

**GAMANIA DIGITAL ENTERTAINMENT CO.,
LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
SEPTEMBER 30, 2019 AND 2018**

For the convenience of readers and for information purpose only, the auditors' review 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' review report and financial statements shall prevail.



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REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

PWCR19001643

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Gamania Digital Entertainment Co., Ltd. and subsidiaries (the “Group”) as at September 30, 2019 and 2018, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the related consolidated statements of changes in equity and of cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity” in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Notes 4(3)B and 6(8), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method were not reviewed by independent accountants. Those statements reflect total assets (including investments accounted for using equity method) of \$2,226,904 thousand and \$1,991,379 thousand, constituting 24% and 21% of the consolidated total assets, and total liabilities of \$535,412 thousand and \$477,051 thousand, constituting 13% and 10% of the consolidated total liabilities as at September 30, 2019 and 2018, respectively, and total comprehensive income (loss) (including share of profit (loss) of associates and joint ventures accounted for using equity method) of \$67,735 thousand, (\$13,608) thousand, (\$132,932) thousand and



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(\$78,832) thousand, constituting 20%, (2%), (19%) and (6%) of the consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2019 and 2018, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of insignificant consolidated subsidiaries and investments accounted for using equity method been reviewed by independent accountants, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2019 and 2018, and of its consolidated financial performance for the three months and nine months ended September 30, 2019 and 2018, and its consolidated cash flows for the nine months ended September 30, 2019 and 2018, in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Lin, Yi-Fan

Penny Pan

For and on behalf of PricewaterhouseCoopers, Taiwan

November 12, 2019

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 review 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 review 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
SEPTEMBER 30, 2019, DECEMBER 31, 2018 AND SEPTEMBER 30, 2018
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2019 and 2018 are reviewed, not audited)

Assets	Notes	September 30, 2019		December 31, 2018		September 30, 2018		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 2,138,097	23	\$ 2,796,729	29	\$ 2,840,515	30
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		-	-	200,150	2	-	-
1150	Notes receivable, net	6(3)	1,732	-	1,452	-	249	-
1170	Accounts receivable, net	6(3)	1,314,814	14	921,055	9	1,151,589	12
1180	Accounts receivable - related	7						
	parties, net		17,106	-	51,704	1	7,304	-
1200	Other receivables	6(4)	264,857	3	401,614	4	315,031	3
1210	Other receivables - related parties	7	3,894	-	13,657	-	37,213	-
1220	Current income tax assets		31,405	-	6,057	-	5,310	-
130X	Inventory	6(5)	95,339	1	101,319	1	90,234	1
1410	Prepayments	6(6)	600,922	7	627,464	6	552,245	6
1470	Other current assets	8	103,402	1	179,563	2	64,539	1
11XX	Total current assets		<u>4,571,568</u>	<u>49</u>	<u>5,300,764</u>	<u>54</u>	<u>5,064,229</u>	<u>53</u>
Non-current assets								
1517	Financial assets at fair value	6(7)						
	through other comprehensive							
	income - non-current		565,121	6	461,952	5	475,338	5
1550	Investments accounted for under	6(8)						
	equity method		201,729	2	227,574	2	496,214	5
1600	Property, plant and equipment	6(9) and 8	2,863,412	31	2,896,310	29	2,735,790	29
1755	Right-of-use assets	6(10)	65,282	1	-	-	-	-
1780	Intangible assets	6(12)	810,960	9	737,468	8	533,258	6
1840	Deferred income tax assets	6(30)	122,085	1	142,103	1	122,708	1
1900	Other non-current assets	6(13) and 8	76,113	1	57,241	1	41,113	1
15XX	Total non-current assets		<u>4,704,702</u>	<u>51</u>	<u>4,522,648</u>	<u>46</u>	<u>4,404,421</u>	<u>47</u>
1XXX	Total assets		<u>\$ 9,276,270</u>	<u>100</u>	<u>\$ 9,823,412</u>	<u>100</u>	<u>\$ 9,468,650</u>	<u>100</u>

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GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2019, DECEMBER 31, 2018 AND SEPTEMBER 30, 2018
(Expressed in thousands of New Taiwan dollars)

(The balance sheets as of September 30, 2019 and 2018 are reviewed, not audited)

Liabilities and Equity	Notes	September 30, 2019		December 31, 2018		September 30, 2018		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(14)	\$ 958,204	10	\$ 139,613	1	\$ 74,195	1
2130	Current contract liabilities	6(25)	510,519	6	452,619	5	529,018	6
2150	Notes payable		2,475	-	2,441	-	13,234	-
2170	Accounts payable		556,419	6	634,764	7	604,415	6
2180	Accounts payable - related parties	7	182	-	9,677	-	37,115	-
2200	Other payables	6(15)	1,339,703	15	1,772,141	18	1,668,371	18
2220	Other payables - related parties	7	99,675	1	157,915	1	162,403	2
2230	Current income tax liabilities		19,355	-	421,726	4	323,229	3
2280	Current lease liabilities	7	19,451	-	-	-	-	-
2300	Other current liabilities	6(16)	239,909	3	196,535	2	228,892	2
21XX	Total current liabilities		<u>3,745,892</u>	<u>41</u>	<u>3,787,431</u>	<u>38</u>	<u>3,640,872</u>	<u>38</u>
Non-current liabilities								
2540	Long-term borrowings	6(18)	280,000	3	800,000	8	1,060,000	11
2570	Deferred income tax liabilities		60,913	1	59,996	1	18,512	1
2580	Lease liabilities - non-current	7	46,046	-	-	-	-	-
2600	Other non-current liabilities	6(19)	16,501	-	17,255	-	6,201	-
25XX	Total non-current liabilities		<u>403,460</u>	<u>4</u>	<u>877,251</u>	<u>9</u>	<u>1,084,713</u>	<u>12</u>
2XXX	Total liabilities		<u>4,149,352</u>	<u>45</u>	<u>4,664,682</u>	<u>47</u>	<u>4,725,585</u>	<u>50</u>
Equity attributable to owners of parent								
Share capital								
3110	Share capital - common stock	6(21)	1,754,936	19	1,754,936	18	1,754,936	19
Capital surplus								
3200	Capital surplus		1,293,264	14	1,140,786	11	1,165,799	12
Retained earnings								
3310	Legal reserve		175,997	2	-	-	-	-
3320	Special reserve		199,195	2	-	-	-	-
3350	Unappropriated retained earnings		1,285,132	14	2,089,075	21	1,794,787	19
Other equity interest								
3400	Other equity interest	6(24)	(155,527)	(2)	(199,195)	(1)	(192,315)	(2)
3500	Treasury stocks	6(21)	-	-	(64,623)	(1)	(64,623)	(1)
31XX	Equity attributable to owners of the parent		<u>4,552,997</u>	<u>49</u>	<u>4,720,979</u>	<u>48</u>	<u>4,458,584</u>	<u>47</u>
36XX	Non-controlling interest		<u>573,921</u>	<u>6</u>	<u>437,751</u>	<u>5</u>	<u>284,481</u>	<u>3</u>
3XXX	Total equity		<u>5,126,918</u>	<u>55</u>	<u>5,158,730</u>	<u>53</u>	<u>4,743,065</u>	<u>50</u>
Significant contingent liabilities and unrecorded contract commitments								
Significant events after the balance sheet date								
3X2X	Total liabilities and equity		<u>\$ 9,276,270</u>	<u>100</u>	<u>\$ 9,823,412</u>	<u>100</u>	<u>\$ 9,468,650</u>	<u>100</u>

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

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except earnings per share data)
(REVIEWED, NOT AUDITED)

Items	Notes	Three months ended September 30				Nine months ended September 30				
		2019		2018		2019		2018		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(25) and 7	\$ 2,383,488	100	\$ 3,273,645	100	\$ 7,281,161	100	\$ 11,634,895	100
5000	Operating costs	6(29) and 7	(1,315,742)	(55)	(1,900,013)	(58)	(4,204,082)	(58)	(7,754,576)	(67)
5950	Gross profit		<u>1,067,746</u>	<u>45</u>	<u>1,373,632</u>	<u>42</u>	<u>3,077,079</u>	<u>42</u>	<u>3,880,319</u>	<u>33</u>
	Operating expenses	6(29) and 7								
6100	Selling expenses		(197,997)	(8)	(297,692)	(9)	(964,617)	(13)	(965,792)	(8)
6200	General and administrative expenses		(356,865)	(15)	(432,209)	(13)	(926,498)	(13)	(1,032,683)	(9)
6300	Research and development expenses		(108,704)	(5)	(74,705)	(3)	(278,812)	(4)	(193,905)	(2)
6450	Expected credit impairment loss (gain)	12(2)	<u>4,095</u>	<u>-</u>	<u>(608)</u>	<u>-</u>	<u>1,845</u>	<u>-</u>	<u>(2,146)</u>	<u>-</u>
6000	Total operating expenses		<u>(659,471)</u>	<u>(28)</u>	<u>(805,214)</u>	<u>(25)</u>	<u>(2,168,082)</u>	<u>(30)</u>	<u>(2,194,526)</u>	<u>(19)</u>
6900	Operating income		<u>408,275</u>	<u>17</u>	<u>568,418</u>	<u>17</u>	<u>908,997</u>	<u>12</u>	<u>1,685,793</u>	<u>14</u>
	Non-operating income and expenses									
7010	Other income	6(26) and 7	8,683	-	11,931	-	30,706	1	32,400	-
7020	Other gains and losses	6(27) and 7	8,818	1	83,715	3	17,913	-	137,806	1
7050	Finance costs	6(28)	(5,298)	-	(5,524)	-	(13,902)	-	(20,717)	-
7060	Share of loss of associates and joint ventures accounted for under equity method	6(8)	<u>(20,673)</u>	<u>(1)</u>	<u>(16,799)</u>	<u>(1)</u>	<u>(56,044)</u>	<u>(1)</u>	<u>(53,290)</u>	<u>-</u>
7000	Total non-operating income and expenses		<u>(8,470)</u>	<u>-</u>	<u>73,323</u>	<u>2</u>	<u>(21,327)</u>	<u>-</u>	<u>96,199</u>	<u>1</u>
7900	Profit before income tax		399,805	17	641,741	19	887,670	12	1,781,992	15
7950	Income tax expense	6(30)	<u>(87,950)</u>	<u>(4)</u>	<u>(131,284)</u>	<u>(4)</u>	<u>(242,090)</u>	<u>(3)</u>	<u>(389,845)</u>	<u>(3)</u>
8200	Profit for the period		<u>\$ 311,855</u>	<u>13</u>	<u>\$ 510,457</u>	<u>15</u>	<u>\$ 645,580</u>	<u>9</u>	<u>\$ 1,392,147</u>	<u>12</u>

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GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except earnings per share data)
(REVIEWED, NOT AUDITED)

Items	Notes	Three months ended September 30				Nine months ended September 30					
		2019		2018		2019		2018			
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%		
Other comprehensive income											
Components of other comprehensive income that will not be reclassified to profit or loss											
8316	Unrealised profit (loss) on investment in equity instruments at fair value through other comprehensive income	6(7)		\$ 25,297	1	\$ 62,084	2	\$ 21,202	-	(\$ 45,045)	-
8320	Share of other comprehensive loss of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss	6(24)		(19)	-	-	-	(506)	-	-	-
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss			<u>25,278</u>	<u>1</u>	<u>62,084</u>	<u>2</u>	<u>20,696</u>	<u>-</u>	<u>(45,045)</u>	<u>-</u>
Components of other comprehensive income that will be reclassified to profit or loss											
8361	Financial statements translation differences of foreign operations			(2,779)	-	(800)	-	16,550	-	(3,424)	-
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss	6(24)		(36)	-	38	-	490	-	6,731	-
8360	Other comprehensive income (loss) that will be reclassified to profit or loss			<u>(2,815)</u>	<u>-</u>	<u>(762)</u>	<u>-</u>	<u>17,040</u>	<u>-</u>	<u>3,307</u>	<u>-</u>
8300	Total other comprehensive income (loss) for the period			<u>\$ 22,463</u>	<u>1</u>	<u>\$ 61,322</u>	<u>2</u>	<u>\$ 37,736</u>	<u>-</u>	<u>(\$ 41,738)</u>	<u>-</u>
8500	Total comprehensive income for the period			<u>\$ 334,318</u>	<u>14</u>	<u>\$ 571,779</u>	<u>17</u>	<u>\$ 683,316</u>	<u>9</u>	<u>\$ 1,350,409</u>	<u>12</u>
Profit (loss) attributable to:											
8610	Owners of the parent			\$ 319,503	13	\$ 528,179	16	\$ 683,021	9	\$ 1,458,210	13
8620	Non-controlling interest			(7,648)	-	(17,722)	(1)	(37,441)	-	(66,063)	(1)
				<u>\$ 311,855</u>	<u>13</u>	<u>\$ 510,457</u>	<u>15</u>	<u>\$ 645,580</u>	<u>9</u>	<u>\$ 1,392,147</u>	<u>12</u>
Comprehensive income (loss) attributable to:											
8710	Owners of the parent			\$ 341,083	14	\$ 588,667	18	\$ 714,951	9	\$ 1,426,088	13
8720	Non-controlling interest			(6,765)	-	(16,888)	(1)	(31,635)	-	(75,679)	(1)
				<u>\$ 334,318</u>	<u>14</u>	<u>\$ 571,779</u>	<u>17</u>	<u>\$ 683,316</u>	<u>9</u>	<u>\$ 1,350,409</u>	<u>12</u>
Earnings per share (in dollars)											
9750	Basic earnings per share	6(31)		<u>\$ 1.84</u>		<u>\$ 3.11</u>		<u>\$ 3.93</u>		<u>\$ 8.59</u>	
9850	Diluted earnings per share	6(31)		<u>\$ 1.83</u>		<u>\$ 3.09</u>		<u>\$ 3.88</u>		<u>\$ 8.43</u>	

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
NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	Capital Reserves				Equity attributable to owners of the parent				Other Equity Interest			Non-controlling interest	Total equity	
		Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealised gain or loss on available-for-sale financial assets	Treasury stocks			Total
2018															
Balance at January 1, 2018		\$ 1,750,281	\$ 971,484	\$ 24,234	\$ 37,327	\$ -	\$ -	(\$ 14,270)	(\$ 73,262)	\$ -	\$ 279,076	(\$ 186,226)	\$ 2,788,644	\$ 347,169	\$ 3,135,813
Effect of retrospective application and retrospective restatement		-	-	-	-	-	-	365,436	-	(86,360)	(279,076)	-	-	-	-
Balance at January 1 after adjustments		1,750,281	971,484	24,234	37,327	-	-	351,166	(73,262)	(86,360)	-	(186,226)	2,788,644	347,169	3,135,813
Profit (loss) for the period		-	-	-	-	-	-	1,458,210	-	-	-	-	1,458,210	(66,063)	1,392,147
Other comprehensive income (loss) for the period		-	-	-	-	-	-	-	12,923	(45,045)	-	-	(32,122)	(9,616)	(41,738)
Total comprehensive income (loss)		-	-	-	-	-	-	1,458,210	12,923	(45,045)	-	-	1,426,088	(75,679)	1,350,409
Appropriations of 2017 retained earnings	6(23)														
Capital surplus used to cover accumulated deficit		-	(14,270)	-	-	-	-	14,270	-	-	-	-	-	-	-
Cash dividends from capital reserve		-	(84,298)	-	-	-	-	-	-	-	-	-	(84,298)	-	(84,298)
Convertible securities conversion		4,655	14,059	-	(625)	-	-	-	-	-	-	-	18,089	-	18,089
Transfer of treasury stocks to employees	6(20)	-	-	197	196,140	-	-	-	-	-	-	121,603	317,940	-	317,940
Change in equity of associates and joint ventures accounted for using equity method	6(8)	-	-	-	17,799	-	-	(6,820)	-	-	-	-	10,979	-	10,979
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(32)	-	-	-	3,752	-	-	(22,610)	-	-	-	-	(18,858)	-	(18,858)
Others		-	-	-	-	-	-	571	-	(571)	-	-	-	-	-
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	-	12,991	12,991
Balance at September 30, 2018		\$ 1,754,936	\$ 886,975	\$ 24,431	\$ 254,393	\$ -	\$ -	\$ 1,794,787	(\$ 60,339)	(\$ 131,976)	\$ -	(\$ 64,623)	\$ 4,458,584	\$ 284,481	\$ 4,743,065
2019															
Balance at January 1, 2019		\$ 1,754,936	\$ 886,975	\$ 220,571	\$ 33,240	\$ -	\$ -	\$ 2,089,075	(\$ 53,488)	(\$ 145,707)	\$ -	(\$ 64,623)	\$ 4,720,979	\$ 437,751	\$ 5,158,730
Profit (loss) for the period		-	-	-	-	-	-	683,021	-	-	-	-	683,021	(37,441)	645,580
Other comprehensive income (loss) for the period		-	-	-	-	-	-	-	11,234	20,696	-	-	31,930	5,806	37,736
Total comprehensive income (loss)		-	-	-	-	-	-	683,021	11,234	20,696	-	-	714,951	(31,635)	683,316
Appropriations of 2018 retained earnings	6(23)														
Legal reserve		-	-	-	-	175,997	-	(175,997)	-	-	-	-	-	-	-
Special reserve		-	-	-	-	-	199,195	(199,195)	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	(1,074,222)	-	-	-	-	(1,074,222)	-	(1,074,222)
Change in equity of associates and joint ventures accounted for using equity method	6(8)	-	-	-	1,254	-	-	-	-	-	-	-	1,254	-	1,254
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(32)	-	-	-	64,963	-	-	(25,812)	-	-	-	-	39,151	180,336	219,487
Treasury share distributed to employees	6(20)	-	-	86,261	-	-	-	-	-	-	-	64,623	150,884	-	150,884
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	-	(12,531)	(12,531)
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	-	-	-	-	-	(11,738)	-	11,738	-	-	-	-	-
Balance at September 30, 2019		\$ 1,754,936	\$ 886,975	\$ 306,832	\$ 99,457	\$ 175,997	\$ 199,195	\$ 1,285,132	(\$ 42,254)	(\$ 113,273)	\$ -	\$ -	\$ 4,552,997	\$ 573,921	\$ 5,126,918

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

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	2019	2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 887,670	\$ 1,781,992
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment (gain) loss		(1,845)	2,146
Depreciation	6(29)	117,921	80,414
Amortisation	6(12)(29)	137,154	92,980
(Gain) loss on financial assets or liabilities at fair value through profit or loss	6(27)		
		(902)	5
Share-based payments	6(20)	86,303	196,140
Share of loss of associates accounted for using equity method	6(8)		
		56,044	53,290
Gain on disposal of property, plant and equipment	6(27)	(971)	(44,704)
Intangible assets transferred to other loss and expenses	6(12)		
		1,743	4,898
Gain on disposal of investment	6(27)	(6,048)	(79,857)
Interest income	6(26)	(18,991)	(10,073)
Interest expense	6(28)	13,902	20,717
Dividend income		(482)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(280)	238
Accounts receivable		(389,021)	1,012,343
Accounts receivable - related parties		34,598	32,590
Other receivables		133,864	(188,356)
Other receivables - related parties		9,763	(33,403)
Inventories		5,980	(19,153)
Prepayments		(27,686)	(238,800)
Other current assets		14,242	(6,095)
Other non-current assets		511	-
Changes in operating liabilities			
Contract liabilities - current		45,243	53,162
Notes payable		34	(306)
Accounts payable		(78,345)	(799,023)
Accounts payable - related parties		(9,495)	(109,065)
Other payables		(394,989)	1,107,689
Other payables - related parties		(42,501)	133,038
Other current liabilities		56,032	(439,778)
Other non-current liabilities		25	18
Cash inflow generated from operations		629,473	2,603,047
Interest received		18,991	10,073
Dividends received		2,043	13,469
Interest paid		(13,902)	(20,682)
Income tax paid		(648,874)	(45,747)
Net cash (used in) provided by operating activities		(12,269)	2,560,160

(Continued)

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 190,000)	\$ -
Proceeds from disposal of financial assets at fair value through profit or loss		391,052	-
Acquisition of financial assets at fair value through other comprehensive income		(81,376)	-
Acquisition of investments accounted for using equity method	6(8)	(30,000)	(28,561)
Acquisition of subsidiaries (deduction of cash received)		-	(42,131)
Acquisition of property, plant and equipment	6(34)	(61,807)	(90,339)
Proceeds from disposal of property, plant and equipment	6(34)	1,279	89,383
Acquisition of intangible assets	6(34)	(209,677)	(67,086)
Proceeds from disposal of intangible assets	6(34)	2,409	8,649
Decrease (increase) in other financial assets		54,317	(1,957)
(Increase) decrease in other non-current assets		(8,306)	10,778
(Increase) decrease in refundable deposits		(3,474)	2,505
Net cash used in investing activities		(135,583)	(118,759)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(35)	817,113	-
Repayment of short-term borrowings	6(35)	-	(767,952)
Repayment of long-term borrowings	6(35)	(520,000)	(248,571)
Purchase of treasury shares by subsidiaries	6(32)	(4,017)	-
Increase in subsidiaries capital from non-controlling interest	6(32)	244,883	10,000
Decrease in guarantee deposit received		(777)	-
Payment of lease liabilities	6(35)	(19,195)	-
Distribution of cash from capital surplus		-	(84,298)
Sale of treasury shares to employees		64,581	121,800
Cash dividends paid	6(23)	(1,074,222)	-
Acquisition of additional equity interest in subsidiaries	6(32)	(24,343)	(14,500)
Redemption of convertible bonds		-	(100)
Net cash used in financing activities		(515,977)	(983,621)
Effect of exchange rate changes on cash and cash equivalents		5,197	2,705
Net (decrease) increase in cash and cash equivalents		(658,632)	1,460,485
Cash and cash equivalents at beginning of period		2,796,729	1,380,030
Cash and cash equivalents at end of period		\$ 2,138,097	\$ 2,840,515

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

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
 (Expressed in thousands of New Taiwan Dollars, except as otherwise indicated)
 (REVIEWED, NOT AUDITED)

1. HISTORY AND ORGANISATION

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 AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were reported to the Board of Directors on November 12, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

IFRS 16, ‘Leases’

A. IFRS 16, ‘Leases’, replaces IAS 17, ‘Leases’ and related interpretations and SICs. The standard requires lessees to recognise a ‘right-of-use asset’ and a lease liability (except for those leases with

terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

- B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the ‘modified retrospective approach’) when applying “IFRSs” effective in 2019 as endorsed by the FSC. Accordingly, the Group increased ‘right-of-use asset’ and ‘lease liability’ both by \$66,716 with respect to the lease contracts of lessees on January 1, 2019.
- C. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
- (a) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.
 - (b) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
 - (c) The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of \$9,026 was recognised for the nine months ended September 30, 2019.
- D. The Group calculated the present value of lease liabilities by using weighted average incremental borrowing interest rate ranging from 0.94% to 1.40%.
- E. The Group recognised lease liabilities which had previously been classified as ‘operating leases’ under the principles of IAS 17, ‘Leases’. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	\$	74,215
Less: Short-term leases	(	9,026)
Add: Lease contracts previously identified as service agreements		17,149
Less: Contracts reassessed as service agreements	(	<u>15,290)</u>
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019		67,048
Incremental borrowing interest rate at the date of initial application		<u>0.94%~1.40%</u>
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	\$	<u><u>66,716</u></u>

(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 endorsed by the FSC effective from 2020 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date by the International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, ‘Disclosure Initiative-Definition of Material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance 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 IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date by the International Accounting Standards Board</u>
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2021

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2018, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as 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” and the International Accounting Standard 34, ‘Interim financial reporting’ as endorsed by the FSC.

(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) Financial assets at fair value through other comprehensive income.
 - (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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated 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 (%)			Description
			September 30, 2019	December 31, 2018	September 30, 2018	
Gamania Digital Entertainment Co., Ltd.	Gamania Holdings Ltd. (GH)	Holding company	100	100	100	
Gamania Holdings Ltd. (GH)	Gamania International Holdings Ltd. (GIH)	Investment holdings	100	100	100	
Gamania International Holdings Ltd. (GIH)	Gamania China Holdings Ltd.	Investment holdings	98.85	98.85	98.85	
Gamania International Holdings Ltd. (GIH)	Gamania Western Holdings Ltd.	Investment holdings	100	100	100	Notes 1 and 2
Gamania International Holdings Ltd. (GIH)	Gamania Netherlands Holdings Cooperatief U.A. (GNH)	Investment holdings	-	100	100	Notes 1, 2 and 12
Gamania International Holdings Ltd. (GIH)	Joymabee Entertainment Co., Ltd.	Software services	100	100	100	Notes 1 and 2
Gamania International Holdings Ltd. (GIH)	Achieve Made International Ltd. (AMI)	Investment holdings	42.06	50.07	50.07	Notes 1, 2 and 10
Gamania International Holdings Ltd. (GIH)	HaPod Digital Technology Co., Ltd.	Software services and sales	100	100	100	Notes 1 and 2
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	Investment holdings	100	100	100	Notes 1 and 2
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	Software services and sales	100	100	100	Notes 1 and 2
Gamania Netherlands Holdings Cooperatief U.A.	Gamania Digital Entertainment (Europe) B.V. (GEU)	Software services and sales	-	100	100	Notes 1, 2 and 12

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			September 30, 2019	December 31, 2018	September 30, 2018	
Gamania Western Holdings Ltd.	Gamania Digital Entertainment (U.S.) Co., Ltd. (GUS)	Software services and sales	-	100	100	Notes 1, 2 and 12
Gamania Sino Holdings Ltd.	Gamania Digital Entertainment (Beijing) Co., Ltd.	Design, research and development and sales of software	100	100	100	
Achieve Made International Ltd. (AMI)	Jollywiz Digital Technology Co., Ltd.	Information and supply of electronic services	100	100	100	Notes 1 and 2
Achieve Made International Ltd. (AMI)	Jollywiz International (HK) Co., Ltd.	Information and supply of electronic services	86.73	86.73	76.58	Notes 1, 2 and 3
Jollywiz Digital Technology Co., Ltd.	Cyber Look Properties Ltd.	Investment holdings	100	100	100	Notes 1 and 2
Jollywiz Digital Technology Co., Ltd.	Jollywiz International (HK) Co., Ltd.	Information and supply of electronic services	13.27	13.27	23.42	Notes 1, 2 and 3
Jollywiz Digital Technology Co., Ltd.	Bjolly Co., Ltd.	Information and supply of electronic services	52.27	52.27	52.27	Notes 1, 2 and 4
Cyber Look Properties Ltd.	Legion Technology (Shanghai) Co., Ltd.	Information and supply of electronic services	100	100	100	Notes 1 and 2
Legion Technology (Shanghai) Co., Ltd.	Jollywiz Digital Business Co., Ltd.	Information and supply of electronic services	100	100	100	Notes 1 and 2
Gamania Digital Entertainment Co., Ltd.	Gamania Asia Investment Co., Ltd. (Gamania Asia)	Investment company	100	100	100	Notes 1 and 2
Gamania Digital Entertainment Co., Ltd.	Ciirco Inc. (Ciirco)	Software services	99.69	99.57	99.57	Notes 1 and 2
Gamania Digital Entertainment Co., Ltd.	Fundation Digital Entertainment Co., Ltd. (Fundation)	Publishing of magazines and periodicals	100	100	100	Notes 1 and 2

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			September 30, 2019	December 31, 2018	September 30, 2018	
Gamania Digital Entertainment Co., Ltd.	JollyBuy Digital Tech. Co., Ltd. (JollyBuy)	Information and supply of electronic services	94.31	100	100	Notes 1, 2 and 5
Gamania Digital Entertainment Co., Ltd.	Two Tigers Co., Ltd. (Two Tigers)	Animation production	51	51	51	Notes 1 and 2
Gamania Digital Entertainment Co., Ltd.	Gash Point Co., Ltd. (Gash Point)	Software information and supply of electronic services	90	90	90	
Gamania Digital Entertainment Co., Ltd.	Ants' Power Co., Ltd. (Ants' Power)	Customer service	100	100	100	Notes 1 and 2
Gamania Digital Entertainment Co., Ltd.	Indiland Co., Ltd. (Indiland)	IP commodities authorisation	100	100	100	Notes 1 and 2
Gamania Digital Entertainment Co., Ltd.	We Backers Co., Ltd. (We Backers)	Crowd funding	93.38	91.67	91.67	Notes 1 and 2
Gamania Digital Entertainment Co., Ltd.	BeanGo! Co., Ltd. (BeanGo!)	Software services	100	100	100	Notes 1 and 2
Gamania Digital Entertainment Co., Ltd.	MadSugr Digital Technology Co., Ltd. (MadSugr)	Software services and sales	51	51	51	Notes 1 and 2
Gamania Digital Entertainment Co., Ltd.	Coture New Media Co., Ltd. (Coture New Media)	Online media production	92.54	92.54	92.54	Notes 1 and 2
Gamania Digital Entertainment Co., Ltd.	GAMA PAY Co., Ltd. (GAMA PAY)	Third-Party Payment	66.79	48.57	48.57	Notes 1 and 6
Gamania Digital Entertainment Co., Ltd.	Coco Digital Technology Co., Ltd. (Coco)	Software services and sales	100	100	100	Notes 1 and 2
Gamania Digital Entertainment Co., Ltd.	NOWnews Network Co., Ltd. (NOWnews)	Broadcast and TV shows production	79.04	78.70	78.69	Notes 1, 2 and 7
Gamania Digital Entertainment Co., Ltd.	Digicentre Company Limited (Digicentre)	Software services	67.48	66.96	-	Notes 1 and 8

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			September 30, 2019	December 31, 2018	September 30, 2018	
Gash Point Co., Ltd.	Gash Point (Hong Kong) Company Limited	Software information and supply of electronic services	100	100	100	
Gash Point Co., Ltd.	Gash Point (Japan) Co., Ltd.	Software information and supply of electronic services	100	100	100	Notes 1 and 2
Gash Point Co., Ltd.	Gash Point Korea Co., Ltd.	Software information and supply of electronic services	100	100	100	Notes 1 and 2
Gash Point Co., Ltd.	GAMA PAY Co., Ltd. (GAMA PAY)	Third-Party Payment	16.07	21.43	21.43	Notes 1 and 6
Gash Point Co., Ltd.	Conetter CoMarketing Co., Ltd. (Conetter)	Software services	79.98	84	84	Notes 1 and 2
MadSugr Digital Technologies Co., Ltd.	MadSugr Digital Technology (HK) Co., Ltd.	Software services and sales	100	100	100	Notes 1 and 2
Coco Digital Technologies Co., Ltd.	Coco Digital Technology (HK) Co., Ltd. (Coco (HK))	Software services and sales	-	100	100	Notes 1, 2 and 12
Ciirco Inc.	Ciirco (HK) Co., Ltd.	Software services	100	100	100	Notes 1 and 2
Gamania Asia Investment Co., Ltd	The China Post Co., Ltd.	Newspaper and magazine publishing	100	100	100	Notes 1 and 2
Gamania Asia Investment Co., Ltd.	Bjolly Co., Ltd.	Information and supply of electronic services	2.27	2.27	2.27	Notes 1, 2, 4 and 9
Digicentre Company Limited	Digicentre (HK) Company Limited	Software services	100	100	-	Notes 1 and 8
Digicentre Company Limited	Hyperg Smart Security Technology Pte. Ltd.	Software services	100	-	-	Notes 1 and 11

- Note 1: The financial statements of the entity as of and for the nine months ended September 30, 2019 were not reviewed by independent accountants as the entity did not meet the definition of a significant subsidiary.
- Note 2: The financial statements of the entity as of and for the nine months ended September 30, 2018 were not reviewed by independent accountants as the entity did not meet the definition of a significant subsidiary.
- Note 3: The Company's subsidiaries, Achieve Made International Ltd. and Jollywiz Digital Technology Co., Ltd., held an 86.73% and 13.27% equity interest of Jollywiz International (HK) Co., Limited, respectively, and had control over the investee, thus, the investee was included in the consolidated financial statements.
- Note 4: The Company's subsidiaries, Jollywiz Digital Technology Co., Ltd. and Gamania Asia, held a 52.27% and 2.27% equity interest in the investee, respectively, and had control over the investee, thus, the investee was included in the consolidated financial statements.
- Note 5: On September 12, 2018, Redgate Games Co., Ltd. was renamed as JollyBuy Digital Technology Co., Ltd..
- Note 6: The Company and Gash Point Co., Ltd. held a 66.79% and 16.07% equity interest in the investee, respectively. The Company and Gash Point Co., Ltd. jointly held half seats in the Board of Directors, and had control over the investee, thus, the investee was included in the consolidated financial statements.
- Note 7: On September 27, 2018, the Company acquired additional 33.55% equity of NOWnews and accordingly, the Company's ownership percentage increased from 45.14% to 78.69%. NOWnews was included in the consolidated financial statements thereafter.
- Note 8: On October 4, 2018, the Company acquired additional 28.70% equity of Digicentre and accordingly, the Company's ownership percentage increased from 38.26% to 66.96%. Digicentre was included in the consolidated financial statements thereafter.
- Note 9: On August 16, 2018, Gamania Asia acquired 2.27% equity of Bjolly Co., Ltd. during the capital increase.
- Note 10: The equity held by the Group was less than 50%. However, the Group held half seats in the Board of Directors, thus, the investee was included in the consolidated financial statements.
- Note 11: The subsidiary was established in April, 2019. The Company's subsidiary, Digicentre Company Limited, held a 100% equity interest in the investee.
- Note 12: The liquidations of Coco (HK), GUS, GEU and GNH were completed in February, May, August and September, 2019, 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 September 30, 2019, December 31, 2018 and September 30, 2018, the non-controlling interest amounted to \$573,921, \$437,751 and \$284,481, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest						Description
		September 30, 2019		December 31, 2018		September 30, 2018		
		Amount	Ownership (%)	Amount	Ownership (%)	Amount	Ownership (%)	
AMI and subsidiaries	Taiwan and China	\$ 304,682	57.94%	\$ 154,460	49.93%	\$ 125,328	49.93%	Note
Digicentre Company Limited and subsidiaries	Taiwan, China and Singapore	101,263	32.52%	106,150	30.04%	-	-	
GAMA PAY Co., Ltd.	Taiwan	79,142	17.14%	102,223	33.00%	109,256	30.00%	

Note: Registered location of AMI is British Virgin Islands.

Balance sheets

	AMI and subsidiaries		
	September 30, 2019	December 31, 2018	September 30, 2018
Current assets	\$ 691,875	\$ 430,965	\$ 504,528
Non-current assets	58,257	60,210	59,125
Current liabilities	(221,386)	(177,499)	(305,165)
Total net assets	<u>\$ 528,746</u>	<u>\$ 313,676</u>	<u>\$ 258,488</u>
	GAMA PAY Co., Ltd.		
	September 30, 2019	December 31, 2018	September 30, 2018
Current assets	\$ 466,409	\$ 341,316	\$ 380,544
Non-current assets	53,836	37,511	18,243
Current liabilities	(36,625)	(38,085)	(34,562)
Non-current liabilities	(21,884)	-	(38)
Total net assets	<u>\$ 461,736</u>	<u>\$ 340,742</u>	<u>\$ 364,187</u>
	Digicentre Company Limited and subsidiaries		
	September 30, 2019	December 31, 2018	
Current assets	\$ 240,570	\$ 241,769	
Non-current assets	193,872	183,607	
Current liabilities	(113,874)	(115,891)	
Non-current liabilities	(26,601)	(12,764)	
Total net assets	<u>\$ 293,967</u>	<u>\$ 296,721</u>	

Statements of comprehensive income

	AMI and subsidiaries	
	Three months ended September 30,	
	2019	2018
Revenue	\$ 182,137	\$ 138,549
Loss before income tax	(8,626)	(11,846)
Income tax expense	-	-
Loss for the period	(8,626)	(11,846)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the period	<u>(\$ 8,626)</u>	<u>(\$ 11,846)</u>
Comprehensive loss attributable to non-controlling interest	<u>(\$ 3,142)</u>	<u>(\$ 5,915)</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

	AMI and subsidiaries	
	Nine months ended September 30,	
	2019	2018
Revenue	\$ 461,860	\$ 462,055
Loss before income tax	(35,691)	(65,495)
Income tax expense	-	-
Loss for the period	(35,691)	(65,495)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the period	<u>(\$ 35,691)</u>	<u>(\$ 65,495)</u>
Comprehensive loss attributable to non-controlling interest	<u>(\$ 17,796)</u>	<u>(\$ 32,702)</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

	GAMA PAY Co., Ltd.	
	Three months ended September 30,	
	2019	2018
Revenue	\$ 293	\$ 206
Loss before income tax	(30,161)	(24,939)
Income tax expense	-	-
Loss for the period	(30,161)	(24,939)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the period	<u>(\$ 30,161)</u>	<u>(\$ 24,939)</u>
Comprehensive loss attributable to non-controlling interest	<u>(\$ 5,181)</u>	<u>(\$ 8,729)</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

	GAMA PAY Co., Ltd.	
	Nine months ended September 30,	
	2019	2018
Revenue	\$ 1,420	\$ 467
Loss before income tax	(83,126)	(90,496)
Income tax expense	-	-
Loss for the period	(83,126)	(90,496)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the period	(\$ 83,126)	(\$ 90,496)
Comprehensive loss attributable to non-controlling interest	(\$ 19,381)	(\$ 30,570)
Dividends paid to non-controlling interest	\$ -	\$ -

	Digicentre Company Limited and subsidiaries	
	Three months ended September 30, 2019	
Revenue	\$ 166,846	
Profit before income tax	7,065	
Income tax expense	(1,286)	
Profit for the period	5,779	
Other comprehensive income, net of tax	-	
Total comprehensive income for the period	\$ 5,779	
Comprehensive income attributable to non-controlling interest	\$ 1,533	
Dividends paid to non-controlling interest	\$ 7,778	

	Digicentre Company Limited and subsidiaries	
	Nine months ended September 30, 2019	
Revenue	\$ 494,429	
Profit before income tax	27,255	
Income tax expense	(5,989)	
Profit for the period	21,266	
Other comprehensive income, net of tax	-	
Total comprehensive income for the period	\$ 21,266	
Comprehensive income attributable to non-controlling interest	\$ 7,432	
Dividends paid to non-controlling interest	\$ 7,778	

Statements of cash flows

	AMI and subsidiaries	
	Nine months ended September 30,	
	2019	2018
Net cash used in operating activities	(\$ 33,282)	(\$ 84,747)
Net cash used in investing activities	(14,356)	(3,757)
Net cash provided by financing activities	243,569	20,777
Effect of exchange rate changes on cash and cash equivalents	10,669	(14,728)
Increase (decrease) in cash and cash equivalents	206,600	(82,455)
Cash and cash equivalents, beginning of period	64,793	137,671
Cash and cash equivalents, end of period	<u>\$ 271,393</u>	<u>\$ 55,216</u>

	GAMA PAY Co., Ltd.	
	Nine months ended September 30,	
	2019	2018
Net cash used in operating activities	(\$ 72,227)	(\$ 121,244)
Net cash used in investing activities	(12,506)	(2,576)
Net cash provided by financing activities	200,000	-
Increase (decrease) in cash and cash equivalents	115,267	(123,820)
Cash and cash equivalents, beginning of period	326,941	476,769
Cash and cash equivalents, end of period	<u>\$ 442,208</u>	<u>\$ 352,949</u>

	Digicentre Company Limited and subsidiaries	
	Nine months ended September 30, 2019	
Net cash provided by operating activities	\$ 20,133	
Net cash used in investing activities	(12,619)	
Net cash provided by financing activities	5,983	
Effect of exchange rate changes on cash and cash equivalents	59	
Increase in cash and cash equivalents	13,556	
Cash and cash equivalents, beginning of period	42,246	
Cash and cash equivalents, end of period	<u>\$ 55,802</u>	

(4) Leasing arrangements (lessor) - operating leases

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

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

Effective 2019

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost and the cost is comprised of the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(6) Operating leases (lessee)

Prior to 2019

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

(7) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation

at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of 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.
- iii. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

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 related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

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

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

(8) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company 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

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 realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. Deferred 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.
- G. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- H. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(9) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets in accordance with IAS 36 'Impairment of 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, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are 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 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.

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

The preparation of these consolidated financial statements requires management to make critical judgements 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

Revenue recognition on a net/gross basis

The Group determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for the other party to provide those goods or services (i.e. the Group is an agent) based on the transaction model and its economic substance. The Group is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Group recognises revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Group is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Group recognises revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Indicators that the Group controls the good or service before it is provided to a customer include the following:

- A. The Group is primarily responsible for the provision of goods or services.
- B. The Group assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.
- C. The Group has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

A. Revenue recognition

The Group recognises the collections of payments for game stored-value card purchases or value-added by players as contract liabilities, and amortises those amounts as revenue over expected users' relationship periods or the estimated delivery period of the virtual items, when they are actually used. The Group estimates the deferred amount and delivery period based on operating history and other known factors. 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, the Group assesses the reasonableness of the estimation periodically.

As of September 30, 2019, the Group recognised deferred contract liability in the amount of \$510,519.

B. Impairment assessment of licence fees

The impairment assessment of licence fees depend 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.

As of September 30, 2019, the Group recognised licence fees, net of impairment, amounting to \$187,080.

C. Impairment assessment of customer relationship

The Group assesses impairment of customer relationship based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

On September 30, 2019, the Group recognised customer relationship amounting to \$166,248.

D. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(12) for the information of goodwill impairment.

As of September 30, 2019, the Group recognised goodwill, net of impairment loss, amounting to \$358,063.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Cash on hand and petty cash	\$ 6,723	\$ 8,951	\$ 1,487
Checking accounts and demand deposits	1,470,027	1,362,985	1,692,019
Cash equivalents - time deposits	<u>661,347</u>	<u>1,424,793</u>	<u>1,147,009</u>
	<u>\$ 2,138,097</u>	<u>\$ 2,796,729</u>	<u>\$ 2,840,515</u>

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 that have been classified as financial assets (shown as 'other current assets') are provided in Note 8.

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

<u>Items</u>	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Open-end funds	\$ -	\$ 200,000	\$ -
Valuation adjustment	<u>-</u>	<u>150</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 200,150</u>	<u>\$ -</u>

The Group recognised net profit (loss) of \$26, \$0, \$902 and (\$5) on financial assets at fair value through profit or loss for the three months ended September 30, 2019 and 2018, and nine months ended September 30, 2019 and 2018, respectively.

(3) Notes and accounts receivable

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Notes receivable	<u>\$ 1,732</u>	<u>\$ 1,452</u>	<u>\$ 249</u>
Accounts receivable	\$ 1,360,292	\$ 971,272	\$ 1,198,032
Less: Loss allowance	(45,478)	(50,217)	(46,443)
	<u>1,314,814</u>	<u>921,055</u>	<u>1,151,589</u>
Overdue receivables (shown as other non-current assets)	99,830	99,830	99,830
Less: Loss allowance	(99,830)	(99,830)	(99,830)
	<u>\$ 1,314,814</u>	<u>\$ 921,055</u>	<u>\$ 1,151,589</u>

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

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Not past due	\$ 1,251,725	\$ 879,705	\$ 1,118,927
Up to 30 days	19,103	18,206	18,254
31~60 days	20,373	6,739	4,778
61~90 days	8,811	4,884	761
91~120 days	5,034	1,352	1,844
Over 120 days	55,246	60,386	53,468
	<u>\$ 1,360,292</u>	<u>\$ 971,272</u>	<u>\$ 1,198,032</u>

The above ageing analysis was based on past due date.

B. As at September 30, 2019, December 31, 2018 and September 30, 2018, the Group has no notes receivable past due.

C. As at September 30, 2019, December 31, 2018, September 30, 2018 and January 1, 2018, the balances of receivables (including notes and overdue receivables) from contracts with customers amounted to \$1,461,854, \$1,072,554, \$1,298,111 and \$2,416,748, respectively.

D. The Group does not hold any collateral. Further, the Group has no notes and accounts receivable pledged to others as collateral.

E. As at September 30, 2019, December 31, 2018 and September 30, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable was \$1,732, \$1,452 and \$249, and accounts receivable was \$1,314,814, \$921,055 and \$1,151,589, respectively.

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

(4) Other accounts receivable

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Other receivables	\$ 334,211	\$ 468,019	\$ 381,034
Less: Allowance for doubtful accounts	(69,354)	(66,405)	(66,003)
	<u>\$ 264,857</u>	<u>\$ 401,614</u>	<u>\$ 315,031</u>

A. The ageing analysis of other receivables that were past due but not impaired is as follows:

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Not past due	\$ 174,760	\$ 319,936	\$ 225,160
Up to 30 days	14,187	15,078	22,484
31 to 60 days	2,898	3,560	13,216
61 to 90 days	2,748	5,980	2,733
91 to 120 days	2,580	2,836	2,508
Over 120 days	137,039	120,629	114,933
	<u>\$ 334,212</u>	<u>\$ 468,019</u>	<u>\$ 381,034</u>

The above ageing analysis was based on past due date.

- B. The Group does not hold any collateral for other accounts receivable and has not pledged to others any other accounts receivable.
- C. As at September 30, 2019, December 31, 2018 and September 30, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's other receivables was \$264,857, \$401,614 and \$315,031, respectively.
- D. Information relating to credit risk of other receivables is provided in Note 12(2).

(5) Inventories

	September 30, 2019		
	Cost	Allowance for obsolescence and market value decline	Book value
Merchandise inventory	\$ 98,361	(\$ 3,022)	\$ 95,339
	December 31, 2018		
	Cost	Allowance for obsolescence and market value decline	Book value
Merchandise inventory	\$ 104,455	(\$ 3,136)	\$ 101,319
	September 30, 2018		
	Cost	Allowance for obsolescence and market value decline	Book value
Merchandise inventory	\$ 92,400	(\$ 2,166)	\$ 90,234

Expenses and losses incurred on inventories for the period:

	Three months ended September 30,	
	2019	2018
Cost of goods sold	\$ 158,045	\$ 88,743
Gain on reversal of decline in market value (Note)	(21)	(8)
	\$ 158,024	\$ 88,735
	Nine months ended September 30,	
	2019	2018
Cost of goods sold	\$ 429,593	\$ 320,232
Gain on reversal of decline in market value (Note)	(114)	(158)
	\$ 429,479	\$ 320,074

Note: The Group reversed allowance for obsolescence because some inventories with allowance for obsolescence had been sold during the nine months ended September 30, 2019 and 2018, and three months ended September 30, 2018.

(6) Prepayments

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Prepayments to suppliers	\$ 447,746	\$ 445,366	\$ 348,737
Prepaid expenses	96,206	95,271	100,912
Excess business tax paid	54,797	81,253	89,566
Others	2,173	5,574	13,030
	<u>\$ 600,922</u>	<u>\$ 627,464</u>	<u>\$ 552,245</u>

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

<u>Items</u>	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Non-current items:			
Equity instruments			
OTC stocks	\$ 78,376	\$ -	\$ -
Emerging stocks	20,000	20,000	20,000
Unlisted, non-OTC and non-emerging stocks	561,031	594,031	594,031
	659,407	614,031	614,031
Valuation adjustment	(94,286)	(152,079)	(138,693)
	<u>\$ 565,121</u>	<u>\$ 461,952</u>	<u>\$ 475,338</u>

A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$565,121, \$461,952 and \$475,338 as at September 30, 2019, December 31, 2018 and September 30, 2018, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Three months ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Change of fair value recognised in other comprehensive income	\$ 25,297	\$ 62,084
Cumulative losses reclassified to retained earnings due to derecognition	(\$ 11,738)	\$ -
Dividend income recognised in profit or loss held at end of period	\$ 482	\$ 774

	<u>Nine months ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Change of fair value recognised in other comprehensive income	\$ 21,202	(\$ 45,045)
Cumulative losses reclassified to retained earnings due to derecognition	(\$ 11,738)	\$ -
Dividend income recognised in profit or loss held at end of period	\$ 482	\$ 774

C. After participating in Aotter Inc.'s capital increase on August 31, 2018, Gamania Asia held 21.48% ownership of the investee and elected one director's seat. Gamania Asia therefore has significant control over the investee and recognised it as investments accounted for using equity method. In the third quarter of 2018, financial assets at fair value through other comprehensive income in the amount of \$15,570 was classified as investments accounted for using equity method. Gain on valuation of \$571 was transferred into retained earnings from equity interest.

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

(8) Investments accounted for using equity method

	<u>2019</u>	<u>2018</u>
At January 1	\$ 227,574	\$ 584,731
Addition of investments accounted for using equity method	30,000	41,561
Disposal of investments accounted for using equity method	(160)	(618)
Share of loss of investments accounted for using equity method	(56,044)	(53,290)
Earnings distribution of investments accounted for using equity method	(1,561)	(12,695)
Changes in capital surplus	1,254	17,799
Changes in retained earnings	-	(6,820)
Changes in other equity	(16)	6,731
Reclassifications (Note)	-	(75,753)
Effects of foreign exchange	682	(5,432)
At September 30	<u>\$ 201,729</u>	<u>\$ 496,214</u>

Note: On September 27, 2018, the Company acquired 33.55% equity of NOWnews and thus its ownership reached 78.69% after adding the previous 45.14% equity. NOWnews was included in the consolidated financial statements. The investment in Aotter held by Gamania Asia was reclassified as investments account for using equity method. Details are provided in Note 2.

A. List of long-term investments

Name of associates	September 30, 2019		December 31, 2018		September 30, 2018	
	Ownership percentage	Balance	Ownership percentage	Balance	Ownership percentage	Balance
Jsdway Digital Technology Co., Ltd. (Jsdway)	36.76	\$ 48,484	35.04	\$ 48,363	35.04	\$ 47,812
Gungho Gamania Co., Limited (Gungho Gamania)	49.00	30,552	49.00	62,351	49.00	67,032
Fantasy Fish Digital Games Co., Ltd. (Fantasy Fish)	44.08	31,929	44.08	40,944	44.08	42,880
Walkermedia Co., Ltd. (Walkermedia) (Note 1)	30.00	28,761	-	-	-	-
Aotter Inc. (Aotter) (Note 2)	21.48	23,294	21.48	24,456	21.48	25,069
Taiwan e-sports Co., Ltd. (Taiwan e-sports)	29.39	15,387	29.39	25,283	29.39	24,367
Chuang Meng Shr Ji Co., Ltd. (Chuang Meng Shr J.)	19.35	10,998	19.35	13,940	19.35	15,275
Polysh Co., Ltd.	20.00	8,758	20.00	8,711	20.00	10,186
Pri-One Marketing Co., Ltd. (Pri-One)	30.00	2,837	30.00	2,528	30.00	2,469
4-Way Voice Cultural Co., Ltd. (4-Way Voice)	38.00	729	38.00	818	38.00	921
Digicentre Co., Ltd. (Digicentre) (Note 3)	67.48	-	66.96	-	38.26	186,091
Mission Worldwide Group Limited (MWG) (Note 4)	-	-	-	-	25.00	69,024
Ju Shr Da Jiu (Shanghai) International Trading Co., Ltd. (Ju Shr Da Jiu) (Note 5)	30.00	-	30.00	-	30.00	3,505
ACCI Group Limited (ACCI) (Note 5)	30.00	-	30.00	-	30.00	1,403
Firedog creative Co., Ltd. (Firedog) (Note 5)	40.00	-	40.00	-	40.00	-
Petsmao Co., Ltd. (Petsmao) (Note 5)	-	-	37.50	-	37.50	-
Machi Pictures Co., Ltd. (Machi Pictures) (Note 6)	-	-	33.33	180	33.33	180
		<u>\$ 201,729</u>		<u>\$ 227,574</u>		<u>\$ 496,214</u>

The investments accounted for using equity method are based on financial statements of investees as of and for the three months ended September 30, 2019 and 2018, and nine months ended September 30, 2019 and 2018 which were not reviewed by independent accountants.

Note 1: The Company has significant control over Walkermedia since it acquired 30.00% equity of

the investee and holds two director's seats on May 24, 2019.

Note 2: Gamania Asia has significant control over Aotter since it holds 21.48% ownership of the investee and one director's seat after participating in the capital increase on August 31, 2018.

Note 3: On October 4, 2018, the Company acquired additional 28.70% equity of Digicentre and accordingly, the Company's ownership percentage increased from 38.26% to 66.96%. Digicentre was then included in the consolidated financial statements.

Note 4: The Company sold the shares of the associate, Mission Worldwide Group Limited, for a consideration of USD 3,141 thousand under the resolution by the Board of Directors on August 9, 2018 and the shares were transferred in October 2018.

Note 5: All impairment losses derived from equity investments have been recognised based on the Company's assessment. The liquidation of Petsmao was completed in June 2019.

Note 6: The liquidation of Machi Pictures was completed in July 2019.

B. Information on the Group's significant associate as of September 30, 2018 is shown below:

Company name	Principal place of business	Ownership (%)			Nature of relationship	Method of measurement
		September 30, 2019	December 31, 2018	September 30, 2018		
Digicentre	Taiwan	See Note 3	See Note 3	38.26%	Owns at least 20% of the voting rights	Equity method

There is no significant associate as of September 30, 2019 and December 31, 2018.

C. The summarised financial information of the associate that is material to the Group is shown below:

Balance sheet

	Digicentre
	<u>September 30, 2018</u>
Current assets	\$ 177,753
Non-current assets	191,358
Current liabilities	(71,044)
Non-current liabilities	(11,512)
Total net assets	<u>\$ 286,555</u>
Share in associate's net assets	\$ 109,635
Unrealised loss on downstream transactions	4,699
Goodwill	<u>71,757</u>
Carrying amount of the associate	<u>\$ 186,091</u>

Statement of comprehensive income

	<u>Digicentre</u>	
	<u>Three months ended September 30, 2018</u>	<u>Nine months ended September 30, 2018</u>
Revenue	\$ 99,926	\$ 366,358
Profit for the period from continuing operations	4,710	28,498
Other comprehensive income, net of tax	-	-
Total comprehensive income	<u>\$ 4,710</u>	<u>\$ 28,498</u>
Dividends received from associates	<u>\$ -</u>	<u>\$ -</u>

D. As of September 30, 2019, December 31, 2018 and September 30, 2018, the carrying amount of the Group's individually immaterial associates amounted to \$201,729, \$227,574 and \$310,123, respectively. The Group's share of the operating results are summarised below:

	<u>Three months ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Loss for the period	(\$ 20,673)	(\$ 18,114)
Other comprehensive (loss) income, net of tax	(55)	38
Total comprehensive loss	<u>(\$ 20,728)</u>	<u>(\$ 18,076)</u>

	<u>Nine months ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Loss for the period	(\$ 56,044)	(\$ 53,290)
Other comprehensive (loss) income, net of tax	(16)	6,731
Total comprehensive loss	<u>(\$ 56,060)</u>	<u>(\$ 46,559)</u>

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

(9) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Unfinished construction</u>	<u>Total</u>
<u>At January 1, 2019</u>									
Cost	\$ 2,246,082	\$ 495,830	\$ 498,949	\$ 1,252	\$ 81,249	\$ 31,027	\$ 39,869	\$ 7,290	\$ 3,401,548
Accumulated depreciation	-	(71,271)	(343,358)	(1,191)	(48,026)	(13,124)	(21,886)	-	(498,856)
Accumulated impairment	-	-	(6,382)	-	-	-	-	-	(6,382)
	<u>\$ 2,246,082</u>	<u>\$ 424,559</u>	<u>\$ 149,209</u>	<u>\$ 61</u>	<u>\$ 33,223</u>	<u>\$ 17,903</u>	<u>\$ 17,983</u>	<u>\$ 7,290</u>	<u>\$ 2,896,310</u>
<u>2019</u>									
Opening net book amount as at January 1	\$ 2,246,082	\$ 424,559	\$ 149,209	\$ 61	\$ 33,223	\$ 17,903	\$ 17,983	\$ 7,290	\$ 2,896,310
Additions	-	8,558	35,417	-	8,792	2,251	8,292	3,124	66,434
Disposals	-	-	(104)	-	(204)	-	-	-	(308)
Transfers	-	3,490	-	-	-	3,800	-	(7,290)	-
Depreciation charge	-	(24,365)	(52,030)	-	(10,120)	(5,776)	(6,892)	-	(99,183)
Net exchange differences	-	-	9	-	(18)	13	155	-	159
Closing net book amount as at September 30	<u>\$ 2,246,082</u>	<u>\$ 412,242</u>	<u>\$ 132,501</u>	<u>\$ 61</u>	<u>\$ 31,673</u>	<u>\$ 18,191</u>	<u>\$ 19,538</u>	<u>\$ 3,124</u>	<u>\$ 2,863,412</u>
<u>At September 30, 2019</u>									
Cost	\$ 2,246,082	\$ 505,649	\$ 492,241	\$ 1,221	\$ 85,314	\$ 37,201	\$ 47,117	\$ 3,124	\$ 3,417,949
Accumulated depreciation	-	(93,407)	(353,358)	(1,160)	(53,641)	(19,010)	(27,579)	-	(548,155)
Accumulated impairment	-	-	(6,382)	-	-	-	-	-	(6,382)
	<u>\$ 2,246,082</u>	<u>\$ 412,242</u>	<u>\$ 132,501</u>	<u>\$ 61</u>	<u>\$ 31,673</u>	<u>\$ 18,191</u>	<u>\$ 19,538</u>	<u>\$ 3,124</u>	<u>\$ 2,863,412</u>

	Land	Buildings	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction	Total
<u>At January 1, 2018</u>									
Cost	\$ 2,150,050	\$ 469,795	\$ 485,626	\$ 1,275	\$ 73,239	\$ 40,701	\$ 30,448	\$ -	\$ 3,251,134
Accumulated depreciation	-	(44,523)	(346,108)	(1,213)	(38,336)	(10,028)	(10,241)	-	(450,449)
Accumulated impairment	-	-	(6,382)	-	-	-	-	-	(6,382)
	<u>\$ 2,150,050</u>	<u>\$ 425,272</u>	<u>\$ 133,136</u>	<u>\$ 62</u>	<u>\$ 34,903</u>	<u>\$ 30,673</u>	<u>\$ 20,207</u>	<u>\$ -</u>	<u>\$ 2,794,303</u>
<u>2018</u>									
Opening net book amount as at January 1	\$ 2,150,050	\$ 425,272	\$ 133,136	\$ 62	\$ 34,903	\$ 30,673	\$ 20,207	\$ -	\$ 2,794,303
Additions	-	16,254	29,371	-	5,503	3,692	2,541	-	57,361
Acquired from business combinations	-	-	736	-	3,747	3,995	370	-	8,848
Disposals	(9,443)	(23,426)	(258)	-	(90)	(11,466)	-	-	(44,683)
Reclassifications	-	(29,607)	-	-	-	-	-	29,607	-
Depreciation charge	-	(19,296)	(44,022)	-	(7,524)	(4,181)	(5,391)	-	(80,414)
Net exchange differences	<u>55</u>	<u>136</u>	<u>28</u>	<u>-</u>	<u>(4)</u>	<u>163</u>	<u>(3)</u>	<u>-</u>	<u>375</u>
Closing net book amount as at September 30	<u>\$ 2,140,662</u>	<u>\$ 369,333</u>	<u>\$ 118,991</u>	<u>\$ 62</u>	<u>\$ 36,535</u>	<u>\$ 22,876</u>	<u>\$ 17,724</u>	<u>\$ 29,607</u>	<u>\$ 2,735,790</u>
<u>At September 30, 2018</u>									
Cost	\$ 2,140,662	\$ 428,277	\$ 433,201	\$ 1,243	\$ 86,644	\$ 35,129	\$ 33,221	\$ 29,607	\$ 3,187,984
Accumulated depreciation	-	(58,944)	(307,828)	(1,181)	(50,109)	(12,253)	(15,497)	-	(445,812)
Accumulated impairment	-	-	(6,382)	-	-	-	-	-	(6,382)
	<u>\$ 2,140,662</u>	<u>\$ 369,333</u>	<u>\$ 118,991</u>	<u>\$ 62</u>	<u>\$ 36,535</u>	<u>\$ 22,876</u>	<u>\$ 17,724</u>	<u>\$ 29,607</u>	<u>\$ 2,735,790</u>

A. No borrowing cost was capitalised 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.

(10) Leasing arrangements-lessee

Effective 2019

- A. The Group leases various assets including buildings, machinery and equipment, business vehicles and multifunction printers. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2019</u>	<u>Three months ended September 30, 2019</u>	<u>Nine months ended September 30, 2019</u>
	<u>Book value</u>	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 50,782	\$ 1,884	\$ 14,102
Transportation equipment (Business vehicles)	2,264	650	1,950
Other equipment	12,236	896	2,686
	<u>\$ 65,282</u>	<u>\$ 3,430</u>	<u>\$ 18,738</u>

- C. For the nine months ended September 30, 2019, the additions to right-of-use assets was \$17,402.
- D. Information on profit or loss in relation to lease contracts is as follows:

	<u>Three months ended September 30, 2019</u>	<u>Nine months ended September 30, 2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$ 165</u>	<u>\$ 503</u>
Expense on short-term lease contracts	<u>\$ 8,126</u>	<u>\$ 31,799</u>

- E. For the nine months ended September 30, 2019, the Group's total cash outflow for leases was \$51,497.

(11) Leasing arrangements-lessor

Effective 2019

- A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 1 and 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes.

B. Gain arising from operating lease agreements for the three months ended September 30, 2019 and nine months ended September 30, 2019 is as follows:

	<u>Three months ended September 30, 2019</u>	<u>Nine months ended September 30, 2019</u>
Rent income	<u>\$ 410</u>	<u>\$ 1,198</u>

C. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>September 30, 2019</u>
2019	\$ 327
2020	914
2021	<u>305</u>
	<u>\$ 1,546</u>

(12) Intangible assets

	<u>Licence fees</u>	<u>Software</u>	<u>Other intangible asset</u>	<u>Trademark right</u>	<u>Customer relationship</u>	<u>Goodwill</u>	<u>Total</u>
<u>At January 1, 2019</u>							
Cost	\$ 379,424	\$ 64,902	\$ 107,304	\$ 10,090	\$ 198,540	\$ 386,247	\$ 1,146,507
Accumulated amortisation	(256,053)	(45,928)	(42,686)	-	(18,667)	-	(363,334)
Accumulated impairment	(17,321)	-	-	-	-	(28,384)	(45,705)
	<u>\$ 106,050</u>	<u>\$ 18,974</u>	<u>\$ 64,618</u>	<u>\$ 10,090</u>	<u>\$ 179,873</u>	<u>\$ 357,863</u>	<u>\$ 737,468</u>
<u>2019</u>							
Opening net book amount as at January 1	\$ 106,050	\$ 18,974	\$ 64,618	\$ 10,090	\$ 179,873	\$ 357,863	\$ 737,468
Additions	156,181	34,657	7,276	-	-	-	198,114
Transfers (Note)	54,228	-	-	-	-	-	54,228
Amortisation charge	(91,218)	(23,307)	(8,850)	-	(13,779)	-	(137,154)
Disposals during the period	(38,250)	-	(2,409)	-	-	-	(40,659)
Transferred to expenses and losses	-	(32)	(1,711)	-	-	-	(1,743)
Net exchange differences	89	14	249	-	154	200	706
Closing net book amount as at September 30	<u>\$ 187,080</u>	<u>\$ 30,306</u>	<u>\$ 59,173</u>	<u>\$ 10,090</u>	<u>\$ 166,248</u>	<u>\$ 358,063</u>	<u>\$ 810,960</u>
<u>At September 30, 2019</u>							
Cost	\$ 493,834	\$ 74,000	\$ 102,370	\$ 10,090	\$ 198,844	\$ 386,747	\$ 1,265,885
Accumulated amortisation	(289,433)	(43,694)	(43,197)	-	(32,596)	-	(408,920)
Accumulated impairment	(17,321)	-	-	-	-	(28,684)	(46,005)
	<u>\$ 187,080</u>	<u>\$ 30,306</u>	<u>\$ 59,173</u>	<u>\$ 10,090</u>	<u>\$ 166,248</u>	<u>\$ 358,063</u>	<u>\$ 810,960</u>

Note: Pertains to revenue sharing prepayments which were then used as fees to acquire licenses. Thus, the prepayments were transferred to intangible assets.

	Licence fees	Software	Other intangible asset	Goodwill	Total
<u>At January 1, 2018</u>					
Cost	\$ 394,532	\$ 55,108	\$ 79,173	\$ 46,570	\$ 575,383
Accumulated amortisation	(149,133)	(40,942)	(54,267)	-	(244,342)
Accumulated impairment	(17,321)	-	-	(27,501)	(44,822)
	<u>\$ 228,078</u>	<u>\$ 14,166</u>	<u>\$ 24,906</u>	<u>\$ 19,069</u>	<u>\$ 286,219</u>
<u>2018</u>					
Opening net book amount as at January 1	\$ 228,078	\$ 14,166	\$ 24,906	\$ 19,069	\$ 286,219
Additions	-	26,927	2,393	-	29,320
Addition - acquired through business combinations	-	-	1,468	321,697	323,165
Amortisation charge	(73,051)	(16,686)	(3,243)	-	(92,980)
Disposals during the period	(8,649)	-	-	-	(8,649)
Transferred to other expenses and losses	-	-	(4,898)	-	(4,898)
Net exchange differences	86	51	473	471	1,081
Closing net book amount as at September 30	<u>\$ 146,464</u>	<u>\$ 24,458</u>	<u>\$ 21,099</u>	<u>\$ 341,237</u>	<u>\$ 533,258</u>
<u>At September 30, 2018</u>					
Cost	\$ 345,148	\$ 63,170	\$ 76,539	\$ 369,445	\$ 854,302
Accumulated amortisation	(181,363)	(38,712)	(55,440)	-	(275,515)
Accumulated impairment	(17,321)	-	-	(28,208)	(45,529)
	<u>\$ 146,464</u>	<u>\$ 24,458</u>	<u>\$ 21,099</u>	<u>\$ 341,237</u>	<u>\$ 533,258</u>

A. The details of amortisation are as follows:

	Three months ended September 30,	
	2019	2018
Operating costs	\$ 48,753	\$ 22,042
Selling expenses	3,514	5,170
General and administrative expenses	10,023	4,150
Research and development expenses	470	323
	<u>\$ 62,760</u>	<u>\$ 31,685</u>
	Nine months ended September 30,	
	2019	2018
Operating costs	\$ 102,572	\$ 76,797
Selling expenses	14,081	8,807
General and administrative expenses	19,305	6,470
Research and development expenses	1,196	906
	<u>\$ 137,154</u>	<u>\$ 92,980</u>

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

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Goodwill:			
NOWnews	\$ 197,055	\$ 197,055	\$ 321,697
Digicentre	141,149	141,149	-
AMI	19,120	18,920	18,802
GCH	27,738	27,448	27,277
Sino	947	937	931
The China Post Co., Ltd.	738	738	738
	<u>386,747</u>	<u>386,247</u>	<u>369,445</u>
Less: Accumulated impairment	(28,684)	(28,384)	(28,208)
	<u>\$ 358,063</u>	<u>\$ 357,863</u>	<u>\$ 341,237</u>

As of September 30, 2019, the Group's goodwill acquired in a business combination amounted to \$358,063, consisting of expected operating revenue growth from acquired companies and benefits from its potential customer relations. The further impairment testing on the goodwill where there is an indication that they are impaired is as follows:

For the impairment testing of goodwill, goodwill acquired in a business combination is allocated to each of the cash-generating units that are expected to benefit from the synergies of the business combination. Each company may be a cash-generating unit which can generate independent cash flows. Thus, the impairment of goodwill is calculated based on difference between the

recoverable amount and carrying amount of net assets of each company.

The recoverable amount of all cash-generating units calculated using the fair value less costs to sell exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for the fair value less costs to sell calculations are operating profit margin, growth rate and discount rate.

Management determined budgeted operating profit margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

(13) Other non-current assets

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Overdue receivables	\$ 99,830	\$ 99,830	\$ 99,830
Less: Allowance for doubtful accounts	(99,830)	(99,830)	(99,830)
Refundable deposits	37,828	34,354	24,173
Other non-current financial assets (Note)	29,510	21,908	16,868
Others	8,775	979	72
	<u>\$ 76,113</u>	<u>\$ 57,241</u>	<u>\$ 41,113</u>

Note: Information about the other non-current financial assets that were pledged to others as collateral is provided in Note 8.

(14) Short-term borrowings

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Bank borrowings			
Secured borrowings	\$ 78,204	\$ 55,147	\$ 74,195
Unsecured borrowings	880,000	84,466	-
	<u>\$ 958,204</u>	<u>\$ 139,613</u>	<u>\$ 74,195</u>
Credit lines	<u>\$ 2,117,987</u>	<u>\$ 1,311,766</u>	<u>\$ 1,256,850</u>
Interest rate range	<u>1.60%~6.10%</u>	<u>3.30%~6.10%</u>	<u>1.10%~6.10%</u>

(15) Other payables

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Store-value received on behalf of others	\$ 727,163	\$ 749,050	\$ 720,120
Payable on corporate tax and withholding tax	70,701	87,628	181,803
Commission payable	62,511	79,379	81,346
Salary payable and annual bonus	158,483	166,407	136,560
Employees' compensation payable	139,476	270,924	223,358
Payable on equipment and intangible assets	23,689	53,523	45,183
Directors' and supervisors' remuneration payable	20,737	50,687	42,647
Cash dividends payable	735	-	14,550
Payable on investment (other equity interest)	17,954	101,859	101,859
Others	118,254	212,684	120,945
	<u>\$ 1,339,703</u>	<u>\$ 1,772,141</u>	<u>\$ 1,668,371</u>

(16) Other current liabilities

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Long-term borrowings, current portion	\$ 160,000	\$ 160,000	\$ 190,525
Receipts under custody	22,301	17,640	4,920
Tax receipts under custody	14,254	8,614	4,565
Other current liabilities	43,354	10,281	28,882
	<u>\$ 239,909</u>	<u>\$ 196,535</u>	<u>\$ 228,892</u>

(17) Bonds payable

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: The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date (August 16, 2015) after one month of the bonds issue to the maturity date (July 15, 2018), except (1) the stop transfer

period as specified in the terms of the bonds or the laws/regulations. (2) the book closure date of the issuance of bonus shares, and of cash dividends, the period between the date that is 15 business days before the book closure date of a capital increase to the ex-right date, the period between the date that is 15 business days before the date of merger and demerger to the effective date, the period between the record date of a capital reduction and the prior day before the commencement of stock trading after stocks are repurchased.

(e) Conversion price and adjustment: The conversion price was \$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. During the third quarter of 2018, the bonds totalling \$100 (face value) were repurchased by the Company from the Taipei Exchange.

(j) As at December 31, 2018, the bonds with par value of \$699,900 have been converted into 17,900 thousand shares.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$10 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%.

(18) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>September 30, 2019</u>
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 in 28 installments	1.4%~1.7%	Land and Buildings and structures	\$ 440,000
Less: Current portion				(160,000)
				<u>\$ 280,000</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2018</u>
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 in 28 installments	1.4%~1.7%	Land and Buildings and structures	\$ 960,000
Less: Current portion				(160,000)
				<u>\$ 800,000</u>

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	September 30, 2018
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 in 28 installments	1.4%~1.7%	Land and Buildings and structures	\$ 1,220,000
Secured borrowings	Borrowing period is October 3, 2017 ~ June 11, 2019; interest is payable monthly and principal is payable at maturity	3.4708%	Bank deposit	
				<u>30,525</u>
				1,250,525
Less: Current portion				(<u>190,525</u>)
				<u>\$ 1,060,000</u>

(19) Pensions

A. Defined benefit plan

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

(b) The pension costs under the defined benefit pension plan of the Company for the three months ended September 30, 2019 and 2018, and nine months ended September 30, 2019 and 2018

were \$10, \$164, \$341 and \$492, respectively.

- (c) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2020 amount to \$1,257.

B. Defined contribution plan

- (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 nine months ended September 30, 2019 and 2018 were both 20%~22%. Other than the monthly contributions, the Group has no further obligations.
- (c) 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., and Madsugr 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 plan of the Group for the three months ended September 30, 2019 and 2018, and nine months ended September 30, 2019 and 2018 were \$9,419, \$7,914, \$26,506 and \$22,628, respectively.

(20) Share-based payment

- A. For the years ended December 31, 2019 and 2018, the Company’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
8 th treasury stock transferred to employees of the Company and subsidiaries	2018.8.9	4,200,000	NA	Vested immediately
9 th treasury stock transferred to employees of the Company and subsidiaries	2019.5.29	2,049,000	NA	Vested immediately

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
10 th treasury stock transferred to employees of the Company and subsidiaries	2019.5.29	183,000	NA	Vested immediately

B. The fair value of treasury stock transferred to employees on May 29, 2019 and August 9, 2018 is measured using the Black-Scholes pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Exercise price (in dollars)	Expected price volatility (Note)	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
8 th treasury stock transferred to employees of the Company and subsidiaries	2018.8.9	\$ 29	42.65%	0.067 year	0.59%	\$ 46.71
9 th treasury stock transferred to employees of the Company and subsidiaries	2019.5.29	28.96	31.18%	0.14 year	0.59%	38.66
10 th treasury stock transferred to employees of the Company and subsidiaries	2019.5.29	28.64	31.18%	0.14 year	0.59%	38.98

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

C. Expenses incurred on share-based payment transactions are shown below:

	Three months ended September 30,	
	2019	2018
Equity-settled	\$ -	\$ 196,140
	Nine months ended September 30,	
	2019	2018
Equity-settled	\$ 86,303	\$ 196,140

(21) Common stock

- A. As of September 30, 2019, the Company's authorised 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 \$1,754,936 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 (in thousands) outstanding are as follows:

	<u>2019</u>	<u>2018</u>
At January 1	173,262	168,597
Conversion of convertible bonds	-	465
Treasury stock transferred to employees	<u>2,232</u>	<u>4,200</u>
At September 30	<u>175,494</u>	<u>173,262</u>

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	<u>December 31, 2018</u>	
		<u>Number of shares (shares in thousands)</u>	<u>Carrying amount</u>
The Company	To be reissued to employees	<u>2,232</u>	<u>\$ 64,623</u>

Name of company holding the shares	Reason for reacquisition	<u>September 30, 2018</u>	
		<u>Number of shares (shares in thousands)</u>	<u>Carrying amount</u>
The Company	To be reissued to employees	<u>2,232</u>	<u>\$ 64,623</u>

There were no treasury shares in the third quarter of 2019, because the Company has reissued all shares to employees.

- (b) Pursuant to the R.O.C. Securities and Exchange Act, 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 Act, 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 Act, 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.

(22) 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 capitalised 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 their 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.

(23) 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 until the legal reserve equals the total capital stock balance, and appropriate or reverse for special reserve as required by the operating needs of the Company or regulations when necessary. The remainder, if any, to be retained or to be appropriated shall be proposed by the Board of Directors and to be resolved by the stockholders at the stockholders' meeting.
- B. The Company's dividend policy adopts conservatism principle, with consideration of the Company's profit, financial structure and future development plans, at least 10% of the Company's distributable earnings as of the end of the period shall be appropriated as cash dividends.
- 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. (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 13, 2018, the shareholders during their meeting resolved to offset 2017 deficit by using capital surplus in the amount of \$14,270, and distribute cash dividends from capital surplus amounting to \$84,298 at \$0.5 (in dollars) per share.
- F. On May 29, 2019, the shareholders during their meeting resolved the 2018 appropriation of retained earnings as follows:

	Year ended December 31, 2018	
	Amount	Dividend per share (in dollars)
Legal reserve appropriated	\$ 175,997	\$ -
Special reserve appropriated	199,195	-
Cash dividends distributed to shareholders	1,074,222	6.2
	<u>\$ 1,449,414</u>	<u>\$ 6.2</u>

- G. Information about the appropriation approved by the Board of Directors and resolved by the shareholders and appropriation of 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' bonus and directors' and supervisors' remuneration, please refer to Note 6(29).

(24) Other equity items

	2019		
	Translation differences	Unrealised gain or loss on financial assets at fair value through other comprehensive income	Total
At January 1	(\$ 53,488)	(\$ 145,707)	(\$ 199,195)
Revaluation - group	-	21,202	21,202
Revaluation - associates	-	(506)	(506)
Revaluation transferred to retained earnings - group	-	11,738	11,738
Currency translation differences:			
- Group	10,744	-	10,744
- Associates	490	-	490
At September 30	<u>(\$ 42,254)</u>	<u>(\$ 113,273)</u>	<u>(\$ 155,527)</u>

	2018		
	Translation differences	Unrealised gain or loss on financial assets at fair value through other comprehensive income	Total
At January 1	(\$ 73,262)	(\$ 86,360)	(\$ 159,622)
Revaluation - group	-	(45,045)	(45,045)
Revaluation transferred to retained earnings - group	-	(571)	(571)
Currency translation differences:			
- Group	6,192	-	6,192
- Associates	6,731	-	6,731
At September 30	<u>(\$ 60,339)</u>	<u>(\$ 131,976)</u>	<u>(\$ 192,315)</u>

(25) Operating revenue

	Three months ended September 30,	
	2019	2018
Revenue from contracts with customers	<u>\$ 2,383,488</u>	<u>\$ 3,273,645</u>
	Nine months ended September 30,	
	2019	2018
Revenue from contracts with customers	<u>\$ 7,281,161</u>	<u>\$ 11,634,895</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major segments:

Three months ended September 30, 2019	Gamania Digital Entertainment Co., Ltd.	Gash Point and Gash Point (Hong Kong) Company Limited	Others	Total
Revenue from external customer contracts	<u>\$ 1,312,356</u>	<u>\$ 71,698</u>	<u>\$ 999,434</u>	<u>\$ 2,383,488</u>
Timing of revenue recognition				
At a point in time	1,208,443	71,698	999,434	2,279,575
Over time	103,913	-	-	103,913
	<u>\$ 1,312,356</u>	<u>\$ 71,698</u>	<u>\$ 999,434</u>	<u>\$ 2,383,488</u>

Three months ended September 30, 2018	Gamania Digital Entertainment Co., Ltd.	Gash Point and Gash Point (Hong Kong) Company Limited	Others	Total
Revenue from external customer contracts	\$ 2,896,137	\$ 80,512	\$ 296,996	\$ 3,273,645
Timing of revenue recognition				
At a point in time	2,775,479	80,512	296,996	3,152,987
Over time	120,658	-	-	120,658
	<u>\$ 2,896,137</u>	<u>\$ 80,512</u>	<u>\$ 296,996</u>	<u>\$ 3,273,645</u>
Nine months ended September 30, 2019	Gamania Digital Entertainment Co., Ltd.	Gash Point and Gash Point (Hong Kong) Company Limited	Others	Total
Revenue from external customer contracts	\$ 5,169,492	\$ 259,544	\$ 1,852,125	\$ 7,281,161
Timing of revenue recognition				
At a point in time	4,983,238	259,544	1,852,125	7,094,907
Over time	186,254	-	-	186,254
	<u>\$ 5,169,492</u>	<u>\$ 259,544</u>	<u>\$ 1,852,125</u>	<u>\$ 7,281,161</u>
Nine months ended September 30, 2018	Gamania Digital Entertainment Co., Ltd.	Gash Point and Gash Point (Hong Kong) Company Limited	Others	Total
Revenue from external customer contracts	\$ 10,189,468	\$ 310,213	\$ 1,135,214	\$ 11,634,895
Timing of revenue recognition				
At a point in time	9,906,925	310,213	1,135,214	11,352,352
Over time	282,543	-	-	282,543
	<u>\$ 10,189,468</u>	<u>\$ 310,213</u>	<u>\$ 1,135,214</u>	<u>\$ 11,634,895</u>

B. Contract liabilities

- (a) The Group's contract liabilities related with contract revenue are mainly deferred revenue from points stored but unused or consumed in the online game or mobile game, and are amortised as revenue over the period of the services or the estimated useful period of the virtual items, when they are actually used.
- (b) Revenue recognised that was included in the contract liability balance at the beginning of the period.

	Three months ended September 30,	
	2019	2018
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Revenue from games	\$ -	\$ -
	Nine months ended September 30,	
	2019	2018
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Revenue from games	\$ 452,619	\$ 475,856

(26) Other income

	Three months ended September 30,	
	2019	2018
Interest income:		
Interest income from bank deposits	\$ 4,505	\$ 3,410
Rental revenue	1,178	3,202
Other income - others	3,000	5,319
	<u>\$ 8,683</u>	<u>\$ 11,931</u>
	Nine months ended September 30,	
	2019	2018
Interest income:		
Interest income from bank deposits	\$ 18,991	\$ 10,073
Rental revenue	1,966	9,589
Other income - others	9,749	12,738
	<u>\$ 30,706</u>	<u>\$ 32,400</u>

(27) Other gains and losses

	Three months ended September 30,	
	2019	2018
Gain on disposal of property, plant and equipment	\$ 7	\$ 495
Gain on disposal of investments	7,242	80,475
Foreign exchange gain	4,278	6,145
Gains on financial assets (liabilities) at fair value through profit or loss	26	-
Other gains and losses	(2,735)	(3,400)
	<u>\$ 8,818</u>	<u>\$ 83,715</u>

	Nine months ended September 30,	
	2019	2018
Gain on disposal of property, plant and equipment	\$ 971	\$ 44,704
Gain on disposal of investments	6,048	79,857
Foreign exchange gain	16,438	22,819
Gain (loss) on financial assets (liabilities) at fair value through profit or loss	902 (	5)
Other gains and losses	(6,446)	(9,569)
	<u>\$ 17,913</u>	<u>\$ 137,806</u>

(28) Finance costs

	Three months ended September 30,	
	2019	2018
Interest expense:		
Bank borrowings	\$ 5,133	\$ 5,524
Lease liability	165	-
	<u>\$ 5,298</u>	<u>\$ 5,524</u>

	Nine months ended September 30,	
	2019	2018
Interest expense:		
Bank borrowings	\$ 13,399	\$ 20,682
Bonds payable	-	35
Lease liability	503	-
	<u>\$ 13,902</u>	<u>\$ 20,717</u>

(29) Employee benefits, depreciation and amortisation expense

	Three months ended September 30,	
	2019	2018
Employee benefit expense		
Wages and salaries	\$ 218,776	\$ 445,880
Labor and health insurance fees	15,880	10,196
Pension costs	9,429	8,078
Other personnel expenses	10,786	13,073
	<u>\$ 254,871</u>	<u>\$ 477,227</u>
Depreciation on property, plant and equipment (including right-of-use assets)	<u>\$ 37,381</u>	<u>\$ 26,188</u>
Amortisation expense	<u>\$ 62,760</u>	<u>\$ 31,685</u>

	Nine months ended September 30,	
	2019	2018
Employee benefit expense		
Wages and salaries	\$ 783,947	\$ 936,864
Labor and health insurance fees	48,114	41,138
Pension costs	26,847	23,120
Other personnel expenses	31,506	38,539
	<u>\$ 890,414</u>	<u>\$ 1,039,661</u>
Depreciation on property, plant and equipment (including right-of-use assets)	<u>\$ 117,921</u>	<u>\$ 80,414</u>
Amortisation expense	<u>\$ 137,154</u>	<u>\$ 92,980</u>

- 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 three months ended September 30, 2019 and 2018, and nine months ended September 30, 2019 and 2018, employees' compensation was accrued at \$31,757, \$75,863, \$88,580 and \$210,512, respectively; while directors' and supervisors' remuneration was accrued at \$8,685, \$15,172 \$20,050 and \$42,102, respectively. The aforementioned amounts were recognised in salary expenses.

For the nine months ended September 30, 2019, the employees' compensation and directors' remuneration were estimated and accrued based on the Company's Articles of Incorporation of distributable profit of current year as of the end of reporting period.

Employees' compensation and directors' and supervisors' remuneration for 2018 amounted to \$250,711 and \$50,000, respectively, as resolved at the meeting of Board of Directors.' The difference of \$142 between the amounts resolved at the Board meeting and the amounts recognised in the 2018 financial statements had been adjusted in the profit or loss for 2019.

Information about the appropriation of employees' compensation 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.

(30) Income tax

A. Income tax expense

Components of income tax expense:

	Three months ended September 30,	
	2019	2018
Current tax:		
Current tax on profit for the period	\$ 92,963	\$ 133,988
Prior year income tax over estimation	(23,429)	(1,157)
Total current tax	<u>69,534</u>	<u>132,831</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>18,416</u>	<u>(1,547)</u>
Income tax expense	<u>\$ 87,950</u>	<u>\$ 131,284</u>

	Nine months ended September 30,	
	2019	2018
Current tax:		
Current tax on profit for the period	\$ 220,925	\$ 339,638
Tax on unappropriated retained earnings	15,528	-
Prior year income tax (over) under estimation	(15,298)	22,938
Total current tax	<u>221,155</u>	<u>362,576</u>
Deferred tax:		
Origination and reversal of temporary differences	20,935	47,796
Impact of change in tax rate	<u>-</u>	<u>(20,527)</u>
Income tax expense	<u>\$ 242,090</u>	<u>\$ 389,845</u>

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

	Latest Year Assessed by Tax Authority
Jollywiz	<u>2016</u>
The Company, Gash Point, Ants' Power, Indiland, Gamania Asia, Ciirco, Coco, Fundation, Jollybuy, Two Tigers, Coture New Media, Madsugr, Conetter CoMarketing, GAMA PAY, WeBackers, BeanGo!, Digicentre, NOWnews	<u>2017</u>

(31) Earnings per share

Three months ended September 30, 2019		
<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>		
Profit attributable to ordinary shareholders of the parent	\$ 319,503	173,768
		\$ 1.84
<u>Diluted earnings per share</u>		
Profit attributable to ordinary shareholders of the parent	\$ 319,503	-
Assumed conversion of all dilutive potential ordinary shares		
Employees' bonus (Note 1)	-	727
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 319,503	174,495
		\$ 1.83
Three months ended September 30, 2018		
<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>		
Profit attributable to ordinary shareholders of the parent	\$ 528,179	169,758
		\$ 3.11
<u>Diluted earnings per share</u>		
Profit attributable to ordinary shareholders of the parent	\$ 528,179	-
Assumed conversion of all dilutive potential ordinary shares		
Convertible bonds (Note 2)	-	105
Employees' bonus (Note 1)	-	1,093
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 528,179	170,956
		\$ 3.09

Nine months ended September 30, 2019			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 683,021	173,768	\$ 3.93
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 683,021	-	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bouns (Note 1)	-	2,353	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 683,021</u>	<u>176,121</u>	<u>\$ 3.88</u>
Nine months ended September 30, 2018			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,458,210	169,758	\$ 8.59
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,458,210	-	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds (Note 2)	-	105	
Employees' bonus (Note 1)	-	3,045	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,458,210</u>	<u>172,908</u>	<u>\$ 8.43</u>

Note 1: Effective January 1, 2008, as employees' compensation could be distributed in the form of stock, the diluted EPS computation shall include those estimated shares that would increase from employees' stock compensation issuance in the weighted-average number of common shares outstanding during the reporting period, taking into account the dilutive effects of stock compensation on potential common shares; whereas, basic EPS shall be calculated based on the weighted-average number of common shares outstanding during the reporting period that include the shares of employees' stock compensation for the appropriation of prior year earnings, which have already been resolved at the shareholders' meeting held in the reporting period. Since capitalisation of employees' compensation no longer belongs to distribution of stock dividends (or retained earnings and capital reserve capitalised), the calculation of basic EPS and diluted EPS for all periods presented shall not be adjusted retroactively.

Note 2: If anti-dilutive effect will arise when adopting treasury stock method, anti-dilutive shares are not included in the computation.

(32) Transactions with non-controlling interest

A. Acquisition of additional equity interest in a subsidiary

- (a) On August 14, 2019, the Group acquired an additional 5.36% equity interest in the subsidiary, GAMA PAY, for a cash consideration of \$24,343. For the third quarter of 2019, the movement in equity resulted in the changes in equity attributable to owners of parent as follows:

	<u>GAMA PAY</u>
	<u>Nine months ended</u>
	<u>September 30, 2019</u>
Carrying amount of non-controlling interest acquired	\$ 25,429
Consideration paid to non-controlling interest	(24,343)
Capital surplus-changes in parent's ownership interest in subsidiary	<u>\$ 1,086</u>

- (b) On May 28, 2018, and September 19, 2018, the Group acquired an additional 32% and 1.5% equity interest in the subsidiaries, Conettor and BeanGo!, for a cash consideration of \$13,000 and \$1,500, respectively. For the third quarter of 2018, the movement in equity resulted in the changes in equity attributable to owners of parent as follows:

	<u>Gash Point and its</u>
	<u>subsidiaries</u>
	<u>(Conettor)</u>
	<u>Nine months ended</u>
	<u>September 30, 2018</u>
Carrying amount of non-controlling interest acquired	\$ 15,548
Consideration paid to non-controlling interest	(13,000)
Capital surplus - changes in parent's ownership interest in subsidiaries	<u>\$ 2,548</u>

	<u>BeanGo!</u>
	<u>Nine months ended</u>
	<u>September 30, 2018</u>
Carrying amount of non-controlling interest acquired	(\$ 375)
Consideration paid to non-controlling interest	(1,500)
Decrease in unappropriated retained earnings	<u>(\$ 1,875)</u>

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

(a) The subsidiaries, WeBackers, Ciirco, GAMA PAY, AMI, Jollybuy, NOWnews and Conetter increased capital by issuing new shares for the nine months ended September 30, 2019. However, the Group did not acquire additional shares proportionately to its ownership interest, thus, the share ownership increased (decreased) by 1.71%, 0.12%, 7.50% (8.01%), (5.69%), 0.34% and (4.02%), respectively. The impact on the transaction attributed to owners of parent is as follows:

	<u>WeBackers</u>	<u>Ciirco</u>
	<u>Nine months ended September 30, 2019</u>	
Cash	\$ -	\$ -
Increase in carrying amount of non-controlling interest	(519)	(81)
Decrease in unappropriated retained earnings	<u>(\$ 519)</u>	<u>(\$ 81)</u>

	<u>GAMA PAY</u>	<u>NOWnews</u>
	<u>Nine months ended September 30, 2019</u>	
Cash	\$ -	\$ 9,575
Increase in carrying amount of non-controlling interest	(23,280)	(10,454)
Decrease in unappropriated retained earnings	<u>(\$ 23,280)</u>	<u>(\$ 879)</u>

	<u>AMI</u>	<u>Jollybuy</u>
	<u>Nine months ended September 30, 2019</u>	
Cash	\$ 226,738	\$ 7,000
Increase in carrying amount of non-controlling interest	(165,426)	(4,345)
Capital surplus - changes in parent's ownership interest in subsidiaries	<u>\$ 61,312</u>	<u>\$ 2,655</u>

	<u>Conetter</u>
	<u>Nine months ended</u>
	<u>September 30, 2019</u>
Cash	\$ 1,570
Increase in carrying amount of non-controlling interest	(1,660)
Capital surplus - changes in parent's ownership interest in subsidiaries	(\$ 90)

(b) The subsidiaries, AMI's subsidiary (Bjolly Co., Ltd.), Bean Go!, Ciirco, Coture New Media and GAMA PAY, increased capital by issuing new shares for the nine months ended September 30, 2018. However, the Group did not acquire new shares proportionately to its ownership interest, thus, the share ownership (decreased) increased by (45.46%), 1%, 0.32%, 2.73% and 5%, respectively. The impact of this transaction attributed to owners of parent is as follows:

	<u>Bean Go!</u>	<u>Ciirco</u>
	<u>Nine months ended September 30, 2018</u>	
Cash	\$ -	\$ -
Increase in carrying amount of non-controlling interest	(415)	(272)
Decrease in unappropriated retained earnings	(\$ 415)	(\$ 272)

	<u>Coture New Media</u>	<u>GAMA PAY</u>
	<u>Nine months ended September 30, 2018</u>	
Cash	\$ -	\$ -
Increase in carrying amount of non-controlling interest	(3,238)	(16,810)
Decrease in unappropriated retained earnings	(\$ 3,238)	(\$ 16,810)

	<u>AMI's subsidiary</u>
	<u>(Bjolly Co., Ltd.)</u>
	<u>Nine months ended</u>
	<u>September 30, 2018</u>
Cash	\$ 10,000
Increase in carrying amount of non-controlling interest	(8,796)
Capital surplus - changes in parent's ownership interest in subsidiaries	\$ 1,204

C. The subsidiary, Digicentre, purchased treasury shares for the six months ended June 30, 2019 for a total amount of \$4,017. Therefore, the share ownership of the Group increased by 0.52%, carrying amount of non-controlling interest increased by \$1,053 and unappropriated retained earnings decreased by \$1,053.

(33) Business combinations

- A. On September 27, 2018, the Group obtained control over NOWnews after acquiring 33.55% of its equity with a consideration of \$150,226. NOWnews is a Taiwanese online news media engaged in the services of news coverage and digital videos. The Group expects mutual visitors flow and complementary effects in both networks through its network influence and social media convergence. As of September 30, 2019, the outstanding consideration for business combination amounted to \$17,954 (shown as ‘other payables’).
- B. The following table summarises the consideration paid for NOWnews and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value of the non-controlling interest at the acquisition date:

	<u>September 30, 2018</u>
Purchase consideration	
Cash paid	\$ 48,367
Payables on investments (shown as ‘other payables’)	101,859
	<u>150,226</u>
Fair value of equity interest in NOWnews Network Co., Ltd. held before the business combination	171,798
Non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets	88
	<u>322,112</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	6,236
Notes receivable, net	249
Accounts receivable, net	20,390
Prepayments	8,011
Other current assets	231
Property, plant and equipment	8,848
Intangible assets	1,468
Other non-current assets	1,221
Notes payable	(11,794)
Accounts payable	(6,516)
Other payables	(25,750)
Other current liabilities	(2,048)
Other non-current liabilities	(131)
Total identifiable net assets	<u>415</u>
Goodwill	<u>\$ 321,697</u>

- C. The tentative fair value of identifiable intangible assets acquired and equity of NOWnews previously held by the Company is \$0 and \$171,798, respectively. The valuation will be retrospectively adjusted when the valuation report is available.

- D. For the 45.14% equity of NOWnews previously held by the Group prior to business combination, the Group recognised gain on fair value remeasurement in the amount of \$85,475 (shown as ‘other gains and losses’).
- E. The operating revenue included in the consolidated statement of comprehensive income since September 27, 2018, contributed by NOWnews was \$0. NOWnews did not contribute profit before income tax over the same period. Had NOWnews been consolidated from January 1, 2018, the consolidated statement of comprehensive income would show operating revenue of \$11,730,932 and profit before income tax of \$1,745,541.

(34) Supplemental cash flow information

A. Investing activities with partial cash payments

	Nine months ended September 30,	
	2019	2018
Acquisition of property, plant and equipment	\$ 66,434	\$ 57,361
Add: Opening balance of payables on equipment	12,880	5,743
Add: Opening balance of other payables - related parties	-	34,214
Less: Ending balance of payables on equipment	(17,507)	(6,933)
Less: Ending balance of other payables - related parties	-	(46)
Cash paid during the period	<u>\$ 61,807</u>	<u>\$ 90,339</u>

	Nine months ended September 30,	
	2019	2018
Purchase of intangible assets	\$ 198,114	\$ 29,320
Add: Opening balance of payables	-	36,018
Add: Opening balance of other payables	40,643	39,205
Add: Opening balance of other payables - related parties	20,381	793
Less: Offsetting other payables	(38,250)	-
Less: Ending balance of other payables	(6,182)	(38,250)
Less: Ending balance of other payables - related parties	(5,029)	-
Cash paid during the period	<u>\$ 209,677</u>	<u>\$ 67,086</u>

	Nine months ended September 30,	
	2019	2018
Disposals of intangible assets	\$ 40,659	\$ -
Less: Offsetting other payables	(38,250)	-
Cash paid during the period	<u>\$ 2,409</u>	<u>\$ -</u>

	<u>Nine months ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Proceeds from disposal of property, plant and equipment	\$ 1,279	\$ 89,387
Less: Ending balance of other receivables - related parties	<u>-</u>	<u>(4)</u>
Cash received during the period	<u>\$ 1,279</u>	<u>\$ 89,383</u>

B. Financing activities with no cash flow effects

	<u>Nine months ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Declared but unpaid dividends	\$ 6,615	\$ 13,095
Declared but unpaid dividends - non-controlling interest	<u>735</u>	<u>1,455</u>
	<u>\$ 7,350</u>	<u>\$ 14,550</u>

(35) Changes in liabilities from financing activities

In accordance with amendments to IAS 7, 'Disclosure initiative', movement for the nine months ended September 30, 2019 and 2018 are as follows:

	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>Liabilities from financing activities-gross</u>
January 1, 2019	\$ 139,613	\$ 960,000	\$ 66,716	\$ 1,166,329
Changes in cash flow from financing activities	817,113	(520,000)	(19,195)	277,918
Impact of changes in foreign exchange rate	1,478	-	70	1,548
Changes in other non-cash items				
Interest expense	-	-	503	503
Increase in right-of-use assets	<u>-</u>	<u>-</u>	<u>17,402</u>	<u>17,402</u>
September 30, 2019	<u>\$ 958,204</u>	<u>\$ 440,000</u>	<u>\$ 65,496</u>	<u>\$ 1,463,700</u>

	Short-term borrowings	Long-term borrowings	Bonds payable	Liabilities from financing activities- gross
January 1, 2018	\$ 840,589	\$ 1,497,337	\$ 18,154	\$ 2,356,080
Changes in cash flow from financing activities	(767,952)	(248,571)	-	(1,016,523)
Impact of changes in foreign exchange rate	1,558	1,759	-	3,317
Changes in other non-cash items				
Conversion of convertible bonds	-	-	(18,154)	(18,154)
September 30, 2018	\$ 74,195	\$ 1,250,525	\$ -	\$ 1,324,720

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

As the Company's shares are widely held, the Company has no ultimate parent company and ultimate controlling party.

(2) Names of related parties and relationship with the Company

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Pri-One Marketing Co., Ltd.	Associate
Fantasy Fish Digital Games Co., Ltd.	"
GungHo Gamania Co., Limited	"
Jsdway Digital Technology Co., Ltd. (Jsdway)	"
UniCube Co., Ltd.	"
Digicentre Company Limited (Note 1)	Subsidiary (Associate)
Digicentre (HK) Company Limited (Note 1)	"
Firedog Create Company Ltd.	Associate
NOWnews Network Co., Ltd. (Note 2)	Subsidiary (Associate)
Aotter Inc.	Associate
Fantasy Fish Digital Games (HK) Co., Ltd.	"
Gamania Cheer Up Foundation	Other related party
Wanwin International Co., Ltd.	"
Polysh Co., Ltd.	"

Note 1: On October 4, 2018, the Company acquired an additional equity interest in Digicentre Company Limited and accordingly, the Company's ownership increased from 38.26% to 66.96%, therefore, Digicentre Company Limited became one of the Company's subsidiaries on the same day. Digicentre Company Limited was the Company's associate before October 4, 2018.

Note 2: On September 27, 2018, the Company acquired an additional equity interest in NOWnews Network Co., Ltd. and accordingly, the Company's ownership increased from 45.14% to 78.69%, therefore, NOWnews Network Co., Ltd. became one of the Company's subsidiaries on the same day. NOWnews Network Co., Ltd. was the Company's associate before September 27, 2018.

(3) Significant transactions and balances with related parties

A. Operating revenue

	<u>Three months ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Sales of goods:		
Associates	\$ 377	\$ 6,829
Other related parties	64,939	-
	<u>\$ 65,316</u>	<u>\$ 6,829</u>
Sales of services:		
Associates	\$ 9,696	\$ 9,191
Other related parties	17,133	18,312
	<u>\$ 26,829</u>	<u>\$ 27,503</u>
	<u>Nine months ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Sales of goods:		
Associates	\$ 1,485	\$ 7,126
Other related parties	156,756	-
	<u>\$ 158,241</u>	<u>\$ 7,126</u>
Sales of services:		
Associates	\$ 28,041	\$ 25,473
Other related parties	59,321	54,082
	<u>\$ 87,362</u>	<u>\$ 79,555</u>

Sales of goods are on-line games revenue generated from prepaid cards sold by associates and construction revenue of IDC server room 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 service revenue arising from a certain percentage of value-added service provided to related parties, customer services, production of advertisements, and IDC service providing that are in accordance with mutual agreements.

B. Operating costs

	<u>Three months ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Costs of customer service hotline:		
Associates	\$ -	\$ 24,463
Mobile service costs:		
Associates	-	9,167
Programs cost:		
Associates	312	-
Advertising cost:		
Associates	-	243
	<u>\$ 312</u>	<u>\$ 33,873</u>

	<u>Nine months ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Costs of customer service hotline:		
Associates	\$ -	\$ 77,516
Mobile service costs:		
Associates	209	24,746
Programs cost:		
Associates	912	727
Advertising costs:		
Associates	-	408
Other operating costs:		
Associates	93	-
	<u>\$ 1,214</u>	<u>\$ 103,397</u>

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. Advertisement costs are the costs incurred for advertising and determined based on mutual agreement.

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

	<u>Three months ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Other related parties	\$ -	\$ -
Associates	6,635	12,109
	<u>\$ 6,635</u>	<u>\$ 12,109</u>

	Nine months ended September 30,	
	2019	2018
Other related parties	\$ 95	\$ 471
Associates	16,345	26,277
	<u>\$ 16,440</u>	<u>\$ 26,748</u>

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. Donation (shown in general and administrative expenses)

	Three months ended September 30,	
	2019	2018
Other related party		
Gamania Cheer Up Foundation	<u>\$ 4,000</u>	<u>\$ 10,600</u>
	Nine months ended September 30,	
	2019	2018
Other related party		
Gamania Cheer Up Foundation	<u>\$ 14,800</u>	<u>\$ 43,100</u>

The Group made donations in support of projects for caring and empowering the youth which had been approved by the Board of Directors.

E. Rental revenue (shown in other income)

	Three months ended September 30,	
	2019	2018
Associates	\$ -	\$ 2,851
Other related parties	79	-
	<u>\$ 79</u>	<u>\$ 2,851</u>
	Nine months ended September 30,	
	2019	2018
Associates	\$ 23	\$ 8,568
Other related parties	266	-
	<u>\$ 289</u>	<u>\$ 8,568</u>

Rental revenue arose from leasing offices and computer facilities and data transmission circuit devices to associates. The rental is based on mutual agreement, and is collected monthly based on the agreement. The offices' contract period is from January 1, 2019 to December 31, 2022.

F. Receivables

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Accounts receivable:			
Associates	\$ 4,325	\$ 5,209	\$ 7,304
Other related parties	12,781	46,495	-
	<u>\$ 17,106</u>	<u>\$ 51,704</u>	<u>\$ 7,304</u>
Other receivables:			
Associates	\$ 3,618	\$ 13,657	\$ 37,213
Other related parties	276	-	-
	<u>\$ 3,894</u>	<u>\$ 13,657</u>	<u>\$ 37,213</u>

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

Other receivables arise mainly from rent receivable, payments on behalf of others and sale of services.

G. Payables

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Accounts payable:			
Associates	\$ -	\$ 9,677	\$ 37,115
Other related parties	182	-	-
	<u>\$ 182</u>	<u>\$ 9,677</u>	<u>\$ 37,115</u>
Other payables:			
Associates	\$ 13,607	\$ 30,602	\$ 32,378
Other related parties	86,068	127,313	130,025
	<u>\$ 99,675</u>	<u>\$ 157,915</u>	<u>\$ 162,403</u>

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 receipts under custody payable arising from value-added service provided to related parties, less a certain percentage of service revenue, payables for mobile games development, advertisement, and purchase of intangible assets.

H. Property transactions

(a) Acquisition of property, plant and equipment

	<u>Three months ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Associates	<u>\$ -</u>	<u>\$ 206</u>

	Nine months ended September 30,	
	2019	2018
Associates	\$ -	\$ 17,720

As of September 30, 2018, the unpaid amount was \$46.

(b) Disposal of property, plant and equipment

	Three months ended September 30,			
	2019		2018	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
Associates	\$ -	\$ -	\$ -	\$ -

	Nine months ended September 30,			
	2019		2018	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
Associates	\$ -	\$ -	\$ 332	\$ 61

As of September 30, 2018, the proceeds from disposal of property, plant and equipment that have not yet been received amounted to \$4.

(c) Acquisition of other assets

	Three months ended September 30,	
	2019	2018
Associates	\$ -	\$ -

	Nine months ended September 30,	
	2019	2018
Associates	\$ -	\$ 429

As of September 30, 2018, the unpaid amount was \$0.

I. Leasing arrangements - lessee

In January 2019, the Group leased offices from Jsdway and right-of-use assets was recognised in the amount of \$781 in accordance with IFRS 16. As of September 30, 2019, the carrying amount of right-of-use assets and lease liabilities amounted to \$504 and \$506, respectively. For the three months ended September 30, 2019 and nine months ended September 30, 2019, the Group recognised interest expense amounting to \$2 and \$6, respectively.

The significant agreements in relation to lease liabilities are as follows:

- (a) In January 2019, the Group entered into a 3-year period office lease contract with Jsdway.
- (b) Rents are based on mutual agreement and are paid monthly.

(4) Key management compensation

	Three months ended September 30,	
	2019	2018
Short-term employee benefits	\$ 36,305	\$ 58,234
Post-employment benefits	81	81
Share-based payments	-	104,288
	<u>\$ 36,386</u>	<u>\$ 162,603</u>
	Nine months ended September 30,	
	2019	2018
Short-term employee benefits	\$ 91,187	\$ 162,682
Post-employment benefits	243	243
Share-based payments	-	104,288
	<u>\$ 91,430</u>	<u>\$ 267,213</u>

8. PLEDGED ASSETS

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

Pledged assets	Book value			Pledge purpose
	September 30, 2019	December 31, 2018	September 30, 2018	
Demand deposits (shown in "other current asset")	\$ 21,014	\$ 105,903	\$ 45,143	Guarantee for short-term borrowing (including current portion) facility
Demand deposits (shown in "other non-current asset")	29,510	21,908	16,868	Trusted electronic payment accounts
Time deposits (shown in "other current asset")	30,000	30,000	-	Performance bond of on-line game card's standard contracts
Time deposits (shown in "other current assets")	18,000	18,000	18,000	Credit card merchant guarantee
Time deposits (shown in "other current asset")	22,970	-	-	Guarantee for short-term borrowing facility
Property, plant and equipment				
Land	2,140,662	2,140,662	2,140,662	Short-term and long-term loans / Credit lines
Buildings and structures	231,402	235,134	236,378	Short-term and long-term loans / Credit lines
	<u>\$ 2,493,558</u>	<u>\$ 2,551,607</u>	<u>\$ 2,457,051</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

Prior to 2018

A. The Group leases warehouse, offices and network equipment under non-cancellable operating lease agreements. The Group recognised rental expenses of \$9,844 and \$28,679, respectively, for these leases in profit or loss for the three months ended September 30, 2018, and nine months ended September 30, 2018. The future aggregate minimum lease payments are as follows:

	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Not later than one year	\$ 37,799	\$ 32,681
Later than one year but not later than five years	<u>36,416</u>	<u>85,432</u>
	<u>\$ 74,215</u>	<u>\$ 118,113</u>

B. The Group contracted the use of cable lines, T1 and T3, with rental charges based on utilisation. In addition, the Group 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

On November 12, 2019, the Board of Directors approved the following:

A. The Company plans to participate in the capital increase of Chuang Meng Shr J. based on the original shareholding ratio for \$27,000. The Company will hold 5,700 shares after the capital increase is completed.

B. The Company plans to donate \$16,000 to Gamania Cheer Up Foundation in order to meet its capital requirement.

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. Financial instruments by category

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ -</u>	<u>\$ 200,150</u>	<u>\$ -</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	<u>\$ 565,121</u>	<u>\$ 461,952</u>	<u>\$ 475,338</u>
Financial assets at amortised cost			
Cash and cash equivalents	\$ 2,138,097	\$ 2,796,729	\$ 2,840,515
Notes receivable	1,732	1,452	249
Accounts receivable (including related parties)	1,331,920	972,759	1,158,893
Other receivables (including related parties)	268,751	415,271	352,244
Guarantee deposits paid	37,828	34,354	24,173
Other financial assets	<u>121,494</u>	<u>175,811</u>	<u>80,011</u>
	<u>\$ 3,899,822</u>	<u>\$ 4,396,376</u>	<u>\$ 4,456,085</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 958,204	\$ 139,613	\$ 74,195
Contract liabilities	510,519	-	-
Notes payable	2,475	2,441	13,234
Accounts payable (including related parties)	556,601	644,441	641,530
Other accounts payable (including related parties)	1,439,378	1,930,056	1,830,774
Long-term borrowings (including current portion)	440,000	960,000	1,250,525
Guarantee deposits received	<u>9,520</u>	<u>10,297</u>	<u>-</u>
	<u>\$ 3,916,697</u>	<u>\$ 3,686,848</u>	<u>\$ 3,810,258</u>
Lease liability (including related parties)	<u>\$ 65,497</u>	<u>\$ -</u>	<u>\$ -</u>

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:

September 30, 2019

(Foreign currency: Functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 11,678	31.0400	\$ 362,485
HKD:NTD	5,296	3.9580	20,962
HKD:USD (Note)	79,520	0.1275	314,708
USD:HKD (Note)	9,674	7.8423	300,279
<u>Non-monetary items</u>			
USD:NTD	26,438	31.0400	820,645
KRW:NTD	578,528	0.0261	15,100
JPY:NTD	103,162	0.2878	29,690
HKD:USD (Note)	62,439	0.1275	247,109
EUR:USD (Note)	186	1.0937	6,301
RMB:USD (Note)	107	0.1401	466
USD:HKD (Note)	113	7.8423	3,499
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	9,423	31.0400	292,490
HKD:NTD	4,700	3.9580	18,603
EUR:NTD	300	33.9500	10,185
USD:HKD (Note)	1,868	7.8423	57,982

Note: Since the functional currency of consolidated entity was not NTD, it should be considered when disclosed.

	December 31, 2018		
(Foreign currency: Functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 35,594	30.7150	\$ 1,093,270
HKD:NTD	4,931	3.2910	19,334
HKD:USD (Note)	67,233	0.1277	263,708
NTD:USD	382	0.0326	382
USD:HKD (Note)	3,499	7.8335	107,472
<u>Non-monetary items</u>			
USD:NTD	23,117	30.7150	710,039
KRW:NTD	484,483	0.0278	13,469
JPY:NTD	100,946	0.2782	28,083
HKD:USD (Note)	30,162	0.1277	118,304
EUR:USD (Note)	694	1.1460	24,443
RMB:USD (Note)	536	0.1456	2,396
USD:HKD (Note)	109	7.8335	3,355
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	11,091	30.7150	340,660
HKD:USD (Note)	2,086	0.1277	8,182

Note: Since the functional currency of consolidated entity was not NTD, it should be considered when disclosed.

	September 30, 2018		
(Foreign currency: Functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 21,989	30.5250	\$ 671,214
HKD:NTD	4,746	3.9010	18,514
HKD:USD (Note)	69,943	0.1278	272,854
NTD:USD (Note)	5,572	0.0328	5,572
USD:HKD (Note)	3,999	7.8249	122,069
<u>Non-monetary items</u>			
USD:NTD	22,486	30.5250	686,370
KRW:NTD	455,822	0.0277	12,626
JPY:NTD	99,472	0.2692	26,778
USD:HKD (Note)	108	7.8249	3,310
HKD:USD (Note)	31,719	0.1278	123,738
EUR:USD (Note)	724	1.1624	25,696
RMB:USD (Note)	695	0.1453	3,083
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	14,654	30.5250	447,313
HKD:USD (Note)	8,622	0.1278	33,635

Note: Since the functional currency of consolidated entity was not NTD, it should be considered when disclosed.

- iv. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended September 30, 2019 and 2018 and nine months ended September 30, 2019 and 2018 amounted to \$3,205, (\$4,348), \$11,651 and \$7,055, respectively.

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

Nine months ended September 30, 2019			
Sensitivity analysis			
(Foreign currency: Functional currency)	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 3,625	\$ -
HKD:NTD	1%	210	-
HKD:USD (Note)	1%	3,147	-
USD:HKD (Note)	1%	3,003	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	2,925	-
HKD:NTD	1%	186	-
EUR:NTD	1%	102	-
USD:HKD (Note)	1%	580	-

Note: Since the functional currency of consolidated entity was not NTD, it should be considered when disclosed.

Nine months ended September 30, 2018			
Sensitivity analysis			
(Foreign currency: Functional currency)	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 6,712	\$ -
HKD:NTD	1%	185	-
HKD:USD (Note)	1%	2,729	-
NTD:USD (Note)	1%	-	-
USD:HKD (Note)	1%	1,221	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	4,473	-
HKD:USD (Note)	1%	336	-

Note: Since the functional currency of consolidated entity was not NTD, it should be considered when disclosed.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held available-for-sale financial assets and financial assets at fair value through other comprehensive income. 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.
- ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. 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 nine months ended September 30, 2019 and 2018, other components of equity would have increased/decreased by \$5,651 and \$4,753, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from borrowings issued at variable rates and expose the Group to cash flow 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 nine months ended September 30, 2019 and 2018, the Group's borrowings at variable rate were denominated in NTD and RMB.
- ii. At September 30, 2019, December 31, 2018 and September 30, 2018, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the nine months ended September 30, 2019 and 2018 would have been \$107 and \$137 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. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through profit or loss and at fair value through other comprehensive income.
- ii. 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 accounting and administrator segment ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk mainly arose from cash and cash equivalent and receivables generated from operating activity. Only banks and financial institutions with optimal credit ratings are accepted.

- iii. The Group adopts assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. When the payment is past due 30 days based on the contract terms, there is a significant increase in credit risk on financial assets since initial recognition.
- iv. The Group adopts the assumption under IFRS 9, that is, the default occurs when the Group expects that payments cannot be collected and reclassified as overdue receivables.
- v. The Group classifies customer's accounts receivable and contract assets in accordance with product types. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.
- vi. The Group uses the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and other accounts receivable. On September 30, 2019, December 31, 2018 and September 30, 2018, the provision matrix is as follows:

	September 30, 2019		
	Expected loss rate	Total book value	Loss allowance
Not past due	0.00%~1.11%	\$ 1,426,485	\$ 861
Up to 30 days	0.08%~0.10%	33,290	50
31 to 60 days	1.00%~1.69%	23,271	202
61 to 90 days	10.00%~18.65%	11,559	1,156
91 to 120 days	23.12%~60.00%	7,614	2,480
Over 120 days	40.47%~100%	192,285	110,083
		<u>\$ 1,694,504</u>	<u>\$ 114,832</u>
	December 31, 2018		
	Expected loss rate	Total book value	Loss allowance
Not past due	0.00%~0.99%	\$ 1,199,641	\$ 426
Up to 30 days	1.38%~3.78%	33,284	393
31 to 60 days	0.00%~19.64%	10,299	479
61 to 90 days	4.77%~20.20%	10,864	540
91 to 120 days	21.73%~83.74%	4,188	886
Over 120 days	53.47%~100%	181,015	113,898
		<u>\$ 1,439,291</u>	<u>\$ 116,622</u>

	September 30, 2018		
	Expected loss rate	Total book value	Loss allowance
Not past due	0.00%~0.99%	\$ 1,344,087	\$ 739
Up to 30 days	1.38%~3.78%	40,738	511
31 to 60 days	0.00%~19.64%	17,994	838
61 to 90 days	4.77%~20.2%	3,494	556
91 to 120 days	21.73%~83.74%	4,352	1,050
Over 120 days	53.47%~100%	168,401	108,752
		<u>\$ 1,579,066</u>	<u>\$ 112,446</u>

Note: The above does not include overdue receivables amounting to \$99,830. All the overdue receivables had been provided with loss allowance.

vii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable (including overdue receivables) and other receivables are as follows:

	2019		
	Accounts receivable	Other receivables	Total
At January 1	\$ 150,047	\$ 66,405	\$ 216,452
(Reversal of) provision for impairment	(4,739)	2,894	(1,845)
Effect of exchange rate changes	-	55	55
At September 30	<u>\$ 145,308</u>	<u>\$ 69,354</u>	<u>\$ 214,662</u>
	2018		
	Accounts receivable	Other receivables	Total
At January 1_IAS 39	\$ 206,732	\$ 2,723	\$ 209,455
Adjustments under new standards	-	-	-
At January 1_IFRS 9	206,732	2,723	209,455
Provision for impairment	2,146	-	2,146
Effect of increase in consolidated entities	516	-	516
Allowance for doubtful accounts receivable reclassified to other receivables	(63,280)	63,280	-
Effect of exchange rate changes	159	-	159
At September 30	<u>\$ 146,273</u>	<u>\$ 66,003</u>	<u>\$ 212,276</u>

(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

<u>September 30, 2019</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Over 3 years</u>
Short-term borrowings	\$ 958,204	\$ -	\$ -
Contract liabilities	510,519	-	-
Notes payable	2,475	-	-
Accounts payable	556,419	-	-
Accounts payable - related parties	182	-	-
Other payables	1,339,703	-	-
Other payables - related parties	99,675	-	-
Lease liability	26,195	35,363	4,878
Long-term borrowings (including current portion)	165,320	283,920	-

<u>December 31, 2018</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Over 3 years</u>
Short-term borrowings	\$ 139,613	\$ -	\$ -
Notes payable	2,441	-	-
Accounts payable	634,764	-	-
Accounts payable - related parties	9,677	-	-
Other payables	1,772,141	-	-
Other payables - related parties	157,915	-	-
Long-term borrowings (including current portion)	172,600	338,480	490,920

<u>September 30, 2018</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Over 3 years</u>
Short-term borrowings	\$ 74,195	\$ -	\$ -
Notes payable	13,234	-	-
Accounts payable	604,415	-	-
Accounts payable - related parties	37,115	-	-
Other payables	1,668,371	-	-
Other payables - related parties	162,403	-	-
Long-term borrowings (including current portion)	190,525	320,000	740,000

(3) Fair value information

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

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

B. 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 is as follows:

<u>September 30, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	<u>\$ 82,576</u>	<u>\$ -</u>	<u>\$ 482,545</u>	<u>\$ 565,121</u>
<u>December 31, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss - current				
Open-end fund	<u>\$ 200,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,150</u>
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	<u>\$ 4,150</u>	<u>\$ -</u>	<u>\$ 457,802</u>	<u>\$ 461,952</u>

<u>September 30, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	\$ 7,020	\$ -	\$ 468,318	\$ 475,338

C. 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:

	<u>Open-end fund</u>	<u>Listed shares and emerging shares</u>
Market quoted price	Net asset value	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) H and I.
- (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.
- D. For the nine months ended September 30, 2019 and 2018, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the nine months ended September 30, 2019 and 2018:

	Equity securities	
	2019	2018
At January 1	\$ 457,802	\$ 524,653
Losses recognised in other comprehensive income	21,152 (	50,439)
Acquired during the period	3,000	-
Transfers into investments accounted for using equity method	- (	7,286)
Effects of foreign exchange	591	1,390
At September 30	<u>\$ 482,545</u>	<u>\$ 468,318</u>

	Embedded derivatives	
	2019	2018
At January 1	\$ -	\$ 5
Losses recognised in profit or loss (Note)	-	(5)
At September 30	<u>\$ -</u>	<u>\$ -</u>

Note: Shown as other gains and losses.

F. Hagame International Co., Ltd. has been derecognised from Level 3 due to its dissolution in September 2019. Please refer to Note 6(7)C for the details of the investments of Gamania Asia financial assets at fair value through other comprehensive income transferred into investments accounted for using equity method, in the third quarter of 2018.

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

H. 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 September 30, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments					
Unlisted and non-OTC shares	\$ 482,545	Market comparable companies	Price to book ratio multiple	1.88 (1.88)	The higher the multiple, the higher the fair value
			Enterprise value to operating income ratio multiple	21.78~39.58 (38.39)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	25% (25%)	The higher the discount for lack of marketability, the lower the fair value
	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments					
Unlisted and non-OTC shares	\$ 457,802	Market comparable companies	Price to book ratio multiple	2.02 (2.02)	The higher the multiple, the higher the fair value
			Enterprise value to operating income ratio multiple	23.88~33.57 (32.68)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	25% (25%)	The higher the discount for lack of marketability, the lower the fair value

	Fair value at September 30, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments					
Unlisted and non-OTC shares	\$ 468,318	Market comparable companies	Price to book ratio multiple	2.03~3.45 (2.52)	The higher the multiple, the higher the fair value
			Enterprise value to operating income ratio multiple	26.26~34.53 (33.75)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	25% (25%)	The higher the discount for lack of marketability, the lower the fair value

- I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. 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 categorised within Level 3 if the inputs used to valuation models have changed:

			September 30, 2019			
			Recognised in profit or loss		Recognised in other comprehensive income	
Input	Change		Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 170	(\$ 170)
	Enterprise value to operating income ratio multiple	±1%	-	-	3,792	(3,792)
	Discount for lack of marketability	±1%	-	-	4,231	(4,231)

			December 31, 2018			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 222	(\$ 222)
	Enterprise value to operating income ratio multiple	±1%	-	-	3,528	(3,528)
	Discount for lack of marketability	±1%	-	-	4,020	(4,020)
			September 30, 2018			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 358	(\$ 358)
	Enterprise value to operating income ratio multiple	±1%	-	-	3,501	(3,501)
	Discount for lack of marketability	±1%	-	-	4,129	(4,129)

13. SUPPLEMENTARY DISCLOSURES

(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: None.
- 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 nine months ended September 30, 2019 and 2018 is as follows:

Nine months ended September 30, 2019

	<u>Gamania Digital Entertainment Co., Ltd.</u>	<u>Gash Point Company Limited and Gash Point (Hong Kong) Company Limited</u>	<u>Others</u>	<u>Total</u>	
Revenue from external customers	\$ 5,169,492	\$ 259,544	\$ 1,852,125	\$ 7,281,161	
Inter-segment revenue	291,339	230,624	404,922	926,885	Note 1
Segment operating profit (loss)	1,051,341	17,875 (	160,219)	908,997	
Segment profit (loss), net of tax	683,021	29,911 (	67,352)	645,580	
Segment profit (loss) includes:					
Depreciation and amortisation	(158,730)	(12,553)	(83,792)	(255,075)	
Income tax expense	(214,283)	(9,836)	(17,971)	(242,090)	
Investment (loss) income accounted for using equity method	(206,246)	14,784	135,418 (	56,044)	Note 2

Nine months ended September 30, 2018

	Gmania Digital Entertainment Co., Ltd.	Gash Point Company Limited and Gash Point (Hong Kong) Company Limited	Others	Total	
Revenue from external customers	\$ 10,189,468	\$ 310,213	\$ 1,135,214	\$ 11,634,895	
Inter-segment revenue	125,862	349,149	67,893	542,904	Note 1
Segment operating profit (loss)	1,837,079	44,958 (	196,244)	1,685,793	
Segment profit (loss), net of tax	1,458,210	42,270 (	108,333)	1,392,147	
Segment profit (loss) includes:					
Depreciation and amortisation	(146,044) (	5,346) (	22,004) (	173,394)	
Income tax expense	(360,026) (	13,653) (	16,166) (	389,845)	
Investment (loss) income accounted for using equity method	(150,095)	5,754	91,051 (	53,290)	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.

Gamania Digital Entertainment Co., Ltd. and subsidiaries

Provision of endorsements and guarantees to others

Nine months ended September 30, 2019

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	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 September 30, 2019	Outstanding endorsement/ guarantee amount at September 30, 2019	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	Hapod Digital Technology Co., Ltd.	3	\$ 526,481	\$ 157,050	\$ 155,210	\$ -	\$ -	3.41	\$ 1,754,936	Y	N	N	
0	The Company	Jollywiz Digital Technology Co., Ltd.	3	526,481	30,000	-	-	-	0.00	1,754,936	Y	N	N	
1	Jollywiz Digital Technology Co., Ltd.	Jollywiz Digital Business Co., Ltd.	3	526,481	59,860	47,961	47,961	-	1.05	1,754,936	Y	N	Y	
2	Achieve Made International (BVI)	Jollywiz Digital Technology Co., Ltd.	3	526,481	40,000	40,000	20,000	20,000	0.88	1,754,936	Y	N	N	

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 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)

September 30, 2019

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 September 30, 2019				
				Number of shares (in thousands)	Book value	Percentage	Market value (Note 2)	Footnote
The Company	XPEC Entertainment Inc. - stock	None	Financial assets at fair value through other comprehensive income - non-current	4,907	\$ 26,941	2.67	\$ 26,941	Note 3
The Company	NC Taiwan Co., Ltd. - stock	None	Financial assets at fair value through other comprehensive income - non-current	2,100	353,903	15.00	353,903	
The Company	Microprogram Information Co., Ltd. - stock	None	Financial assets at fair value through other comprehensive income - non-current	1,739	25,268	5.42	25,268	
The Company	Life Plus Co., Ltd. - stock	None	Financial assets at fair value through other comprehensive income - non-current	3,000	17,031	9.09	17,031	
The Company	Pili International Multimedia Co., Ltd. - stock	None	Financial assets at fair value through other comprehensive income - non-current	1,958	78,376	3.82	78,376	
Gamania Asia Investment Co., Ltd.	One Production Film Co., Ltd. - stock	None	Financial assets at fair value through other comprehensive income - non-current	388	4,200	3.57	4,200	
Gamania Asia Investment Co., Ltd.	Gokube Inc. - stock	None	Financial assets at fair value through other comprehensive income - non-current	400	3,000	3.36	3,000	
Gamania International Holdings Ltd.	Vantage Metro Limited - stock	None	Financial assets at fair value through other comprehensive income - non-current	192	30,486	2.59	30,486	
Gamania International Holdings Ltd.	Ikala Global Online Corp. - stock	None	Financial assets at fair value through other comprehensive income - non-current	27,831	25,916	4.13	25,916	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9, 'Financial instruments'.

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 in excess of \$100 million or 20% of capital
Nine months ended September 30, 2019

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Transaction		Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote
				Amount	Percentage of total purchases (sales)	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Gash Point Co., Ltd.	The Company	Parent company	Sales of services	\$ 190,163	43.95%	Note	Note	Note	\$ 57,617	6.49%	
Conetter CoMarketing Co., Ltd.	The Company	Parent company	Advertising revenue	198,708	65.26%	Note	Note	Note	62,500	69.03%	
Seedo Games Co. Ltd.	The Company	Parent company	Sales of services	103,227	22.22%	Note	Note	Note	31,380	18.98%	
The Company	Gash Point Co., Ltd.	Subsidiary	Sales revenue	202,138	3.70%	Note	Note	Note	581,750	36.72%	

Note: The aforementioned purchase term is based on the product types, market competition and other transaction terms, there is no similar transaction to compare with for the transaction price and credit term with related parties.

Gamania Digital Entertainment Co., Ltd. and subsidiaries
 Receivables from related parties in excess of \$100 million or 20% of capital
 September 30, 2019

Table 4

Expressed in thousands of NTD
 (Except as otherwise indicated)

Name of creditor	Transaction parties	Relationship	Balance as of September 30, 2019	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 1)	Allowance for doubtful accounts	Footnote
					Amount	Action adopted for overdue accounts			
The Company	Gash Point Co., Ltd.	Subsidiary	\$ 631,951	59.98%	\$ -	-	\$ -	-	Note 2
Gamania Digital Entertainment (H.K.) Co., Ltd.	HaPod Digital Technology Co., Ltd.	Same ultimate parent company	111,554	-	-	-	-	-	Note 3

Note 1: The subsequent collections represent collections from the balance sheet date to November 12, 2019.

Note 2: Receivables for selling game cards through the subsidiary.

Note 3: Receipts under custody for mobile games.

Gamania Digital Entertainment Co., Ltd. and subsidiaries
Significant inter-company transactions during the reporting period
Nine months ended September 30, 2019

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	The Company	Gamania Digital Entertainment (H.K.) Co., Ltd.	1	Accounts receivable	\$ 12,255	Note 5	0.13
0	The Company	Gamania Digital Entertainment (H.K.) Co., Ltd.	1	Other payables	43,771	Note 5	0.47
0	The Company	Gamania Digital Entertainment (H.K.) Co., Ltd.	1	Revenue from royalties	37,045	Note 5	0.51
0	The Company	Gash Point Co., Ltd.	1	Accounts receivable	581,750	Note 5	6.27
0	The Company	Gash Point Co., Ltd.	1	Other receivables	50,201	Note 5	0.54
0	The Company	Gash Point Co., Ltd.	1	Sales revenue	202,138	Note 5	2.78
0	The Company	Gamania International Holdings Ltd.	1	Other payables	11,636	Note 5	0.13
0	The Company	Ants' Power Co., Ltd.	1	Other payables	29,431	Note 5	0.32
0	The Company	Ants' Power Co., Ltd.	1	Administrative expenses	71,737	Note 5	0.99
0	The Company	HaPod Digital Technology Co., Ltd.	1	Sales of services	10,079	Note 5	0.14
1	Gamania Digital Entertainment (H.K.) Co., Ltd.	HaPod Digital Technology Co., Ltd.	3	Others receivable	111,554	Note 5	1.20
2	Gash Point Co., Ltd.	GAMA PAY Co., Ltd.	3	Refundable deposits	10,000	Note 5	0.11
2	Gash Point Co., Ltd.	JollyBuy Digital Technology Co., Ltd.	3	Other receivables	12,935	Note 5	0.14
2	Gash Point Co., Ltd.	The Company	2	Other receivables	12,241	Note 5	0.13
2	Gash Point Co., Ltd.	The Company	2	Sales of services	190,163	Note 5	2.61
3	Ants' Power Co., Ltd.	Achieve Made International Ltd.	3	Operating revenue	20,273	Note 5	0.28

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
3	Ants' Power Co., Ltd.	BeanGo! Co., Ltd.	3	Operating revenue	\$ 10,740	Note 5	0.15
4	Digicentre Company Limited	Digicentre (HK) Company Limited	3	Accounts receivable	45,163	Note 5	0.49
4	Digicentre Company Limited	Digicentre (HK) Company Limited	3	Sales of services	48,696	Note 5	0.67
4	Digicentre Company Limited	The Company	2	Accounts receivable	31,880	Note 5	0.34
4	Digicentre Company Limited	The Company	2	Sales of services	103,227	Note 5	1.42
5	Hyperg Smart Security Technology Pte. Ltd.	Digicentre Company Limited	3	Accounts receivable	10,634	Note 5	0.11
5	Hyperg Smart Security Technology Pte. Ltd.	Digicentre Company Limited	3	Other income	10,628	Note 5	0.15
6	Achieve Made International	JollyBuy Digital Technology Co., Ltd.	3	Sales revenue	10,217	Note 5	0.14
7	HaPod Digital Technology Co., Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	Accounts receivable	38,860	Note 5	0.42
7	HaPod Digital Technology Co., Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	Revenue from royalties	38,860	Note 5	0.53
8	Conetter CoMarketing Co., Ltd.	The Company	2	Accounts receivable	62,500	Note 5	0.67
8	Conetter CoMarketing Co., Ltd.	The Company	2	Advertising revenue	198,708	Notes 4 and 5	2.73

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)
Nine months ended September 30, 2019

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Company	Name of investee	Location	Main business activities	Original investment cost (Note 1)		Shares held as at September 30, 2019			Income (loss) incurred by the investee	Investment income (loss) recognised by the		Footnote
				Balance as at September 30, 2019	Balance as at December 31, 2018	Number of shares	Percentage	Book value		Company		
The Company	Gamania Holdings Ltd.	Cayman Islands	Investment holdings	\$ 2,513,941	\$ 2,513,941	46,278,315	100.00	\$ 656,239	\$ 17,383	\$ 17,383		
The Company	Gamania Asia Investment Co., Ltd.	Taiwan	Investment holdings	229,549	226,549	17,900,000	100.00	156,783 (	19,593) (	19,593)	
The Company	Fundation Digital Entertainment Co., Ltd.	Taiwan	Publishing of magazines and periodicals	220,000	220,000	316,522	100.00	- (	44) (	44)	
The Company	Jollybuy Digital Technology Co., Ltd.	Taiwan	E-commerce operations	410,000	377,000	11,600,000	94.31	38,577 (	61,207) (	59,131)	Note 2
The Company	Digicentre Company Limited	Taiwan	Software services	302,637	302,637	16,016,000	67.48	348,722	21,266	12,596		
The Company	Two Tigers Co. Ltd.	Taiwan	Animation production	6,269	6,269	626,892	51.00	6,336	7	4		
The Company	Gash Point Co., Ltd.	Taiwan	Software information and supply of electronic services	169,000	169,000	13,500,000	90.00	239,611	15,928	14,336		
The Company	Indiland Co., Ltd.	Taiwan	IP Commodities authorisation	40,000	40,000	50,000	100.00	205 (	34) (	34)	
The Company	Machi Pictures Co., Ltd.	Taiwan	Movie making and publishing	-	20,000	-	-	- (	60) (	20)	Note 5
The Company	Ants' Power Co., Ltd.	Taiwan	Customer services	10,000	10,000	1,000,000	100.00	59,486	33,277	33,277		
The Company	Chuang Meng Shr Ji Co., Ltd.	Taiwan	Venture Capital Industry	30,000	30,000	3,000,000	19.35	10,998 (	15,196) (	2,941)	
The Company	WeBackers Co., Ltd.	Taiwan	Crowd funding	51,040	44,040	3,175,000	93.38	427 (	4,482) (	4,166)	
The Company	Coture New Media Co., Ltd.	Taiwan	Producing TV programs and general advertising services	193,500	193,500	13,800,000	92.54	6,245 (	10,035) (	9,286)	
The Company	MadSugr Digital Technology Co., Ltd.	Taiwan	Software information and supply of electronic services	45,900	45,900	4,590,000	51.00	3,550 (	38) (	19)	
The Company	Gama Pay Co., Ltd.	Taiwan	Third party payment	564,343	340,000	53,428,572	66.79	308,393 (	83,126) (	47,813)	
The Company	Coco Digital Technology Co., Ltd.	Taiwan	Software services and sales	10,033	10,033	921,700	100.00	9,905	137	137		
The Company	NOWnews Network Co., Ltd.	Taiwan	Producing TV programs and general advertising services	378,291	337,867	25,346,973	79.04	327,163 (	32,765) (	35,659)	
The Company	Petsmao Co., Ltd.	Taiwan	Sales of petfood and other goods	-	18,750	-	-	-	-	-	Note 5	
The Company	BeanGo! Co., Ltd.	Taiwan	Communication software	195,000	120,000	9,500,000	100.00	- (	79,602) (	79,602)	

Gamania Digital Entertainment Co., Ltd. and subsidiaries
Information on investee companies (not including investees in Mainland China)
Nine months ended September 30, 2019

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Company	Name of investee	Location	Main business activities	Original investment cost (Note 1)		Shares held as at September 30, 2019				Investment income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
				Balance as at September 30, 2019	Balance as at December 31, 2018	Number of shares	Percentage	Book value				
The Company	Ciirco Inc.	Taiwan	Sales and research and development of software services	\$ 169,400	\$ 139,400	10,965,714	99.69	\$ 29,868	(\$ 27,315)	(\$ 27,411)		
The Company	4-Way Voice Cultural Co., Ltd.	Taiwan	Newspaper and magazine publishing	1,900	1,900	190,000	38.00	729	(234)	(89)		
The Company	Walkermidia Co., Ltd.	Taiwan	Publishing of magazines and general advertising services	30,000	-	3,000,000	30.00	28,761	(4,130)	(1,239)		
Jollywiz Digital Technology Co., Ltd.	Polysh Co., Ltd.	Taiwan	Supply of electronic services	10,000	10,000	125,000	20.00	8,758	237	47		
Digicentre Company Limited	Digicentre (HK) Company Limited	Hong Kong	Software services and sales	1,187	1,187	300,000	100.00	6,539	(1,519)	(1,519)		
Digicentre Company Limited	Hyperg Smart Security Technology Pte. Ltd.	Singapore	Software services and sales	9,312	-	300,000	100.00	9,194	(130)	(130)		
Coco Digital Technology Co., Ltd.	Coco Digital Technology (HK) Co., Ltd.	Hong Kong	Software services and sales	-	25,331	-	-	-	(133)	(133)	Note 4	
Ciirco Inc.	Ciirco (HK) Co., Ltd.	Hong Kong	Software services and sales	46,560	38,800	1,500,000	100.00	8,615	(5,741)	(5,741)		
Gamania Asia Investment Co., Ltd.	Pri-One Commercial Production Co., Ltd.	Taiwan	Sales and research and development of software	1,500	1,500	150,000	30.00	2,837	1,809	543		
Gamania Asia Investment Co., Ltd.	Fantasy Fish Digital Games Co., Ltd.	Taiwan	Sales and research and development of software	22,211	22,211	3,889,935	44.08	31,929	(18,549)	(8,177)		
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	36.76	48,484	(1,768)	(627)		
Gamania Asia Investment Co., Ltd.	Taiwan e-sports Co., Ltd.	Taiwan	E-sports	34,810	34,810	3,557,525	29.39	15,387	(33,674)	(9,897)		
Gamania Asia Investment Co., Ltd.	China Post	Taiwan	Newspaper and magazine publishing	1	1	500,000	100.00	-	(209)	(209)		
Gamania Asia Investment Co., Ltd.	Bjolly Digital Co., Ltd.	Taiwan	E-commerce operations	5,000	5,000	45,455	2.27	4,536	(12,850)	(292)		
Gamania Asia Investment Co., Ltd.	Aotter Inc.	Taiwan	Research and development of internet-related technology	25,000	25,000	170,473	21.48	23,294	(5,409)	(1,162)		

Gamania Digital Entertainment Co., Ltd. and subsidiaries
Information on investee companies (not including investees in Mainland China)
Nine months ended September 30, 2019

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Company	Name of investee	Location	Main business activities	Original investment cost (Note 1)		Shares held as at September 30, 2019				Investment income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
				Balance as at September 30, 2019	Balance as at December 31, 2018	Number of shares	Percentage	Book value				
Madsugr Digital Technology Co., Ltd.	Madsugr Digital Technology (HK) Co., Ltd.	Hong Kong	Software information and supply of electronic services	\$ 13,212	\$ 13,212	3,300,969	100.00	\$ 3,184	\$ 23	\$ 23		
Gash Point Co., Ltd.	Gash Point (Japan) Co., Ltd.	Japan	Software information and supply of electronic services	40,292	40,292	600	100.00	29,690	631	631		
Gash Point Co., Ltd.	Gash Point (Hong Kong) Co., Ltd.	Hong Kong	Software information and supply of electronic services	14,140	14,140	750,000	100.00	135,823	13,983	13,983		
Gash Point Co., Ltd.	Gash Point Korea Co., Ltd.	South Korea	Design and sales of software	11,662	11,662	138,268	100.00	15,100	2,530	2,530		
Gash Point Co., Ltd.	Conetter CoMarketing Co., Ltd.	Taiwan	Software information and supply of electronic services	29,250	29,250	2,625,000	79.98	54,703	15,067	12,646		
Gash Point Co., Ltd.	Gama Pay Co., Ltd.	Taiwan	Third party payment	150,000	150,000	12,857,143	16.07	74,201 (	83,126) (	15,006)	
Gamania Holdings Ltd.	Gamania International Holdings Ltd.	Cayman Islands	Investment holdings	2,529,916	2,529,916	77,281,128	100.00	668,921	29,068	29,068		
Gamania International Holdings Ltd.	Gamania China Holdings Ltd.	Cayman Islands	Investment holdings	1,035,032	1,035,032	40,416,628	98.85	246,486	109,352	108,095		
Gamania International Holdings Ltd.	Gamania Western Holdings Ltd.	Cayman Islands	Investment holdings	-	269,117	-	-	- (	1,618) (	1,618)	Notes 3 and 6
Gamania International Holdings Ltd.	Gamania Netherlands Holdings Cooperatief U.A.	Amsterdam	Investment holdings	-	152,775	-	-	- (	227) (	227)	Notes 3 and 4
Gamania International Holdings Ltd.	Joymobee Entertainment Co., Ltd.	Hong Kong	Design and research and development of software	122,608	122,608	30,701,775	100.00	10,267 (	803) (	803)	
Gamania International Holdings Ltd.	Firedog Creative Co., Ltd.	Hong Kong	Design and research and development of software	9,816	9,816	992,000	40.00	-	-	-		
Gamania International Holdings Ltd.	Achieve Made International Ltd.	BVI	Investment holdings	215,808	194,080	7,297,649	42.06	223,658 (	29,057) (	15,722)	
Gamania International Holdings Ltd.	ACCI Group Limited	Hong Kong	Sales of agricultural products	1,484	1,484	375,000	30.00	-	-	-		
Gamania International Holdings Ltd.	HaPod Digital Technology Co., Ltd.	Hong Kong	Software services and sales	68,288	59,597	2,200,000	100.00	- (	39,028) (	39,028)	
Gamania International Holdings Ltd.	GungHo Gamania Co., Limited	Hong Kong	Operations of mobile games	114,072	114,072	147	49.00	30,552 (	66,291) (	32,482)	

Gamania Digital Entertainment Co., Ltd. and subsidiaries
Information on investee companies (not including investees in Mainland China)
Nine months ended September 30, 2019

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Company	Name of investee	Location	Main business activities	Original investment cost (Note 1)		Shares held as at September 30, 2019			Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
				Balance as at September 30, 2019	Balance as at December 31, 2018	Number of shares	Percentage	Book value			
Achieve Made International Ltd.	Jollywiz Digital Technology Co., Ltd.	Taiwan	E-commerce operations	\$ 505,000	\$ 505,000	24,528,035	100.00	\$ 119,727	(\$ 18,518)	(\$ 7,789)	
Achieve Made International Ltd.	Jollywiz International (HK) Co., Ltd.	Hong Kong	E-commerce operations	33,886	33,886	17,000,000	86.73	1,019	(7,791)	(2,842)	
Jollywiz Digital Technology Co., Ltd.	Bjolly Digital Co., Ltd.	Taiwan	E-commerce operations	25,000	25,000	1,045,455	52.27	187	(12,850)	(2,825)	
Jollywiz Digital Technology Co., Ltd.	Cyber Look Properties Ltd.	BVI	Investment holdings	152,096	152,096	4,900,000	100.00	33,356	(3,488)	(1,467)	
Jollywiz Digital Technology Co., Ltd.	Jollywiz International (HK) Co., Ltd.	Hong Kong	E-commerce operations	10,291	10,291	2,600,000	13.27	156	(7,791)	(435)	
Gamania Western Holdings Ltd.	Gamania Digital Entertainment (U.S.) Co., Ltd.	U.S.A.	Software services and sales	-	267,875	-	-	-	(797)	(797) Notes 3 and 4	
Gamania Netherlands Holdings Cooperatief U.A.	Gamania Digital Entertainment (Europe) B.V.	Netherlands	Software services and sales	-	152,775	-	-	-	(226)	(226) Notes 3 and 4	
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	Cayman Islands	Investment holdings	1,226,701	1,226,701	39,520,000	100.00	3,332	(1,997)	(1,997)	
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	Hong Kong	Software services and sales	100,929	100,929	25,500,000	100.00	235,399	111,336	111,336	

Note 1 : Initial investment amount is translated to NTD at the spot rate at the period end.

Note 2: On September 12, 2018, Redgate Games Co., Ltd. was renamed JollyBuy Digital Technology Co., Ltd.

Note 3: On January 31, 2019, the Board of Directors during its meeting resolved to liquidate those subsidiaries and holding companies which had no substantial operations.

Note 4: The liquidation of Coco Digital Technology (HK) Co., Ltd., Gamania Digital Entertainment (U.S.) Co., Ltd., Gamania Netherlands Holdings Cooperatief U.A. and Gamania Digital Entertainment (Europe) B.V. was completed. Please refer to Note 4(3)B for the details.

Note 5: The liquidation of Petsmao Co., Ltd. and Machi Pictures Co., Ltd. was completed. Please refer to Note 6(8) for the details.

Note 6: As of the end of September, Gamania Western Holdings Ltd. is still under liquidation while the funds have been remitted back.

Gamania Digital Entertainment Co., Ltd. and subsidiaries

Information on investments in Mainland China

Nine months ended September 30, 2019

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2019	Net income of investee for the nine months ended September 30, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2019	Book value of investments in Mainland China as of September 30, 2019	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2019	Footnote (Note 1)
				Remitted to Mainland China	Remitted back to Taiwan	September 30, 2019	September 30, 2019	Company	September 30, 2019	September 30, 2019			
Gamania Digital Entertainment (Beijing) Co., Ltd.	Design and sales of software	\$ 1,095,712	Investment through a holding company registered in a country other than Taiwan and Mainland China	\$ 803,005	\$ -	\$ -	\$ 803,005	(\$ 1,952)	98.85	(\$ 1,929)	\$ 454	\$ -	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	46,560	-	-	46,560	-	-	-	-	-	Note 3
Legion Technology (Shanghai) Co., Ltd.	E-commerce operations	122,608	Investment through a holding company registered in a country other than Taiwan and Mainland China	122,608	-	-	122,608	(1,140)	42.06	(479)	39,670	-	Note 4
Jollywiz Digital Business Co., Ltd.	E-commerce operations	21,750	Investment through a holding company registered in a country other than Taiwan and Mainland China	-	-	-	-	(678)	42.06	(285)	16,865	-	Note 4
Ju Shr Da Jiu (Shanghai) International Trading Co., Ltd.	Sales of agricultural products	15,520	Investment through a holding company registered in a country other than Taiwan and Mainland China	-	-	-	-	-	38.66	-	-	-	Note 4

Note 1: The accumulated remittance as of January 1, 2019, remitted or collected this period, accumulated as of September 30, 2019 was translated into New Taiwan Dollars at the average exchange rate of NTD31.04 to US\$1 and RMB4.35 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 nine months ended September 30, 2019 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 September 30, 2019.

Note 4: Investment income or losses are recognised based on unaudited financial statements.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2019	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The Company (Note 1)	\$ 849,565	\$ 1,425,140	\$ 3,076,151
Jollywiz Digital Technology Co., Ltd. (Note 2)	122,608	122,608	170,685

Note 1: The total investment amount approved by the Investment Commission, MOEA, was USD45,913 thousand or NTD1,425,140 based on 31.04 spot exchange rate at September 30, 2019.

Note 2: Ceiling of \$126,693 is calculated based on Jollywiz Digital Technology Co., Ltd.'s net assets as of September 30, 2019. The ceiling on investments was \$170,685 when applying for approval for investments. Investment amount was translated based on 31.04 spot exchange rate at September 30, 2019.