ 19,865	$ 282,592

(Note) Reclassifications are transferred from property, plant and equipment.

	Licence fees	Software	Other intangible asset	Goodwill	Total
At January 1, 2015					
Cost	$ 423,302	$ 56,633	$ 68,570	$ 48,848	$ 597,353
Accumulated amortisation	(155,371)	(36,640)	(25,739)	-	(217,750)
Accumulated impairment	(40,057)	-	(80)	(29,310)	(69,447)
	227,874	19,993	42,751	19,538	310,156
Less: classified as non-current assets held for sale	-	(4,765)	(65)	-	(4,830)
	$ 227,874	$ 15,228	$ 42,686	$ 19,538	$ 305,326
2015					
Opening net book amount as at January 1	$ 227,874	$ 19,993	$ 42,751	$ 19,538	$ 310,156
Additions	66,516	18,507	15,667	-	100,690
Amortisation charge	(90,703)	(19,359)	(4,773)	-	(114,835)
Transfer to other expenses and losses	(2,785)	(724)	(1,655)	-	(5,164)
Disposals	(2,007)	-	-	-	(2,007)
Effect of decrease in consolidated entities	-	(4,765)	(65)	-	(4,830)
Impairment loss	(23,252)	-	-	-	(23,252)
Net exchange differences	2,232	14	2,009	830	5,085
Closing net book amount as at December 31	$ 177,875	$ 13,666	$ 53,934	$ 20,368	$ 265,843
At December 31, 2015					
Cost	$ 401,726	$ 46,534	$ 83,659	$ 50,924	$ 582,843
Accumulated amortisation	(182,597)	(32,868)	(29,642)	-	(245,107)
Accumulated impairment	(41,254)	-	(83)	(30,556)	(71,893)
	$ 177,875	$ 13,666	$ 53,934	$ 20,368	$ 265,843

A. The details of amortisation are as follows:

	Years ended December 31, 2016	Years ended December 31, 2015
Operating costs	$ 116,100	$ 95,012
Selling expenses	6,662	6,620
General and administrative expenses	9,162	12,587
Research and development expenses	680	616
	$ 132,604	$ 114,835

B. Goodwill is allocated to the Group's cash-generating units identified according to operating segment as follows:

	December 31, 2016	December 31, 2015
Goodwill:		
AMI	$ 19,865	$ 20,368
GCH	28,818	29,549
Sino	984	1,007
	49,667	50,924
Less: accumulated impairment	(29,802)	(30,556)
	$ 19,865	$ 20,368

C. Impairment information about the intangible assets is provided in Note 6(10).

(9) Non-current assets

	December 31, 2016	December 31, 2015
Overdue accounts receivable	$ 102,539	$ 102,531
Less: Allowance for doubtful accounts	(102,539)	(102,531)
Refundable deposits	35,623	33,251
Other non-current financial assets	8,907	-
Others	1,415	767
	$ 45,945	$ 34,018

(10) Impairment of non-financial assets

A. No impairment was recognised for the year ended December 31, 2016. Details of impairment loss recognised by the Group for the year ended December 31, 2015 are as follows:

	Year ended December 31, 2015	
	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss-investment accounted for using equity method	$ 4,543	$ -
Impairment loss-licence fees	23,252	-
	$ 27,795	$ -

B. The Company recognised impairment loss on investment for the year ended December 31, 2015 since the recoverable amounts of the value of future cash inflows are lower than the carrying amount. The value of future cash inflows was based on the best estimate of information available at the balance sheet date.

C. The Group recognised impairment loss on licence fees for the year ended December 31, 2015 since the book value is greater than the recoverable amount. The Group used on-line game revenues and projected expenditures as recoverable amount when points are expected to be consumed.

(11) Short-term borrowings

	December 31, 2016	December 31, 2015
Bank borrowings		
Secured borrowings	$ 66,732	$ 143,729
Unsecured borrowings	660,000	250,100
	$ 726,732	$ 393,829
Credit lines	$ 1,846,170	$ 1,867,671
Interest rate	1.08%~6.10%	1.21%~6.16%

(12) Financial liabilities at fair value through profit or loss

Items	December 31, 2016	December 31, 2015
Current items:		
Embedded derivatives (Redemption and put options of convertible bonds)	$ 2,590	$ -
Valuation adjustment of financial liabilities	280	-
	$ 2,870	$ -
Non-current items:		
Embedded derivatives (Redemption and put options of convertible bonds)	$ -	$ 2,590
Valuation adjustment of financial liabilities	-	(1,190)
	$ -	$ 1,400

The Group recognised net (loss) profit of ($1,470) and $1,190 on financial liabilities designated as at fair value through profit or loss for the years ended December 31, 2016 and 2015, respectively.

(13) Other payables

	December 31, 2016	December 31, 2015
Salary payable and annual bonus	$ 140,340	$ 134,153
Employees' bonus (compensation) payable	5,354	44,328
Remuneration payable to directors and supervisors	-	7,200
Payable on value-added business tax and withholding tax	30,812	30,992
Payable on equipment and intangible assets	91,488	50,367
Others	98,697	180,096
	$ 366,691	$ 447,136

(14) Other current liabilities

	December 31, 2016	December 31, 2015
Unearned revenue collected in advance	$ 654,786	$ 720,806
Bonds payable, current portion or exercise of put options	683,610	-
Long-term borrowings, current portion	70,834	-
Receipts under custody	5,128	5,699
Tax receipts under custody	6,555	6,236
Other current liabilities	14,612	12,855
	$ 1,435,525	$ 745,596

(15) Bonds payable

	December 31, 2016	December 31, 2015
Bonds payable	$ 700,000	$ 700,000
Less: Discount on bonds payable	(16,390)	(27,060)
	683,610	672,940
Less: Current portion or exercise of put options	(683,610)	-
	$ -	$ 672,940

A. The Company issued the first domestic secured convertible bonds as approved by the Financial Supervisory Commission, Securities and Futures Bureau, No. 1040024074 on July 2, 2015. The terms are as follows:

(a) Total issuance: $700,000

(b) Coupon rate: 0%

(c) Issuance duration: 3 years (July 15, 2015 to July 15, 2018)

(d) Conversion period: Starting from the date after one month of the issuance to maturity date (August 16, 2015 to July 15, 2018)

(e) Conversion price and adjustment: The conversion price was NT$41.5 (in dollars) per share at issuance. After the issuance, except securities with conversion rights or warrants convertible to ordinary shares, the applicable conversion price was subject to adjustments set out in the indenture.

(f) Redemption

i. The Company may inform creditors within 30 trading days after the issuance and repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following event occurs: the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after one month of the bonds issue to 40 days before the maturity date (August 16, 2015 to June 5, 2018).

ii. The Company may inform creditors any time after the balance sheet date to repurchase all the bonds outstanding in cash at the bonds' face value or repurchase all the bonds at the current conversion price within 1 month after the notice after the following events occur: the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date (August 16, 2015 to June 5, 2018).

(g) Put options:

The bondholders have the right to require the Company to redeem any bonds in cash at 101% of the bonds' face value on the date after two years from the issue date (July 15, 2017).

(h) Rights and obligations after conversion:

The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(i) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to $24,036 were separated from the liability component and were recognised in 'capital surplus - stock warrants' in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IAS 39 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation is 1.57%.

(16) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2016
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is June 23, 2016 ~ June 23, 2019; interest is payable monthly for the first year; starting from the second year, principal and interest are payable quarterly.	1.50%	None	$ 100,000
Secured borrowings	Borrowing period is March 20, 2015 ~ March 20, 2025; interest is payable monthly for the first three years; starting from the fourth year, principal and interest are payable quarterly.	1.70%	Land and Buildings	1,600,000
Unsecured borrowings	Borrowing period is July 25, 2016 ~ July 25, 2019; principal and interest are payable monthly.	1.39%	None	51,667
Unsecured borrowings	Borrowing period is August 11, 2016 ~ August 11, 2019; principal and interest are payable monthly.	1.39%	None	35,556
				1,787,223
Less: Current portion				(70,834)
				$ 1,716,389

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2015
Long-term bank borrowings				
Secured borrowings	Borrowing period is March 20, 2015~ March 20, 2025; interest is payable monthly for the first three years; starting from the fourth year, principal and interest are payable quarterly.	1.70%	Land and Buildings	$ 1,600,000

(17) Pensions

A. Defined benefit plans

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by March 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

(b) For the aforementioned pension plan, the Group recognised pension costs of $583 and $623 for the years ended December 31, 2016 and 2015, respectively.

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

	December 31, 2016	December 31, 2015
Present value of defined benefit obligations	($ 54,577)	($ 54,026)
Fair value of plan assets	55,392	53,743
Net defined benefit assets (liability) (shown as other non-current asset (liabilities))	$ 815	($ 283)

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit (liability) asset
Year ended December 31, 2016			
Balance at January 1	($ 54,026)	$ 53,743	($ 283)
Current service cost	(578)	-	(578)
Interest (expense) income	(918)	913	(5)
	(55,522)	54,656	(866)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(414)	(414)
Change in financial assumptions	(842)	-	(842)
Experience adjustments	1,532	-	1,532
	690	(414)	276
Pension fund contribution	-	1,405	1,405
Pension paid	255	(255)	-
Balance at December 31	($ 54,577)	$ 55,392	$ 815

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit (liability) asset
Year ended December 31, 2015			
Balance at January 1	($ 48,501)	$ 50,937	$ 2,436
Current service cost	(672)	-	(672)
Interest (expense) income	(970)	1,019	49
	(50,143)	51,956	1,813
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	337	337
Change in financial assumptions	(2,536)	-	(2,536)
Experience adjustments	(1,347)	-	(1,347)
	(3,883)	337	(3,546)
Pension fund contribution	-	1,450	1,450
Balance at December 31	($ 54,026)	$ 53,743	($ 283)

(e) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2016 and 2015 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	Years ended December 31,	
	2016	2015
Discount rate	1.6%	1.7%
Future salary increases	3.5%	3.5%

Assumptions for December 31, 2016 and 2015 regarding future mortality experience were set based on actuarial advice in accordance with published statistics and experience as shown in the 5th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2016				
Effect on present value of defined benefit obligation	($ 2,076)	($ 2,173)	($ 1,990)	($ 1,916)

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2015				
Effect on present value of defined benefit obligation	($ 49,417)	$ 9,581	$ 8,694	($ 7,421)

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

The method and assumptions used for the preparation of sensitivity analysis during 2016 and 2015 are the same.

(g) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2017 are $1,405.

B. Defined contribution plans

(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the 'New Plan') under the Labor Pension Act (the 'Act'), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Company's mainland subsidiaries, Gamania Digital Entertainment (Beijing) Co., Ltd., Legion Technology (Shanghai) Co., Ltd. and Jollywiz Digital Business Co., Ltd., have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage of employees' monthly salaries and wages. The contribution percentage for the years ended December 31, 2016 and 2015 were both 20%~22%. Other than the monthly contributions, the Group has no further obligations.

(c) Gamania Digital Entertainment (Japan) Co., Ltd., Gamania Digital Entertainment (H.K.) Co., Ltd., Gash Point (Hong Kong) Company Limited, Gash Point (Japan) Co., Ltd., Gash Point Korea Co., Ltd., Joymobee Entertainment Co., Ltd., Hapod Digital Technology Co., Ltd., Jollywiz International (HK) Co., Ltd., Madsugr Digital Technology (HK) Co., Ltd. and CoCo Digital Technology (HK) Co., Ltd. provide pension reserves annually for their employees in accordance with the local regulations.

(d) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2016 and 2015 were $28,989 and $27,594, respectively.

(18) <u>Share-based payment</u>

A. The Group has no share-based payment transactions for the year ended December 31, 2016. As of December 31, 2015, the Group's share-based payment transactions were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Contract period	Vesting conditions	Actual turnover rate	Estimated future turnover rate
Gash Point - cash capital increase reserved for employee preemption	2015.3.12	1,500	Not applicable	Vested immediately	Not applicable	Not applicable

B. The fair value of issued employee stock options is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price/ Exercise price (in dollars)	Price volatility	Option life	Dividends	Interest rate	Fair value per unit (in dollars)
Gash Point - cash capital increase reserved for employee preemption	2015.3.12	Not applicable / $14	31.97%	0.08 years	0%	0.87%	$0.1531

C. Expenses incurred on share-based payment transactions are $230 for the year ended December 31, 2015.

(19) Common stock

A. As of December 31, 2016, the Company's authorized capital was $2,500,000, consisting of 250 million shares of ordinary stock (including 12 million shares reserved for employee stock options), and the paid-in capital was $1,575,936 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding (shares in thousands) are as follows:

	2016	2015
At January 1	157,594	157,594
Purchase of treasury shares	(6,406)	-
At December 31	151,188	157,594

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Name of company holding the shares	Reason for reacquisition	December 31, 2016 Number of shares (shares in thousands)	Carrying amount
The Company	To be reissued to employees	6,406	$ 185,464

The Company did not purchase any treasury shares in 2015.

(b) Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury share should not exceed 10% of the number of the Company’s issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired.

(20) Capital surplus

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

B. When it is resolved by the shareholders at the shareholders’ meeting, legal reserve and whole or part of capital reserve arising from the following items can be used to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit:

(a) Paid-in capital in excess of par value on issuance of common stocks; and

(b) Donations.

(21) Unappropriated retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses, then 10% of the remaining amount shall be set aside as legal reserve. However, it is not subject to the limits if the legal reserve equals the paid-in-capital. Appropriate special reserve in accordance with the operation of the Group and legal regulation, and the remainder along with beginning unappropriated earnings is the accumulated distributable earnings which should be appropriated as proposed by the Board of Directors and resolved by stockholders during their meeting.

B. The Company adopts conservatism principle for its dividend policy and considers profitability, financial structure and future development, the percentage of cash dividends should not be less than 10%.

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

D. Special reserve

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

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

E. On June 16, 2016 and June 11, 2015, the shareholders during their meeting resolved the 2015 and 2014 appropriation of retained earnings as follows:

	Years ended December 31,			
	2015		2014	
	Amount	Dividend per Share (in dollars)	Amount	Dividend per Share (in dollars)
Legal reserve appropriated	$ 38,789		$ 9,326	
Special reserve reversed	-		34,703	
Special reserve appropriated	64,656		-	
Cash dividends to shareholders	189,112	$ 1.20	110,316	$ 0.70

F. On March 16, 2017, the Board of Directors resolved to offset deficit of $307,946 with legal reserve of $51,971 and capital surplus of $191,319 and reversal of special reserve of $64,656 for the year ended December 31, 2016. As of March 16, 2017, aforementioned deficit offset has not yet been resolved by stockholders during their meeting.

G. Information about the appropriation proposed by the Board of Directors and resolved by the shareholders and appropriation for employees' bonus and directors' and supervisors' remuneration will be posted in the 'Market Observation Post System' at the website of the Taiwan Stock Exchange.

H. For the information relating to employees' compensation (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(27).

(22) Other equity items

	Translation differences	Unrealised gain or loss on available-for-sale financial assets	Total
At January 1, 2016	($ 6,283)	($ 58,373)	($ 64,656)
Revaluation - group	-	(93,502)	(93,502)
Revaluation transfer - group	-	349,057	349,057
Currency translation differences:			
- Group	(19,363)	-	(19,363)
- Associates	(1)	-	(1)
At December 31, 2016	($ 25,647)	$ 197,182	$ 171,535

	Translation differences	Unrealised gain or loss of available-for-sale financial assets	Total
At January 1, 2015	($ 25,517)	$ 60,415	$ 34,898
Revaluation – group	-	(52,732)	(52,732)
Currency translation differences:			
- Group	-	(66,056)	(66,056)
- Associates	19,531	-	19,531
At December 31, 2015	(297)	-	(297)
	($ 6,283)	($ 58,373)	($ 64,656)

(23) Operating revenue

	Years ended December 31, 2016	Years ended December 31, 2015
On-line game/ sales revenue of goods	$ 8,192,059	$ 9,488,862
Service revenue	59,060	35,650
Other operating revenue	157,915	155,521
	$ 8,409,034	$ 9,680,033

(24) Other income

	Years ended December 31, 2016	Years ended December 31, 2015
Rental revenue	$ 14,648	$ 66,954
Revenue from government grant	32,165	15,600
Interest income from bank deposits	4,473	5,366
Dividend income	595	1,920
Other income	33,699	28,318
	$ 85,580	$ 118,158

(25) Other gains and losses

	Years ended December 31,	
	2016	2015
Net (loss) gain on financial assets and liabilities at fair value through profit or loss	($ 1,470)	$ 1,190
Net currency exchange loss	(4,415)	(11,673)
(Loss) gain on disposal of property, plant and equipment	(56)	75,316
Impairment loss	(349,057)	(27,795)
Gain on disposal of investments	5,200	70,997
Gain on disposal of non-current assets held for sale	-	238,673
Others	(23,525)	(25,994)
	($ 373,323)	$ 320,714

On December 19, 2014, the Company has approved to dispose 60% of share capital of the subsidiary – Seedo Games Co., Ltd. which meets the criteria for the subsidiary to be classified as held for sale due to disposal. The assets and liabilities relating to Seedo Games Co., Ltd. are classified as disposal group held for sale for the year ended December 31, 2014. However, as business activities of Seedo Games Co., Ltd. are not the Group’s major individual activities, Seedo Games Co., Ltd. does not meet the definition of discontinued operations. The disposal was completed in the first quarter of 2015, and the gain due to loss of control is shown below:

	Year ended December 31, 2015
Proceeds from disposal of 60% share capital	$ 239,280
Book value of 60% share capital	(132,364)
	106,916
Fair value of 40% share capital on the day control is lost	160,000
Book value of 40% share capital	(88,243)
	71,757
Receivables for sale of 60% share capital as the contingent condition has been met (Note)	60,000
Gain on disposal of non-current assets held for sale (shown as other gains and losses)	$ 238,673

(Note) According to share trading agreement, if Seedo’s post-tax profit reaches $38,000 for the year ended December 31, 2015, the buyer shall pay additional $60,000 to the Company. The Company has confirmed that the contingent condition had been met upon assessing Seedo’s financial statements audited by independent accountants for the year ended December 31, 2015, thus, the additional payment was accrued in the financial statements and was shown as other receivables. The receivables were collected by April 30, 2016.

(26) Finance costs

		Years ended December 31,		
		2016		2015
Interest expense:				
Bank borrowings	$	40,185	$	33,240
Bonds payable		10,670		4,871
	$	50,855	$	38,111

(27) Employee benefit expense, depreciation and amortisation

		Years ended December 31,		
		2016		2015
Employee benefit expense				
Wages and salaries	$	670,414	$	680,127
Employee stock options		-		230
Labor and health insurance fees		51,806		52,531
Pension costs		29,572		28,217
Other personnel expenses		26,735		34,066
	$	778,527	$	795,171
Depreciation on property, plant and equipment	$	93,895	$	110,183
Amortisation	$	132,604	$	114,835

A. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 10%~15% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2016 and 2015, employees' compensation was accrued at $0 and $42,000, respectively; while directors' and supervisors' remuneration was accrued at $0 and $7,200, respectively. The aforementioned amounts were recognised in operating costs and operating expenses.

   The Group has no profit for the year ended December 31, 2016 and accordingly, did not accrue appropriate compensation to employees and remuneration to directors and supervisors.

   Employees' compensation of $42,000 and directors' and supervisors' remuneration of $7,200 for 2015 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2015 financial statements.

   Information about the appropriation of employees' bonus and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the 'Market Observation Post System' at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31, 2016	Years ended December 31, 2015
Current tax		
Current tax on profits for the year	$ 20,618	$ 16,786
Tax on undistributed surplus earnings	-	857
Prior year income tax (over) underestimate	(4,254)	27,296
Total current tax	16,364	44,939
Deferred tax		
Origination and reversal of temporary differences	(7,400)	(20,075)
Income tax expense	$ 8,964	$ 24,864

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

	Years ended December 31, 2016	Years ended December 31, 2015
Remeasurement of defined benefit obligations	($ 47)	($ 603)

B. Reconciliation between income tax expense and accounting expense:

	Years ended December 31, 2016	Years ended December 31, 2015
Tax calculated based on profit before tax and statutory tax rate	($ 80,930)	$ 79,971
Effect from items disallowed by tax regulation	85,238	(76,009)
Change in assessment of realization of deferred tax assets	8,910	(10,977)
Prior year income tax (over) underestimate	(4,254)	27,296
Effect from Alternative Minimum Tax	-	3,726
Tax on undistributed earnings	-	857
Income tax expense	$ 8,964	$ 24,864

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, loss carryforward and investment tax credits are as follows:

	Year ended December 31, 2016					
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	Effect of change in consolidated entities	December 31
-Deferred tax assets:						
Temporary differences						
Provision for bad debts in excess of the allowable limit	$ 7,669	$ 2,453	$ -	$ -	$ -	$ 10,122
Allowance for sales returns	91	-	-	-	-	91
Allowance for inventory obsolescence	82	231	-	-	-	313
Impairment loss on financial assets	1,675	-	-	-	-	1,675
Investment loss accounted for under equity method	66,677	4,533	-	-	-	71,210
Impairment loss on intangible assets	7,851	(2,170)	-	-	-	5,681
Unused accrued expenses	2,470	371	-	-	-	2,841
Deferred revenues	2,672	371	-	-	-	3,043
Pension payable	34	(140)	(47)	-	-	(153)
Investment tax credits	36,795	-	-	-	-	36,795
Loss carryforward	24,781	5,500	-	-	-	30,281
	150,797	11,149	(47)	-	-	161,899
-Deferred tax liabilities:						
Temporary differences						
Gain on foreign investments	(5,247)	(3,304)	-	-	-	(8,551)
Depreciation difference between tax and financial basis	(359)	(445)	-	-	-	(804)
	(5,606)	(3,749)	-	-	-	(9,355)
	$ 145,191	$ 7,400	($ 47)	$ -	$ -	$ 152,544

	Year ended December 31, 2015					
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	Effect of change in consolidated entities	December 31
-Deferred tax assets:						
Temporary differences						
Provision for bad debts in excess of the allowable limit	$ 5,264	$ 2,405	$ -	$ -	$ -	$ 7,669
Allowance for sales returns	91	-	-	-	-	91
Allowance for inventory obsolescence	78	4	-	-	-	82
Impairment loss on financial assets	1,675	-	-	-	-	1,675
Investment loss accounted for under equity method	60,231	6,446	-	-	-	66,677
Impairment loss on intangible assets	12,165	(4,314)	-	-	-	7,851
Unused accrued expenses	2,605	(135)	-	-	-	2,470
Deferred revenues	3,242	(570)	-	-	-	2,672
Pension payable	356	(925)	603	-	-	34
Investment tax credits	28,795	8,000	-	-	-	36,795
Loss carryforward	17,728	7,053	-	-	-	24,781
	132,230	17,964	603	-	-	150,797
-Deferred tax liabilities:						
Temporary differences						
Gain on foreign investments	(3,865)	(1,382)	-	-	-	(5,247)
Depreciation difference between tax and financial basis	(959)	600	-	-	-	(359)
Unrealized gain on disposal of property, plant and equipment	(2,885)	2,885	-	-	-	-
Others	(8)	8	-	-	-	-
	(7,717)	2,111	-	-	-	(5,606)
	$ 124,513	$ 20,075	$ 603	$ -	$ -	$ 145,191

D. As approved by Industrial Development Bureau, MOEA, the Company's certain local subsidiaries are qualified under the newly emerging, important and strategic industries defined by Executive Yuan, R.O.C. Also, the Company continues to hold the subsidiaries' inscribed shares for more than 3 years, in accordance with the Act for Industrial Innovation and Statute for Upgrading Industries (before its abolishment) Article 16, the amount of investment credits for stockholder and unrecognised deferred tax assets are as follows:

December 31, 2016

Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Final year tax credits are due
Investments in emerging important strategic industries	$ 36,795	$ -	2019

December 31, 2015

Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Final year tax credits are due
Investments in emerging important strategic industries	$ 36,795	$ -	2019

E. The Company and the Company's subsidiaries' expiration dates of unused loss carryforward and amount of unrecognized deferred tax assets are as follows:

December 31, 2016

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
2007~2016	$ 1,861,611	$ 1,846,632	$ 1,668,504	2026

December 31, 2015

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
2007~2015	$ 1,602,053	$ 1,600,458	$ 1,454,684	2025

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

	December 31, 2016	December 31, 2015
Deductible temporary differences	$ 58,937	$ 50,028

The deductible temporary differences arise when the Company does not plan to dispose subsidiaries in the foreseeable future. Thus, the unrecognised investment loss on overseas subsidiaries was not recognised as deferred tax assets.

G. The Company's and its domestic subsidiaries' assessed and approved income tax returns are as follows:

	Latest Year Assessed by Tax Authority
The Company	2013
Gash Point, Ants' Power, Global Pursuit, Gamania Asia, Ciirco, Punch, Fundation, Redgate, Two Tigers, Jollywiz, Coture New Media, Madsugr, Conetter CoMarketing, GAMA PAY, Webackers	2014
BeanGo!	Not yet assessed

The Company was required to pay additional income tax of $23,481 for 2002 after the re-examination of trial by the Tax Authority. In January 2011, the Company appealed against the assessment, but had paid the additional income tax amounting to $21,083. In October 2011, the decision on the appeal was issued which upheld the original judgment relating to the Company's tax exempt income, research and development expense and tax credits applicable to income tax. However, the original judgment relating to the loss on disposal of the Company's fixed assets was cancelled and would be subject to re-examination by the Tax Authority. In October 2013, the Company appealed against the assessment and paid half of the remaining income tax amounting to $1,199. The appeal was denied in April 2014. Furthermore, the Company disagreed with the re-examination by Ministry of Finance and appealed for administrative litigation in June 2014. However, the Company lost its appeal in the administrative litigation in March 2015, and accordingly, paid the remaining half of the overdue taxes.

H. Unappropriated retained earnings:

	December 31, 2016	December 31, 2015
Earnings generated in and after 1998	($ 307,946)	$ 390,297

I. The balance of the imputation tax credit account and the creditable tax rate are as follows:

	December 31, 2016	December 31, 2015
Imputation tax credit account balance	$ 89,077	$ 138,560

	2016 (Estimated)	2015 (Actual)
Creditable tax rate	(Note)	20.48%

(Note) The Group has accumulated deficit as of December 31, 2016, thus no creditable tax rate is expected.

(29) (Loss) earnings per share

	Year ended December 31, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share			
Loss attributable to ordinary shareholders of the parent (Note)	($ 382,883)	156,070	($ 2.45)

Note: For the year ended December 31, 2016, the Company generated losses. Only basic loss per share is disclosed because the inclusion of the potential common shares would have an anti-dilutive effect.

	Year ended December 31, 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 387,888	157,594	$ 2.46
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 387,888	-	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	5,031	7,831	
Employees' bonus	-	1,225	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 392,919	166,650	$ 2.36

(30) Transactions with non-controlling interest

A. Disposal of equity interest in a subsidiary (that did not result in a loss of control)

In March 2016, the Group disposed 1.67% shares of its subsidiary – GAMA PAY Co., Ltd. for total cash consideration of $10,000. The carrying amount of non-controlling interest in GAMA PAY Co., Ltd. was $9,101 at the disposal date. This transaction resulted in a decrease in the non-controlling interest by $899 and an increase in the equity attributable to owners of the parent by $899 (recognition of capital surplus – changes in ownership interest in subsidiaries).

B. The Group did not subscribe to the capital increase raised by a subsidiary proportionally to its interest to the subsidiary

(a) The subsidiaries, We Backers Co., Ltd., Coture New Media Co., Ltd. Ciirco Inc., and Conetter CoMarketing Co., Ltd. increased capital by issuing new shares for the year ended December 31, 2016. However, the Group did not acquire additional shares proportionately to its interest. As a result, the Group's equity interest in We Backers Co., Ltd., Coture New Media Co., Ltd. and Ciirco Inc. and Conetter CoMarketing Co., Ltd. increased (decreased) by 2.73%, 16.57%, (2.91%) and (28%), respectively. The effect of changes in interests in the Group on the equity attributable to owners of the parent is shown below:

	We Backers Co., Ltd.	Coture New Media Co., Ltd.
	Year ended December 31, 2016	
Cash	$ 2,400	$ 48,000
Increase in carrying amount of non-controlling interest	(3,819)	(63,021)
Decrease in unappropriated retained earnings	($ 1,419)	($ 15,021)

	Conetter CoMarketing Co., Ltd.	Ciirco Inc.
	Year ended December 31, 2016	
Cash	$ 13,000	$ 600
Increase in carrying amount of non-controlling interest	(13,063)	(599)
Capital surplus－changes in parent's ownership interest in subsidiaries	($ 63)	$ 1

(b) The subsidiaries, Gash Point Co., Ltd. and GAMA PAY Co., Ltd., increased its cash capital by issuing new shares in the fourth quarter of 2015. The Group did not acquire new shares proportionately to the interest ownership, thus, the share ownership decreased by 10% and 33.33%, respectively. The effect of this transaction that is attributable to owners of the parent is shown below:

	Gash Point	GAMA PAY
	Year ended December 31, 2015	
Cash	$ 21,000	$ 200,000
Increase in carrying amount of non - controlling interest	(11,289)	(205,833)
Capital－Changes in parent's ownership interest in subsidiaries	$ 9,711	($ 5,833)

(31) Supplemental cash flow information

Investing activities with partial cash payments

	Years ended December 31, 2016	Years ended December 31, 2015
Proceeds from disposal of available-for-sale financial assets	$ 15,200	$ 180,653
Add: opening balance of other receivables	2,139	-
Less: ending balance of other receivables	(2,139)	(2,139)
Cash received during the year	$ 15,200	$ 178,514

	Years ended December 31, 2016	Years ended December 31, 2015
Acquisition of property, plant and equipment	$ 281,934	$ 2,468,909
Add: opening balance of payable on equipment	11,862	9,510
Add: opening balance of other payables-related parties	12,239	-
Less: ending balance of payable on equipment	(51,248)	(11,862)
Less: ending blance of other payables-related parties	(4,900)	(12,239)
Cash paid during the year	$ 249,887	$ 2,454,318

	Years ended December 31, 2016	Years ended December 31, 2015
Purchase of intangible assets	$ 161,410	$ 100,690
Add: beginning payables	38,505	-
Add: opening balance of other payables-related parties	5,255	-
Less: ending payables	(40,240)	(38,505)
Less: ending balance of other payables-related parties	-	(5,255)
Cash paid during the year	$ 164,930	$ 56,930

	Years ended December 31, 2016	Years ended December 31, 2015
Proceeds from disposal of property, plant and equipment	$ 1,523	$ 11,214
Add: opening balance of other receivables	335	150
Add: opening balance of other receivables -related parties	735	-
Less: ending balance of other receivables	-	(335)
Less: ending balance of other receivables -related parties	-	(735)
Cash received during the year	$ 2,593	$ 10,294

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Group's shares are widely held so the Company has no ultimate parent and ultimate controlling party.

(2) Significant transactions and balances with related parties

A. Operating revenue

	Years ended December 31,	
	2016	2015
Sales of goods:		
Associates	$ 518,041	$ 6,361
Sales of services:		
Associates	$ 28,137	$ 1,848

Sales of goods are on-line games revenue generated from prepaid cards selling by associates, and are in accordance with mutual agreements. The online games revenue has no similar transactions to compare with, and the payment term is the same with non-related parties. Sales of services are customer services and production of advertisements that are in accordance with mutual agreements.

B. Operating costs

	Years ended December 31,	
	2016	2015
Costs of point service:		
Associates	$ 111,322	$ 98,327
Costs of customer service hotline:		
Associates	96,953	75,342
Mobile service costs:		
Associates	11,067	3,577
Programs cost:		
Associates	693	-
	$ 220,035	$ 177,246

Costs of point service are service cost for splitting revenue from stored values, costs of customer service hotline are costs for hotline, mobile service costs are service cost for splitting revenue from mobile service and network usage cost of mobile games and programs costs are generated from internet programs and TV programs. All are determined in accordance with mutual agreement.

C. Operating expenses (shown in selling expenses and general and administrative expenses)

	Years ended December 31,	
	2016	2015
Other related party	$ 24,500	$ 6,000
Associates	37,368	40,348
	$ 61,868	$ 46,348

The above includes donation to other related party and expenses paid to associates for the Company's advertisements and game development.

Except for donation, expenses were based on mutual agreements.

D. Accounts receivable

	December 31, 2016	December 31, 2015
Accounts receivable:		
Associates	$ 36,589	$ 5,591

Accounts receivable are mainly from sales of goods and customer services. Accounts receivable are not pledged as collateral, do not bear interest and have no provision.

E. Other receivables

	December 31, 2016	December 31, 2015
Other receivables:		
Associates	$ 5,711	$ 8,346

Other receivables arise mainly from sale of property, plant and equipment.

F. Payables

	December 31, 2016	December 31, 2015
Accounts payable:		
Associates	$ 69,265	$ 70,362
Other payables		
Associates	$ 29,418	$ 26,566

Accounts payable are payables for mobile service costs and the dedicated line cost of on-line games and are due 60 days after the purchase. The payables do not bear interest.

Other payables are payables for mobile games development, advertisement, donation and purchase of property, plant and equipment.

G. Property transactions

(a) Acquisition of property, plant and equipment:

	Years ended December 31,	
	2016	2015
Associates	$ 45,816	$ 39,332

The unpaid amount as of December 31, 2016 is $4,900.

(b) Disposal of property, plant and equipment:

	Years ended December 31,			
	2016		2015	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
Associates	$ 1,182	$ 59	$ 7,712	($ 11,728)

As of December 31, 2016, the proceeds from disposal of property, plant and equipment have been received. The loss on disposal of property, plant and equipment was deferred in proportion to equity interest held in associate in 2015 (see Note 6(5) E).

(3) Key management compensation

	Years ended December 31,	
	2016	2015
Short-term employee benefits	$ 10,816	$ 43,520
Post-employment benefits	81	108
	$ 10,897	$ 43,628

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	Book value		
Pledged assets	December 31, 2016	December 31, 2015	Pledge purpose
Demand deposits (shown in "other current asset")	$ 150,000	$ 120,000	Performance bond of on-line game card's standard contracts
Demand deposits (shown in "other non-current asset")	8,907	-	Trusted electronic payment accounts
Time deposits (shown in "other current assets")	33,000	75,418	Guarantee for short-term borrowing facility/ credit card
Property, plant and equipment			
Land	2,140,662	2,140,662	Short-term and long-term loans / Credit lines
Buildings	245,087	250,064	Short-term and long-term loans / Credit lines
	$ 2,577,656	$ 2,586,144	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. The Group leases warehouse, offices and network equipment under non-cancellable operating lease agreements. The Group recognised rental expenses of $69,054 and $79,353 for these leases in profit or loss for the years ended December 31, 2016 and 2105, respectively. The future aggregate minimum lease payments are as follows:

	December 31, 2016		December 31, 2015	
Not later than one year	$	13,906	$	37,410
Later than one year but not later than five years		43,934		21,997
	$	57,840	$	59,407

B. The Company contracted the use of cable lines, T1 and T3, with rental charges based on utilization. In addition, the Company contracted with several on-line game vendors and will pay royalty based on actual usage.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

A. On February 17, 2017, the Board of Directors has resolved the following significant events:

(a) The Company resolved to dispose the property on the 15th floor of Zhonghe and the parking spaces. The estimated total amount of transaction is $110,080.

(b) To expand the scope of mobile AV and new media, the Company resolved to establish a new company, Mission Worldwide Group Limited (MWG), in British Virgin Islands by investing USD 6 million in joint venture through the subsidiary, Gamania International Holdings Ltd., The Company and the subsidiary acquired around 51% of share capital and more than half of the Board of Directors seats. MWG will acquire all the business, staffs and assets of OHCOOL CO Ltd..

B. On March 16, 2017, the Board of Directors has resolved the following significant events:

(a) To meet operating capital requirements, repay bank borrowings and improve the financial structure for long-term operations and development of the Company, the Company resolved to raise additional cash by issuing up to a maximum of 25 million ordinary shares through private placement.

(b) In order to improve the synergy of the Group's business and operating performance, the Group plans to invest $22,000 for 2,200 shares of NOWnews Network Co., Ltd. After the additional investment, the shareholding ratio in the subsidiary will increase to 42.85%.

(c) The Company plans to increase its investment by $50,000 in the subsidiary, Coture New Media Co., Ltd., to fulfil the company's operating capital requirements. The shareholding ratio will increase to 82.65% after the additional investment.

(d) The Company plans to increase its investment by $10,000 in the subsidiary, We Backers Co., Ltd., to fulfil the company's operating capital requirements. The shareholding ratio will increase to 81.25% after the additional investment.

(e) The Company resolved to dispose the property on the 18th floor of Zhonghe and the parking spaces. The estimated total amount of transaction is $248,700.

12. OTHERS

(1) Capital risk management

The Group's principal objectives when managing capital are to maintain an integrity credit rating and a good capital structure to support operating and maximum stockholders' equity. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders.

(2) Financial instruments

A. Fair value information of financial instruments

Except those in the table below, book value of financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable (including related party), other receivables (including related party), short-term borrowings, notes payable, accounts payable (including related party), and other accounts payable (including related party)) is approximate to their book value. Fair value information of financial instruments measured at fair value is provided in Note 12(3).

	December 31, 2016			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Bonds payable	$ 683,610	$ -	$ -	$ 691,460

	December 31, 2015			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Bonds payable	$ 672,940	$ -	$ -	$ 680,610

B. Financial risk management policies

The Group's activities expose it to a variety of financial risks, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's risk management program considers the effect of economic environment, competition and market value risk. The Group attains to the best risk position, holds appropriate liquidity position and centers on management of all the market risks. To reach the objective of risk management, the Group's hedged activities are focused on the market value risk and the cash flow risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. Each of the entities in the Group operates in different countries and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group set the natural hedging as principle. Foreign exchange risk arises when future commercial transactions, recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

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

	December 31, 2016		
(Foreign currency: Functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD:NTD	$ 2,210	$ 32.2500	$ 71,273
HKD:NTD	2,707	4.1580	11,256
HKD:USD	36,056	0.1289	149,886
NTD:USD	288,930	0.0310	288,930
USD:HKD	2,710	7.7561	87,397
Non-monetary items			
USD:NTD	19,156	32.2500	617,769
KRW:NTD	270,640	0.0270	7,307
JPY:NTD	96,980	0.2756	26,728
USD:HKD	117	7.7561	3,774
HKD:USD	38,492	0.1289	160,013
EUR:USD	939	1.0512	31,831
Financial liabilities			
Monetary items			
USD:NTD	1,882	32.2500	60,695
HKD:USD	12,529	0.1289	52,083

(Foreign currency: Functional currency)	December 31, 2015 Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD:NTD	$ 4,643	$ 33.0660	$ 153,525
HKD:NTD	3,492	4.2664	14,898
HKD:USD	1,866	0.1290	7,959
USD:HKD	2,384	7.7503	78,829
Non-monetary items			
USD:NTD	21,150	33.0660	699,357
JPY:NTD	105,264	0.2747	28,916
RMB:USD	2,178	0.1540	11,093
HKD:USD	46,340	0.1290	197,664
EUR:USD	938	1.0927	33,888
Financial liabilities			
Monetary items			
USD:NTD	1,497	33.0660	49,500
USD:HKD	678	7.7503	22,419

D. The total exchange (loss) gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2016 and 2015 amounted to ($1,798) and $1,084, respectively.

Analysis of foreign currency market risk arising from significant foreign exchange rate fluctuations is as follows:

(Foreign currency: Functional currency)	Year ended December 31, 2016 Extent of Variation	Effect on Profit or Loss	Effect on Other Comprehensive Income
Financial assets			
Monetary items			
USD:NTD	1%	$ 713	$ -
HKD:NTD	1%	113	-
HKD:USD	1%	1,499	-
NTD:USD	1%	2,889	-
USD:HKD	1%	874	-
Financial liabilities			
Monetary items			
USD:NTD	1%	607	-
HKD:USD	1%	521	-

	Year ended December 31, 2015		
(Foreign currency: Functional currency)	Extent of Variation	Effect on Profit or Loss	Effect on Other Comprehensive Income
Financial assets			
Monetary items			
USD:NTD	1%	$ 1,535	$ -
HKD:NTD	1%	149	-
HKD:USD	1%	80	-
USD:HKD	1%	788	-
Financial liabilities			
Monetary items			
USD:NTD	1%	495	-
USD:HKD	1%	224	-

Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. However, the Group has set stop-loss amounts for those assets; therefore, no material market risk is expected. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, for the years ended December 31, 2016 and 2015, other components of equity would have increased/decreased by $4,680 and $5,298, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

i. The Group's interest rate risk arises from each borrowing. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Corporate bonds and borrowings issued at fixed rates expose the Group to fair value interest rate risk. The interest rate for short-term borrowings of the Group are mainly floating rate and for long-term borrowings are fixed rate and variables. During the years ended December 31, 2016 and 2015, the Group's borrowings at variable rate were denominated in NTD and RMB.

ii. At December 31, 2016 and 2015, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2016 and 2015 would have been $480 and $214 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on bookkeeping and administrative department's rating. The utilization of credit limits is regularly monitored. Credit risk arises from cash, cash equivalents and accounts receivable arising from operating activities. For banks and financial institutions, only rated parties with a good credit rating are accepted.

ii. During the years ended December 31, 2016 and 2015, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

iii. The details of credit quality of the Group's significant financial assets are provided in Note 6 (3).

(c) Liquidity risk

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

ii. The table below is the Group's non-derivative financial liabilities which is presented based on the remaining period at the balance sheet date to the contract maturity date and undiscounted maturity amount based on the maturity date.

Non-derivative financial liabilities:

December 31, 2016	Less than 1 year	Between 1 and 3 years	Over 3 years
Short-term borrowings	$ 726,732	$ -	$ -
Notes payable	-	-	-
Accounts payable	1,165,147	-	-
Accounts payable-related parties	69,265	-	-
Other payables	366,691	-	-
Other payables-related parties	29,418	-	-
Long-term borrowings (including current portion)	95,472	439,520	1,387,620
Bonds payable	707,000	-	-

December 31, 2015	Less than 1 year	Between 1 and 3 years	Over 3 years
Short-term borrowings	$ 393,829	$ -	$ -
Notes payable	100	-	-
Accounts payable	1,381,991	-	-
Accounts payable-related parties	70,362	-	-
Other payables	447,136	-	-
Other payables-related parties	26,566	-	-
Long-term borrowings (including current portion)	27,200	173,890	1,586,250
Bonds payable	-	707,000	-

(3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2) A.

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and open-end fund is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in listed stocks of private placement is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2016 and 2015 is as follows:

December 31, 2016	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Available-for-sale financial assets				
Equity securities	$ 39,625	$ -	$ 428,388	$ 468,013
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss - current				
Embedded derivatives	$ -	$ -	($ 2,870)	($ 2,870)

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Available-for-sale financial assets				
Equity securities	$ 9,502	$ 300,453	$ 225,348	$ 535,303
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss - non-current				
Embedded derivatives	$ -	$ -	($ 1,400)	($ 1,400)

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

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

	Listed shares and emerging shares
Market quoted price	Closing price

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques method can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

(c) For highly complex financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions. The effect of unobservable inputs to the valuation of financial instruments is provided in Notes 12(3) I and J.

(d) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group’s financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group’s management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

E. For the years ended December 31, 2016 and 2015, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2016 and 2015:

	Equity securities	
	2016	2015
At January 1	$ 225,348	$ 76,016
Gains and losses recognised in profit or loss	(24,057)	-
Gains and losses recognised in other comprehensive income	181,824	23,692
Acquired during the year	36,900	125,640
Disposed of in the year	(10,000)	-
Transfers into level 3	43,320	-
Transfers out from level 3	(25,530)	-
Effects of foreign exchange	583	-
At December 31	$ 428,388	$ 225,348

	Embedded derivatives	
	2016	2015
At January 1	($ 1,400)	$ -
Issued in the period	-	(2,590)
Gains and losses recognised in profit or loss (Note)	(1,470)	1,190
At December 31	($ 2,870)	($ 1,400)

Note: Shown as other gains and losses.

G. Because the transaction volume of certain emerging shares in market has steadily increased from January 2016, and there is enough observable market information available, the Group has transferred the fair value from Level 3 into Level 1 at the end of month when the event occurred.

For the year ended December 31, 2016, the trading process of private common shares of XPEC Entertainment Inc. was changed by the Taipei Exchange, and was suspended from November 2016. As the observable market information is insufficient, the Company transferred the fair value from Level 2 into Level 3. For the year ended December 31, 2016, there was no transfer into or out from Level 3.

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

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2016	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to value
Non-derivative equity					
Unlisted shares	$ 428,388	Market comparable companies	Price to book ratio multiple	1.78~2.63 (2.54)	The higher the multiple, the higher the fair value
			Enterprise value to operating income ratio multiple	25.96~28.25 (26.59)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	22%~25% (24.7%)	The higher the discount for lack of marketability, the lower the fair value
			Capital value to operating income ratio multiple	2.08(2.08)	The higher the multiple, the higher the fair value
			Investing in capital value to profit before tax ratio	7.07(7.07)	The higher the multiple, the higher the fair value
Embedded derivatives:					
Redemption and put options of convertible bonds	(2,870)	The Binominal-Tree approach to convertible bonds pricing	Volatility	32.52%(32.52%)	The higher the multiple, the higher the fair value

	Fair value at December 31, 2015		Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to value
Non-derivative equity						
Unlisted shares	$	225,348	Market comparable companies	Price to book ratio multiple	1.83(1.83)	The higher the multiple, the higher the fair value
				Enterprise value to operating income ratio multiple	1.84(1.84)	The higher the multiple, the higher the fair value
				Discount for control premium	20%(20%)	The higher the discount for control premium, the lower the fair value
				Discount for lack of marketability	25%(25%)	The higher the discount for lack of marketability, the lower the fair value
Embedded derivatives:						
Redemption and put options of convertible bonds		(1,400)	The Binominal-Tree approach to convertible bonds pricing	Volatility	34.8%(34.8%)	The higher the multiple, the higher the fair value

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

	Input	Change	December 31, 2016			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Enterprise value to operating income ratio multiple	±1%	$ -	$ -	$ 440	($ 440)
	Price to book ratio multiple	±1%	-	-	2,828	(2,828)
	Discount for lack of marketability	±1%	-	-	3,701	(3,701)
	Capital value to operating income ratio multiple	±1%	-	-	433	(433)
	Investing in capital value to profit before tax ratio	±1%	-	-	433	(433)
Financial liabilities						
Embedded derivatives	Volatility	±1%	20	(20)	-	-

			December 31, 2015			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Enterprise value to operating income ratio multiple	±1%	$ -	$ -	$ 240	($ 240)
	Price to book ratio multiple	±1%	-	-	1,293	(1,293)
	Discount for control premium	±1%	-	-	167	(167)
	Discount for lack of marketability	±1%	-	-	208	(208)
Financial liabilities						
Embedded derivatives	Volatility	±1%	10	(20)	-	-

13. SUPPLEMENTARY DISCLOSURES

All the transactions with subsidiaries disclosed below had been eliminated in the consolidated financial statements. The disclosure information of certain investments was audited by investee companies' auditors.

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Please refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

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

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

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(12).

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

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

14. OPERATING SEGMENT INFORMATION

(1) General information

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker which are used to make strategic decisions.

(2) Assessment of segment information

The chief operating decision-maker assesses the performance of the operating segments based on net income or net loss of the reporting period.

(3) Information on segment profit (loss), assets and liabilities

The segment information on reportable segments provided to the chief operating decision-maker for the years ended December 31, 2016 and 2015 is as follows:

Year ended December 31, 2016	Gamania Digital Entertainment Co., Ltd.	Gash Point Co., Ltd. and Gash Point (Hong Kong) Company Lmited	Others	Total	
Revenue from external customers	$ 1,806,818	$ 5,391,837	$ 1,210,379	$ 8,409,034	
Inter-segment revenue	103,019	1,995,852	74,545	2,173,416	Note 1
Segment operating profit	162,398	71,813	(373,847)	(139,636)	
Segment profit (loss), net of tax	(380,228)	61,889	(166,750)	(485,089)	
Segment profit (loss) includes:					
Depreciation and amortisation	(132,822)	(11,219)	(82,458)	(226,499)	
Income tax benefit (expense)	11,985	(15,351)	(5,598)	(8,964)	
Investment income (loss) accounted for using the equity method	(170,209)	(1,845)	174,163	2,109	Note 2

Year ended December 31, 2015	Gamania Digital Entertainment Co., Ltd.	Gash Point Co., Ltd. and Gash Point (Hong Kong) Company Lmited	Others	Total	
Revenue from external customers	$ 1,994,169	$ 6,377,547	$ 1,308,317	$ 9,680,033	
Inter-segment revenue	44,628	2,097,037	112,364	2,254,029	Note 1
Segment operating profit	106,716	24,858	(215,674)	(84,100)	
Segment profit (loss), net of tax	389,202	37,621	(120,775)	306,048	
Segment profit (loss) includes:					
Depreciation and amortisation	(148,332)	(10,991)	(65,695)	(225,018)	
Income tax expense	(9,932)	(10,946)	(3,986)	(24,864)	
Investment income (loss) accounted for using the equity method	(33,661)	(7,899)	55,811	14,251	Note 2

Note 1: The transaction had been eliminated in the consolidated financial statements.

Note 2: The inter-segment investment income or loss had been eliminated.

(4) Reconciliation information of segment profit (loss)

The segment reports provided to the chief operating decision-maker are measured in a manner consistent with that used for the statement of comprehensive income. There is no difference between the presentation of segment report and income statement and accordingly, no reconciliation is required to be disclosed.

(5) Information on product and service

Details are provided in Note 6(23).

(6) Geographical information

Geographical information for the years ended December 31, 2016 and 2015 is as follows:

	Years ended December 31,			
	2016		2015	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 6,579,404	$ 3,129,151	$ 7,365,500	$ 2,930,038
Asia	1,824,233	79,884	2,299,698	103,064
Others	5,397	73,309	14,835	81,149
	$ 8,409,034	$ 3,282,344	$ 9,680,033	$ 3,114,251

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2016 and 2015 is as follows:

	Years ended December 31,			
	2016		2015	
	Revenue	Segment	Revenue	Segment
A	$ 2,796,776	Gash Point Co., Ltd.	$ 2,119,600	Gash Point Co., Ltd.
B	$ 579,974	Gash Point Co., Ltd.	$ 1,932,935	Gash Point Co., Ltd.

Because players can elect to play online games of other companies after purchasing on-line game stored-value cards issued by Gash Point Co., Ltd., the sales are reclassified as collection and payment on behalf of others. Therefore, the Company cannot calculate the actual sales to a specific customer. The Company discloses the percentage of a specific customer's distribution over the Group's consolidated distribution.

Gamania Digital Entertainment Co., Ltd. and Subsidiaries
Provision of endorsements and guarantees to others
Year ended December 31, 2016

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2016	Outstanding endorsement/ guarantee amount at December 31, 2016	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 4)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 4)	Provision of endorsements/ guarantees to the party in Mainland China (Note 4)	Footnote
0	The Company	MadSugr Digital Technology Co., Ltd.	2	$ 472,781	$ 30,000	$ -	$ -	$ -	-	$ 1,575,936	Y	N	N	
0	The Company	Coture New Media Co., Ltd.	2	472,781	60,000	60,000	-	-	2.53	1,575,936	Y	N	N	
0	The Company	Jollywiz Digital Business Co., Ltd.	3	472,781	102,466	92,896	65,027	-	3.92	1,575,936	Y	N	Y	
1	Jollywiz Digital Technology Co., Ltd.	Jollywiz Digital Business Co., Ltd.	3	472,781	102,466	92,896	46,448	-	4	1,575,936	Y	N	Y	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
(1) The Company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Number 2 means the Company directly owns over 50% of the shares of the subsidiary.
Number 3 means the Company and the subsidiary own over 50% of the shares of the investee company.

Note 3: The Company provides guarantee for the subsidiaries in which the Company directly or indirectly holds more than 50% voting rights. The limit of guarantee for each party is 30% of the Company’s capital, and the maximum amount available for guarantee is the Company’s capital.

Note 4: Y means provision of endorsements / guarantees by parent company to subsidiary, provision of endorsements / guarantees by subsidiary to parent company or provision of endorsements / guarantees to the party in Mainland China.

Gamania Digital Entertainment Co., Ltd. and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2016

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Type of marketable securities (Note 1)	Relationship with the security holders	General ledger account	As of December 31, 2016 Number of shares (in thousands)	Book value	Percentage	Market value (Note 2)	Footnote
The Company	XPEC Entertainment Inc. - Stock	None	Available-for-sale financial assets - non-current	4,907	$ 43,320	2.73	$ 43,320	
The Company	NC Taiwan Co., Ltd. - Stock	None	Available-for-sale financial assets - non-current	2,100	252,819	15.00	252,819	
The Company	Gamemag Interactive Inc. - Stock	None	Available-for-sale financial assets - non-current	460	-	4.00	-	
The Company	Hagame Co., Ltd. - Stock	None	Available-for-sale financial assets - non-current	880	12,140	15.22	12,140	
The Company	Microprogram Co., Ltd. - Stock	None	Available-for-sale financial assets - non-current	1,739	31,849	5.42	31,849	
The Company	Life Plus Co., Ltd. - Stock	None	Available-for-sale financial assets - non-current	3,000	29,990	9.09	29,990	
Gamania Asia Investment Co., Ltd.	Compass Systems Corp. - Stock	None	Available-for-sale financial assets - non-current	1,000	794	3.33	794	
Gamania Asia Investment Co., Ltd.	One Production Film Co., Ltd. - Stock	None	Available-for-sale financial assets - non-current	1,000	28,050	3.57	28,050	
Gamania Asia Investment Co., Ltd.	Aotter Inc.-Stock	None	Available-for-sale financial assets - non-current	104	15,000	14.28	15,000	
Gamania International Holdings Ltd.	Ikala Global Online Corp. - Stock	None	Available-for-sale financial assets - non-current	27,831	26,926	5.76	26,926	
Gamania International Holdings Ltd.	Vantage Metro Limited	None	Available-for-sale financial assets - non-current	133	15,550	1.91	15,550	
Gamania International Holdings Ltd.	Aeria Inc. - Stock	None	Available-for-sale financial assets - non-current	30	11,575	0.57	11,575	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IAS 39, 'Financial instruments: recognition and measurement.'
Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Gamania Digital Entertainment Co., Ltd. and Subsidiaries

Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more

Year ended December 31, 2016

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Description of and reasons for difference in transaction terms compared to non-related party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Name of transaction parties	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit period	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
The Company	Gash Point Co., Ltd.	Subsidiary	Sales	($ 1,792,406)	94%	Note 1	Note 1	Note 1	$ 380,438	90%	Note 2
Gash Point Co., Ltd.	Jsdway Digital Technology Co., Ltd.	Associates	Sales	(516,592)	9%	Note 1	Note 1	Note 1	35,595	3%	Note 2

Note 1: The above represents sales based on merchandise, competitive market and trading situation. There is no similar transaction to compare with.
Note 2: Comprises the sale of point service revenue, sales of services and other operating revenue.

Gamania Digital Entertainment Co., Ltd. and Subsidiaries

Receivables from related parties in excess of $100 million or 20% of capital

December 31, 2016

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Name of creditor	Transaction parties	Relationship	Balance as of December 31, 2016	Turnover rate	Overdue receivables: Amount	Overdue receivables: Action adopted for overdue accounts	Amount collected subsequent to the balance sheet date（Note 1）	Allowance for doubtful accounts	Footnote
The Company	Gash Point Co., Ltd.	Subsidiary	$ 386,664	3.82	$ -	-	$ 329,098	$ 39,066	Note 2 Note 3

Note 1: The subsequent collections represent collections from the balance sheet date to March 16, 2017.

Note 2: The Group considers Gash Point Co., Ltd. to evaluate and to make provision for the allowance for doubtful accounts – non related party, and the amount is accounted for under Allowance for doubtful accounts – non related party in the consolidated financial statements.

Note 3: Includes other receivables.

Gamania Digital Entertainment Co., Ltd. and Subsidiaries

Significant inter-company transactions during the reporting periods

Year ended December 31, 2016

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	The Company	Gash Point Co., Ltd.	1	Sales	$ 1,792,406	Note 4	21.32
0	The Company	Gash Point Co., Ltd.	1	Accounts receivable	380,438	Note 4	4.81
0	The Company	Gash Point Co., Ltd.	1	Other operating revenue	15,229	Note 4	0.18
0	The Company	Gash Point Co., Ltd.	1	Administrative expenses	11,308	Note 4	0.13
0	The Company	Gash Point Co., Ltd.	1	Other payables	11,167	Note 4	0.14
0	The Company	HaPod Digital Technology Co., Ltd	1	Other receivables	14,478	Note 4	0.18
0	The Company	Coture New Media Co., Ltd.	1	Accounts receivable	15,853	Note 4	0.20
0	The Company	Coture New Media Co., Ltd.	1	Service revenue	16,562	Note 4	0.20
0	The Company	Gama Pay Co., Ltd.	1	Accounts receivable	13,033	Note 4	0.16
0	The Company	Gama Pay Co., Ltd.	1	Service revenue	14,177	Note 4	0.17
0	The Company	Gamania Digital Entertainment (Europe) B.V.	1	Other payables	11,636	Note 4	0.15
0	The Company	Conetter CoMarketing Co., Ltd.	1	Other payables	12,610	Note 4	0.16
0	The Company	Conetter CoMarketing Co., Ltd.	1	Advertisement expense	13,593	Note 4	0.16
0	The Company	Ants' Power Co., Ltd.	1	Customer service fee	72,695	Note 4	0.86
0	The Company	Ants' Power Co., Ltd.	1	Other payables	19,301	Note 4	0.24
1	Gash Point Co., Ltd.	Gash Point (Hong Kong) Company Limited	3	Service revenue	39,673	Note 4	0.47
1	Gash Point Co., Ltd.	Cash Media Digital Marketing Co., Ltd.	3	Other receivables	16,220	Note 4	0.20
2	Gash Point (Hong Kong) Company Limited	HaPod Digital Technology Co., Ltd	3	Cost of goods sold	27,172	Note 4	0.32
2	Gash Point (Hong Kong) Company Limited	Cash Media Digital Marketing Co., Ltd.	3	Other receivables	19,585	Note 4	0.25
2	Gash Point (Hong Kong) Company Limited	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	Cost of goods sold	65,784	Note 4	0.78
2	Gash Point (Hong Kong) Company Limited	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	Accounts payable	13,212	Note 4	0.17
3	Conetter CoMarketing Co., Ltd.	HaPod Digital Technology Co., Ltd	3	Service revenue	34,315	Note 4	0.41
3	Conetter CoMarketing Co., Ltd.	Gash Point Co., Ltd.	3	Service revenue	12,045	Note 4	0.14

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3:Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4:There is no similar transaction to compare with. It will follow the agreed price and transaction terms.

Note 5:The disclosure standard reaches above $10,000 for the transaction amount.

Gamania Digital Entertainment Co., Ltd. and Subsidiaries
Information on investee companies (not including investees in Mainland China)
Year ended December 31, 2016

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

				Original investment cost (Note 1)		Shares held as at December 31, 2016					
Company	Name of investee	Location	Main business activities	Balance as at December 31, 2016	Balance as at December 31, 2015	Number of shares	Percentage	Book value	Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
The Company	Gamania Holdings Ltd.	Cayman Islands	Investment holdings	$ 2,404,253	$ 2,369,434	42,777,869	100.00	$ 518,891	($ 117,363)	($ 117,363)	
The Company	Gamania Asia Investment Co., Ltd.	Taiwan	Investment holdings	206,549	171,549	15,600,000	100.00	220,199	35,707	36,417	
The Company	Gamania Digital Entertainment Labuan Holdings, Ltd.	Malaysia	Investment holdings	-	38,994	-	-	-	(94)	(94)	Note 2
The Company	Fundation Digital Entertainment Co., Ltd.	Taiwan	Publishing of magazines and periodicals	220,000	220,000	316,522	100.00	(38)	(148)	(148)	
The Company	Redgate Games Co. Ltd.	Taiwan	Design and research and development of software	297,000	297,000	300,000	100.00	2,217	(106)	(106)	
The Company	Seedo Games Co. Ltd.	Taiwan	Software services	136,000	136,000	8,800,000	38.26	186,513	39,000	15,522	
The Company	Two Tigers Co. Ltd.	Taiwan	Animation production	6,269	6,269	626,892	51.00	6,026	(1,020)	(520)	
The Company	Gash Point Co., Ltd.	Taiwan	Software information and supply of electronic services	169,000	169,000	13,500,000	90.00	211,255	36,842	33,158	
The Company	Global Pursuit Co., Ltd.	Taiwan	IP Commodities authorization	40,000	40,000	4,750,000	100.00	346	(88)	(88)	
The Company	Machi Pictures Co., Ltd.	Taiwan	Movie making and publishing	20,000	20,000	2,000,000	33.33	180	-	-	

Company	Name of investee	Location	Main business activities	Original investment cost (Note 1) Balance as at December 31, 2016	Original investment cost (Note 1) Balance as at December 31, 2015	Shares held as at December 31, 2016 Number of shares	Shares held as at December 31, 2016 Percentage	Shares held as at December 31, 2016 Book value	Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
The Company	Ants' Power Co., Ltd.	Taiwan	Customer services	$ 10,000	$ 10,000	1,000,000	100.00	$ 31,413	$ 19,756	$ 19,756	
The Company	Taiwan e-sports Co., Ltd.	Taiwan	E-sports	56,800	56,800	1,277,101	30.94	797	(11,556)	(3,575)	
The Company	Chuang Meng Shr Ji Co., Ltd.	Taiwan	Venture Capital Industry	30,000	30,000	3,000,000	19.35	22,042	(14,103)	(2,920)	
The Company	WeBackers Co., Ltd.	Taiwan	Crowd funding	19,040	8,400	1,600,000	72.73	1,086	(11,032)	(7,775)	
The Company	Coture New Media Co., Ltd.	Taiwan	Producing TV programs and general advertising services	83,500	27,500	5,600,000	71.57	(10,781)	(75,683)	(43,026)	
The Company	MadSugr Digital Technology Co., Ltd.	Taiwan	Software information and supply of electronic services	45,900	30,600	4,590,000	51.00	9,556	(25,576)	(13,044)	
The Company	Gama Pay Co., Ltd.	Taiwan	Third party payment	240,000	250,000	24,000,000	40.00	185,309	(99,809)	(40,226)	Note 3
The Company	Punch Technologies Co., Ltd.	Taiwan	Software services and sales	10,033	10,033	921,700	100.00	11,058	4,586	4,586	
The Company	NOWnews Network Co., Ltd.	Taiwan	Producing TV programs and general advertising services	104,000	64,000	5,200,000	34.51	97,090	(11,890)	(3,145)	
The Company	Petsmao Co., Ltd.	Taiwan	Wholesale of pet foods and appliances	18,750	15,000	1,875,000	37.50	10,942	(15,895)	(5,961)	
The Company	BeanGo! Co., Ltd.	Taiwan	Communication software	18,500	-	1,850,000	92.50	(3,800)	(24,108)	(22,300)	

Company	Name of investee	Location	Main business activities	Original investment cost (Note 1) Balance as at December 31, 2016	Original investment cost (Note 1) Balance as at December 31, 2015	Shares held as at December 31, 2016 Number of shares	Shares held as at December 31, 2016 Percentage	Shares held as at December 31, 2016 Book value	Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
The Company	Ciirco Inc.	Taiwan	Sales and research and development of software services	$ 20,000	$ -	2,000,000	97.09	($ 624)	($ 22,013)	($ 21,336)	Note 4
The Company	4-Way Voice Cultural Co., Ltd.	Taiwan	Newspaper and magazine publishing	1,900	-	190,000	38.00	1,224	(1,780)	(676)	
Punch Technologies Co., Ltd.	Coco Digital Technology (HK) Co., Ltd.	Hong Kong	Software services and sales	24,884	24,884	6,400,000	100.00	4,209	5,747	5,747	
Gamania Asia Investment Co., Ltd.	Pri-One Marketing Co., Ltd.	Taiwan	Sales and research and development of software	1,500	1,500	150,000	30.00	2,211	(1,732)	(520)	
Gamania Asia Investment Co., Ltd.	Ciirco Inc.	Taiwan	Sales and research and development of software	-	10,000	-	-	-	(22,013)	(37)	Note 4
Gamania Asia Investment Co., Ltd.	UniCube Co., Ltd.	Taiwan	Sales and research and development of software	4,000	4,000	400,000	40.00	1,028	(3,644)	(1,457)	
Gamania Asia Investment Co., Ltd.	Fantasy Fish Digital Games Co., Ltd.	Taiwan	Sales and research and development of software	22,211	22,211	2,443,432	44.08	42,605	44,458	19,641	
Gamania Asia Investment Co., Ltd.	Jsdway Digital Technology Co., Ltd.	Taiwan	Software information and supply of electronic services	55,125	55,125	5,250,000	35.04	58,352	13,075	4,582	
Madsugr Digital Technology Co., Ltd.	Madsugr Digital Technology (HK) Co., Ltd.	Hong Kong	Software information and supply of electronic services	13,179	13,179	3,300,969	100.00	4,073	(9,200)	(9,200)	
Gash Point Co., Ltd.	Gash Point (Japan) Co., Ltd.	Japan	Software information and supply of electronic services	41,874	41,874	600	100.00	26,728	(2,462)	(2,462)	

Company	Name of investee	Location	Main business activities	Original investment cost (Note 1) Balance as at December 31, 2016	Balance as at December 31, 2015	Shares held as at December 31, 2016 Number of shares	Percentage	Book value	Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
Gash Point Co., Ltd.	Gash Point (Hong Kong) Company Limited	Hong Kong	Software information and supply of electronic services	$ 13,704	$ 13,704	750,000	100	$ 90,478	$ 21,470	$ 21,470	
Gash Point Co., Ltd.	Gash Point (Korea) Co., Ltd.	South Korea	Software information and supply of electronic services	11,662	11,662	138,268	100.00	7,307	461	461	
Gash Point Co., Ltd.	Conetter CoMarketing Co., Ltd.	Taiwan	Software information and supply of electronic services	16,250	8,000	1,625,000	52.00	16,434	114	61	Note 5
Gash Point Co., Ltd.	Gama Pay Co., Ltd.	Taiwan	Third party payment	150,000	150,000	15,000,000	25.00	115,818	(99,809)	(24,952)	Note 3
Gamania Holdings Ltd.	Gamania International Holdings Ltd.	Cayman Islands	Investment holdings	2,361,689	2,345,877	73,780,682	100.00	517,748	(116,825)	(116,825)	
Gamania International Holdings Ltd.	Gamania China Holdings Ltd.	Cayman Islands	Investment holdings	1,344,307	1,344,307	41,683,936	98.85	169,972	(38,572)	(38,128)	
Gamania International Holdings Ltd.	Gamania Western Holdings Ltd.	Cayman Islands	Investment holdings	279,608	279,608	8,670,000	100.00	65,510	(1,395)	(1,395)	
Gamania International Holdings Ltd.	Gamania Netherlands Holdings Cooperatief U.A.	Amsterdam	Investment holdings	189,749	189,749	-	100.00	31,832	37	37	
Gamania International Holdings Ltd.	Joymobee Entertainment Co., Ltd.	Hong Kong	Design and research and development of software	127,388	127,388	30,701,775	100.00	10,019	1,952	1,952	
Gamania International Holdings Ltd.	Firedog Creative Co., Ltd.	Hong Kong	Design and research and development of software	10,315	10,315	992,000	40.00	-	-	-	
Gamania International Holdings Ltd.	Achieve Made International Ltd. (BVI)	BVI	Investment holdings	137,063	137,063	6,162,530	52.76	85,854	(33,682)	(21,753)	

Company	Name of investee	Location	Main business activities	Original investment cost (Note 1) Balance as at December 31, 2016	Original investment cost (Note 1) Balance as at December 31, 2015	Shares held as at December 31, 2016 Number of shares	Shares held as at December 31, 2016 Percentage	Shares held as at December 31, 2016 Book value	Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
Gamania International Holdings Ltd.	ACCI Group Limited	Hong Kong	Sales of agricultural products	$ 1,561	$ 1,561	375,000	30.00	$ 1,495	($ 213)	($ 64)	
Gamania International Holdings Ltd.	HaPod Digital Technology Co., Ltd.	Hong Kong	Software services and sales	32,250	32,282	1,000,000	100.00	(5,888)	(30,966)	(30,966)	
Gamania International Holdings Ltd.	GungHo Gamania Co., Ltd.	Hong Kong	Operations of mobile games	118,519	-	3,675,000	49.00	100,353	(37,008)	(18,134)	
Achieve Made International Ltd. (BVI)	Jollywiz Digital Technology Co., Ltd.	Taiwan	E-commerce operations	482,317	482,317	46,000,000	100.00	128,779	(29,613)	(29,613)	
Jollywiz Digital Technology Co., Ltd.	Cyber Look Properties Ltd.-BVI	BVI	Investment holdings	150,105	90,477	4,900,000	100.00	73,069	(1,607)	(1,607)	
Jollywiz Digital Technology Co., Ltd.	Jollywiz International (HK) Co., Ltd.	Hong Kong	E-commerce operations	10,811	10,824	2,600,000	100.00	(14,327)	(22,183)	(22,183)	
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	Cayman Islands	Investment holdings	1,274,520	1,274,520	39,520,000	100.00	11,917	(2,268)	(2,268)	
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	Hong Kong	Software services and sales	97,051	97,040	35,500,000	100.00	148,524	(36,012)	(36,012)	
Gamania Western Holdings Ltd.	Gamania Digital Entertainment (U.S.) Co., Ltd.	U.S.A.	Software services and sales	278,318	278,318	1,440	100.00	65,657	(1,218)	(1,218)	
Gamania Netherlands Holdings Cooperatief U.A.	Gamania Digital Entertainment (Europe) B.V.	Netherlands	Software services and sales	152,554	152,554	500,000	100.00	31,832	37	37	

Note 1: Initial investment amount is translated to NTD at the spot rate at the period end.
Note 2: The liquidation had been completed on May 20, 2016.
Note 3: Formerly named Gash Pay Co., Ltd., and was renamed on August 4, 2016.
Note 4: Mimigigi Digital Technology Co., Ltd. was formerly a subsidiary of Gamania Asia Investment Co., Ltd. and became a subsidiary of the Company due to restructuring in March 2016.
Note 5: Formerly named Gash Media Digital Marketing Co., Ltd., and was renamed on November 1, 2016.

Gamania Digital Entertainment Co., Ltd. and Subsidiaries

Information on investments in Mainland China

Year ended December 31, 2016

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method （Note 1）	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2016		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2016	Net income of investee for the year ended December 31, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2016	Book value of investments in Mainland China as of December 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2016	Footnote (Note 1)
					Remitted to Mainland China	Remitted back to Taiwan							
Gamania Digital Entertainment (Beijing) Co., Ltd.	Design and sales of software	$ 1,107,008	Investment through a holding company registered in a country other than Taiwan and Mainland China	$ 834,308	$ -	$ -	$ 834,308	($ 1,897)	98.85	($ 1,875)	$ 8,270	$ -	Note 2
MoNoKos Studio Technology Co., Ltd.	Research and development of software	-	Investment through a holding company registered in a country other than Taiwan and Mainland China	48,375	-	-	48,375	-	-	-	-	-	Note 3
Legion Technology (Shanghai) Co., Ltd.	E-commerce operations	123,872	Investment through a holding company registered in a country other than Taiwan and Mainland China	127,388	-	-	127,388	(5,339)	52.76	(2,817)	45,141	-	Note 4

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method （Note 1）	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year nded December 31, 2016		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2016	Net income of investee for the year ended December 31, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2016	Book value of investments in Mainland China as of December 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2016	Footnote (Note 1)
					Remitted to Mainland China	Remitted back to Taiwan							
Jollywiz Digital Business Co., Ltd.	E-commerce operations	$ 23,465	Investment through a holding company registered in Mainland China	$ -	$ -	$ -	$ -	$ 12,786	52.76	$ 6,746	$ 10,336	$ -	Note 4
Ju Shr Da Jiu (Shanghai) International Trading Co., Ltd.	Sales of agricultural productrs	15,680	Investment through a holding company registered in Mainland China	-	-	-	-	(2,942)	29.66	(873)	3,774	-	Note 5

Note 1: The accumulated remittance as of January 1, 2016, remitted or collected this period, accumulated as of December 31, 2016 was translated into New Taiwan Dollars at the average exchange rate of NTD32.25 to US$1 and RMB4.617 to US$1 at the balance sheet date.

Note 2: The investment loss of the investee company, Gamania Digital Entertainment (Beijing) Co., Ltd., for the year ended December 31, 2016 was recognised based on the indirect weighted-average ownership percentage of 98.85% and on their financial statements for the corresponding period, which were audited.

Note 3: MoNokos Studio Technology Co., Ltd. completed liquidation proceedings on September 22, 2013. However, the investment amount has not yet been remitted back to Taiwan as of December 31, 2016.

Note 4: The financial information was recognised based on the financial statements that were audited and attested by other independent accountants (the international accounting firm which has cooperative relationship with the accounting firm in R.O.C) for the same period end.

Note 5:The investment lost of the investee company, Ju Shr Da Jiu (Shanghai) International Trading Co., Ltd. for the year ended December 31, 2016 was recognised based on indirect weighted-average ownership percentage of 29.66% and on their financial statements for the corresponding period, which were audited.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2016	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The Company (Note 1)	$ 882,683	$ 1,353,307	$ 1,421,047
Jollywiz Digital Technology Co., Ltd. (Notes 1 and 2)	127,388	127,387	77,267

Note 1: The total investment amount approved by the Investment Commission, MOEA, was USD45,913 thousand or NTD1,480,694 based on 32.25 spot exchange rate at December 31, 2016.

Note 2: Ceiling of $74,520 is calculated based on Jollywiz Digital Technology Co., Ltd.'s net assets as of December 31, 2016. The ceiling on investments was $126,693 when applying for approval for investments. Investment amount was translated based on 32.25 spot exchange rate at December 31, 2016.