

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

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



資誠

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

PWCR19001419

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 June 30, 2019 and 2018, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the related statements of changes in equity and of cash flows for the six 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 \$2,889,703 thousand and \$2,034,396 thousand, constituting 30% and 23% of the consolidated total assets, and total liabilities of \$697,520 thousand and \$432,186 thousand, constituting 14% and 9% of the consolidated total liabilities as at June 30, 2019 and 2018, respectively, and total comprehensive loss (including share of profit (loss) of associates and joint ventures accounted for using equity method) of \$104,434 thousand, \$31,867 thousand, \$200,667 thousand and \$65,224 thousand,



資誠

constituting 280%, (6%), (57%) and (8%) of the consolidated total comprehensive income (loss) for the three months and six months then ended, 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 June 30, 2019 and 2018, and of its consolidated financial performance for the three months and six months then ended and its consolidated cash flows for the six months then ended 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

August 13, 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

JUNE 30, 2019, DECEMBER 31, 2018 AND JUNE 30, 2018

(Expressed in thousands of New Taiwan dollars)

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

Assets	Notes	June 30, 2019		December 31, 2018		June 30, 2018		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 2,712,787	28	\$ 2,796,729	29	\$ 2,156,976	25
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		150,520	2	200,150	2	-	-
1150	Notes receivable, net	6(3)	993	-	1,452	-	63	-
1170	Accounts receivable, net	6(3)	787,304	8	921,055	9	1,048,490	12
1180	Accounts receivable - related	7						
	parties, net		45,711	-	51,704	1	7,035	-
1200	Other receivables	6(4)	484,150	5	401,614	4	509,164	6
1210	Other receivables - related parties	7	2,744	-	13,657	-	39,217	-
1220	Current income tax assets		3,692	-	6,057	-	3,549	-
130X	Inventory	6(5)	74,987	1	101,319	1	82,805	1
1410	Prepayments	6(6)	570,074	6	627,464	6	599,001	7
1470	Other current assets	8	165,115	2	179,563	2	94,597	1
11XX	Total current assets		<u>4,998,077</u>	<u>52</u>	<u>5,300,764</u>	<u>54</u>	<u>4,540,897</u>	<u>52</u>
Non-current assets								
1517	Financial assets at fair value	6(7)						
	through other comprehensive							
	income - non-current		461,484	5	461,952	5	428,707	5
1550	Investments accounted for under	6(8)						
	equity method		222,531	2	227,574	2	575,571	7
1600	Property, plant and equipment	6(9) and 8	2,869,024	30	2,896,310	29	2,746,008	31
1755	Right-of-use assets	6(10)	71,492	1	-	-	-	-
1780	Intangible assets	6(12)	762,878	8	737,468	8	239,839	3
1840	Deferred income tax assets	6(30)	140,388	1	142,103	1	120,157	1
1900	Other non-current assets	6(13) and 8	67,581	1	57,241	1	56,814	1
15XX	Total non-current assets		<u>4,595,378</u>	<u>48</u>	<u>4,522,648</u>	<u>46</u>	<u>4,167,096</u>	<u>48</u>
1XXX	Total assets		<u>\$ 9,593,455</u>	<u>100</u>	<u>\$ 9,823,412</u>	<u>100</u>	<u>\$ 8,707,993</u>	<u>100</u>

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GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2019, DECEMBER 31, 2018 AND JUNE 30, 2018

(Expressed in thousands of New Taiwan dollars)

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

Liabilities and Equity	Notes	June 30, 2019		December 31, 2018		June 30, 2018		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(14)	\$ 241,008	3	\$ 139,613	1	\$ 61,042	1
2130	Current contract liabilities	6(25)	409,141	4	452,619	5	634,469	7
2150	Notes payable		3,713	-	2,441	-	2,485	-
2170	Accounts payable		436,008	5	634,764	7	605,273	7
2180	Accounts payable - related parties	7	6	-	9,677	-	40,443	1
2200	Other payables	6(15)	2,811,459	29	1,772,141	18	1,763,203	20
2220	Other payables - related parties	7	120,959	1	157,915	1	158,377	2
2230	Current income tax liabilities		138,172	2	421,726	4	201,502	2
2280	Current lease liabilities	7	17,436	-	-	-	-	-
2300	Other current liabilities	6(16)	221,421	2	196,535	2	271,472	3
21XX	Total current liabilities		<u>4,399,323</u>	<u>46</u>	<u>3,787,431</u>	<u>38</u>	<u>3,738,266</u>	<u>43</u>
Non-current liabilities								
2540	Long-term borrowings	6(18)	320,000	3	800,000	8	1,100,000	13
2570	Deferred income tax liabilities		60,800	1	59,996	1	17,508	-
2580	Lease liabilities - non-current	7	54,294	1	-	-	-	-
2600	Other non-current liabilities	6(19)	16,827	-	17,255	-	6,276	-
25XX	Total non-current liabilities		<u>451,921</u>	<u>5</u>	<u>877,251</u>	<u>9</u>	<u>1,123,784</u>	<u>13</u>
2XXX	Total liabilities		<u>4,851,244</u>	<u>51</u>	<u>4,664,682</u>	<u>47</u>	<u>4,862,050</u>	<u>56</u>
Equity attributable to owners of parent								
Share capital								
3110	Share capital - common stock	6(21)	1,754,936	18	1,754,936	18	1,754,885	20
Capital surplus								
3200	Capital surplus		1,292,251	13	1,140,786	11	960,038	11
Retained earnings								
3310	Legal reserve		175,997	2	-	-	-	-
3320	Special reserve		199,195	2	-	-	-	-
3350	Unappropriated retained earnings		978,246	10	2,089,075	21	1,284,722	15
Other equity interest								
3400	Other equity interest	6(24)	(188,845)	(1)	(199,195)	(1)	(252,232)	(3)
3500	Treasury stocks	6(21)	(64,623)	(1)	(64,623)	(1)	(186,226)	(2)
31XX	Equity attributable to owners of the parent		<u>4,147,157</u>	<u>43</u>	<u>4,720,979</u>	<u>48</u>	<u>3,561,187</u>	<u>41</u>
36XX	Non-controlling interest		<u>595,054</u>	<u>6</u>	<u>437,751</u>	<u>5</u>	<u>284,756</u>	<u>3</u>
3XXX	Total equity		<u>4,742,211</u>	<u>49</u>	<u>5,158,730</u>	<u>53</u>	<u>3,845,943</u>	<u>44</u>
Significant contingent liabilities and unrecorded contract commitments								
Significant events after the balance sheet date								
3X2X	Total liabilities and equity		<u>\$ 9,593,455</u>	<u>100</u>	<u>\$ 9,823,412</u>	<u>100</u>	<u>\$ 8,707,993</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
SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except earnings per share data)
(REVIEWED, NOT AUDITED)

Items	Notes	Three months ended June 30,				Six months ended June 30,				
		2019		2018		2019		2018		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(25) and 7	\$ 1,963,387	100	\$ 3,496,792	100	\$ 4,897,673	100	\$ 8,361,250	100
5000	Operating costs	6(29) and 7	(1,172,018)	(60)	(2,220,434)	(64)	(2,888,340)	(59)	(5,854,563)	(70)
5950	Gross profit		<u>791,369</u>	<u>40</u>	<u>1,276,358</u>	<u>36</u>	<u>2,009,333</u>	<u>41</u>	<u>2,506,687</u>	<u>30</u>
	Operating expenses	6(29) and 7								
6100	Selling expenses		(338,631)	(17)	(267,813)	(8)	(766,620)	(16)	(668,100)	(8)
6200	General and administrative expenses		(299,555)	(15)	(295,332)	(8)	(569,633)	(12)	(600,474)	(7)
6300	Research and development expenses		(94,627)	(5)	(70,984)	(2)	(170,108)	(3)	(119,200)	(2)
6450	Expected credit impairment loss	12(2)	(1,081)	-	93	-	(2,250)	-	(1,538)	-
6000	Total operating expenses		(<u>733,894</u>)	(<u>37</u>)	(<u>634,036</u>)	(<u>18</u>)	(<u>1,508,611</u>)	(<u>31</u>)	(<u>1,389,312</u>)	(<u>17</u>)
6900	Operating income		<u>57,475</u>	<u>3</u>	<u>642,322</u>	<u>18</u>	<u>500,722</u>	<u>10</u>	<u>1,117,375</u>	<u>13</u>
	Non-operating income and expenses									
7010	Other income	6(26) and 7	11,840	-	16,251	1	22,023	1	20,469	-
7020	Other gains and losses	6(27)	6,053	-	11,058	-	9,095	-	54,091	1
7050	Finance costs	6(28)	(3,704)	-	(6,743)	-	(8,604)	-	(15,193)	-
7060	Share of loss of associates and joint ventures accounted for under equity method	6(8)	(20,075)	(1)	(29,053)	(1)	(35,371)	(1)	(36,491)	(1)
7000	Total non-operating income and expenses		(<u>5,886</u>)	(<u>1</u>)	(<u>8,487</u>)	-	(<u>12,857</u>)	-	<u>22,876</u>	-
7900	Profit before income tax		51,589	2	633,835	18	487,865	10	1,140,251	13
7950	Income tax expense	6(30)	(61,311)	(3)	(137,341)	(4)	(154,140)	(3)	(258,561)	(3)
8200	Profit for the period		<u>(\$ 9,272)</u>	<u>(1)</u>	<u>\$ 496,494</u>	<u>14</u>	<u>\$ 333,725</u>	<u>7</u>	<u>\$ 881,690</u>	<u>10</u>

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

Items	Notes	Three months ended June 30				Six months ended June 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)	(\$ 31,941)	(1)	\$ 12,482	1	(\$ 4,095)	-	(\$ 107,129)	(1)
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)	(487)	-	-	-	(487)	-	-	-
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		(32,428)	(1)	12,482	1	(4,582)	-	(107,129)	(1)
Components of other comprehensive income that will be reclassified to profit or loss										
8361	Financial statements translation differences of foreign operations		4,264	-	3,610	-	19,329	-	(2,624)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss	6(24)	526	-	6,709	-	526	-	6,693	-
8360	Other comprehensive income that will be reclassified to profit or loss		4,790	-	10,319	-	19,855	-	4,069	-
8300	Total other comprehensive income (loss) for the period		(\$ 27,638)	(1)	\$ 22,801	1	\$ 15,273	-	(\$ 103,060)	(1)
8500	Total comprehensive income (loss) for the period		(\$ 37,360)	(2)	\$ 519,295	15	\$ 348,998	7	\$ 778,630	9
Profit (loss) attributable to:										
8610	Owners of the parent		\$ 4,776	-	\$ 522,481	15	\$ 363,518	8	\$ 930,031	10
8620	Non-controlling interest		(14,498)	(1)	(25,987)	(1)	(29,793)	(1)	(48,341)	-
			(\$ 9,722)	(1)	\$ 496,494	14	\$ 333,725	7	\$ 881,690	10
Comprehensive income (loss) attributable to:										
8710	Owners of the parent		(\$ 21,388)	(1)	\$ 557,542	16	\$ 373,868	8	\$ 837,421	10
8720	Non-controlling interest		(15,972)	(1)	(38,247)	(1)	(24,870)	(1)	(58,791)	(1)
			(\$ 37,360)	(2)	\$ 519,295	15	\$ 348,998	7	\$ 778,630	9
Earnings per share (in dollars)										
9750	Basic earnings per share	6(31)	\$ 0.03		\$ 3.09		\$ 2.10		\$ 5.51	
9850	Diluted earnings per share	6(31)	\$ 0.03		\$ 3.07		\$ 2.07		\$ 5.44	

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
SIX MONTHS ENDED JUNE 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	-	-	-	-	-	-	365,436	-	(86,360)	(279,076)	-	-	-	-
Balance at January 1 after retrospective application	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	-	-	-	-	-	-	930,031	-	-	-	-	930,031	(48,341)	881,690
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	14,519	(107,129)	-	-	(92,610)	(10,450)	(103,060)
Total comprehensive income (loss)	-	-	-	-	-	-	930,031	14,519	(107,129)	-	-	837,421	(58,791)	778,630
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	4,604	13,904	-	(619)	-	-	-	-	-	-	-	17,889	-	17,889
Change in equity of associates and 6(8) joint ventures accounted for using equity method	-	-	-	13,518	-	-	(6,820)	-	-	-	-	6,698	-	6,698
Difference between consideration 6(32) and carrying amount of subsidiaries acquired or disposed	-	-	-	(1,242)	-	-	(3,925)	-	-	-	-	(5,167)	-	(5,167)
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(3,622)	(3,622)
Balance at June 30, 2018	<u>\$ 1,754,885</u>	<u>\$ 886,820</u>	<u>\$ 24,234</u>	<u>\$ 48,984</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,284,722</u>	<u>(\$ 58,743)</u>	<u>(\$ 193,489)</u>	<u>\$ -</u>	<u>(\$ 186,226)</u>	<u>\$ 3,561,187</u>	<u>\$ 284,756</u>	<u>\$ 3,845,943</u>
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	-	-	-	-	-	-	363,518	-	-	-	-	363,518	(29,793)	333,725
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	14,932	(4,582)	-	-	10,350	4,923	15,273
Total comprehensive income (loss)	-	-	-	-	-	-	363,518	14,932	(4,582)	-	-	373,868	(24,870)	348,998
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 6(8) joint ventures accounted for using equity method	-	-	-	1,195	-	-	-	-	-	-	-	1,195	-	1,195
Difference between consideration 6(32) and carrying amount of subsidiaries acquired or disposed	-	-	-	63,967	-	-	(24,933)	-	-	-	-	39,034	194,704	233,738
Treasury share distributed to employees 6(20)	-	-	-	86,303	-	-	-	-	-	-	-	86,303	-	86,303
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(12,531)	(12,531)
Balance at June 30, 2019	<u>\$ 1,754,936</u>	<u>\$ 886,975</u>	<u>\$ 220,571</u>	<u>\$ 184,705</u>	<u>\$ 175,997</u>	<u>\$ 199,195</u>	<u>\$ 978,246</u>	<u>(\$ 38,556)</u>	<u>(\$ 150,289)</u>	<u>\$ -</u>	<u>(\$ 64,623)</u>	<u>\$ 4,147,157</u>	<u>\$ 595,054</u>	<u>\$ 4,742,211</u>

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

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 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		\$ 487,865	\$ 1,140,251
Adjustments			
Adjustments to reconcile profit (loss)	12(2)		
Excepted credit impairment loss		2,250	1,538
Depreciation	6(29)	80,540	54,226
Amortisation	6(12)(29)	74,394	61,295
(Gain) loss on financial assets or liabilities at fair value through profit or loss	6(27)	(876)	5
Share-based payments	6(20)	86,303	-
Share of loss of associates accounted for using equity method	6(8)	35,371	36,491
Gain on disposal of property, plant and equipment	6(27)	(964)	(44,209)
Loss on disposal of investment	6(27)	1,194	618
Interest income	6(26)	(14,486)	(6,663)
Interest expense	6(28)	8,604	15,193
Intangible assets transferred to other loss and expenses	6(12)	1,172	4,410
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		459	175
Accounts receivable		133,798	1,222,312
Accounts receivables - related parties		5,993	32,943
Other receivables		(84,738)	(508,476)
Other receivables - related parties		10,913	(35,385)
Inventories		26,332	(11,724)
Prepayments		3,162	(293,567)
Other current assets		14,074	(9,308)
Other non-current assets		241	(1,865)
Changes in operating liabilities			
Contract liabilities		(43,478)	158,613
Notes payable		1,272	739
Accounts payable		(198,756)	(791,649)
Accounts payable - related parties		(9,671)	(105,737)
Other payables		(27,640)	816,874
Other payables - related parties		(21,604)	120,508
Other current liabilities		24,886	21,115
Other non-current liabilities		95	224
Cash inflow generated from operations		596,705	1,878,947
Interest received		14,486	6,663
Dividends received		1,809	-
Interest paid		(8,604)	(15,158)
Income tax paid		(432,810)	(32,884)
Net cash provided by operating activities		<u>171,586</u>	<u>1,837,568</u>

(Continued)

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 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		240,507	-
Acquisition of financial assets at fair value through other comprehensive income		(3,000)	-
Acquisition of investments accounted for using equity method	6(8)	(30,000)	(31,561)
Acquisition of property, plant and equipment	6(33)	(40,403)	(69,761)
Proceeds from disposal of property, plant and equipment	6(33)	2,765	88,226
Acquisition of intangible assets	6(33)	(81,451)	(43,426)
Proceeds from disposal of intangible assets	6(33)	2,409	8,538
Increase in other financial assets		(3,970)	(34,014)
Increase in refundable deposits		2,069	3,207
Increase in other non-current assets		(8,305)	-
Net cash used in investing activities		<u>(109,379)</u>	<u>(78,791)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		99,827	-
Repayment of short-term borrowings		-	(780,972)
Repayment of long-term debt		(480,000)	(208,487)
Purchase of treasury shares by subsidiaries	6(32)	(4,017)	-
Increase in subsidiaries capital from non-controlling interest	6(32)	233,738	10,000
Decrease in guarantee deposit received		(523)	-
Payment of lease liabilities	6(34)	(12,703)	-
Acquisition of additional equity interest in subsidiaries	6(32)	-	(13,000)
Net cash used in financing activities		<u>(163,678)</u>	<u>(992,459)</u>
Effect of exchange rate changes on cash and cash equivalents		17,529	10,628
Net (decrease) increase in cash and cash equivalents		(83,942)	776,946
Cash and cash equivalents at beginning of period		2,796,729	1,380,030
Cash and cash equivalents at end of period		<u>\$ 2,712,787</u>	<u>\$ 2,156,976</u>

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
SIX MONTHS ENDED JUNE 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 August 13, 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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date by the International Accounting Standards Board</u>
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 in the first half of 2019.
- D. The Group calculated the present value of lease liabilities by using weighted average incremental borrowing interest rate ranging from 0.94% to 1.4%.
- 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 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
			June 30, 2019	December 31, 2018	June 30, 2018	
Gamania Digital Entertainment Co., Ltd.	Gamania Holdings Ltd. (GH)	Holding company	100	100	100	
Gamania Holdings Ltd. (GH)	Gamania International Holdings Ltd.	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.	Investment holdings	100	100	100	Notes 1 and 2
Gamania International Holdings Ltd. (GIH)	Joymobee 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.	Software services and sales	100	100	100	Notes 1 and 2

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			June 30, 2019	December 31, 2018	June 30, 2018	
Gamania Western Holdings Ltd.	Gamania Digital Entertainment (U.S.) Co., Ltd.	Software services and sales	100	100	100	Notes 1 and 2
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	
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	53.49	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
			June 30, 2019	December 31, 2018	June 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	98.13	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	61.43	48.57	40	Note 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	78.70	78.70	-	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
			June 30, 2019	December 31, 2018	June 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	25	Note 6
Gash Point Co., Ltd.	Conetter CoMarketing Co., Ltd. (Conetter)	Software services	84	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.	Software services and sales	100	100	100	Notes 1 and 2
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	-	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 six months ended June 30, 2019 were not reviewed by the 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 six months ended June 30, 2018 were not reviewed by the 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 in the investee, 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 61.43% 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 an 100% equity interest in the investee.
- 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 June 30, 2019, December 31, 2018 and June 30, 2018, the non-controlling interest amounted to \$595,054, \$437,751 and \$284,756, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest						Description
		June 30, 2019		December 31, 2018		June 30, 2018		
		Amount	Ownership (%)	Amount	Ownership (%)	Amount	Ownership (%)	
AMI and subsidiaries	Taiwan and China	\$ 309,462	57.94%	\$ 154,460	49.93%	\$ 134,682	49.93%	Note
GAMA PAY Co., Ltd.	Taiwan	109,750	22.50%	102,223	30.00%	101,194	35.00%	
Digicentre Company Limited and subsidiaries	Taiwan	99,608	32.52%	106,150	33.04%	-	-	

Note: Registered location of AMI is Cayman Islands.

Balance sheets

	AMI and subsidiaries		
	June 30, 2019	December 31, 2018	June 30, 2018
Current assets	\$ 648,623	\$ 430,965	\$ 417,760
Non-current assets	56,267	60,210	61,449
Current liabilities	(165,635)	(177,499)	(209,467)
Total net assets	<u>\$ 539,255</u>	<u>\$ 313,676</u>	<u>\$ 269,742</u>
	GAMA PAY Co., Ltd.		
	June 30, 2019	December 31, 2018	June 30, 2018
Current assets	\$ 525,865	\$ 341,316	\$ 310,488
Non-current assets	27,910	37,511	19,981
Current liabilities	(43,297)	(38,085)	(41,309)
Non-current liabilities	(22,702)	-	(35)
Total net assets	<u>\$ 487,776</u>	<u>\$ 340,742</u>	<u>\$ 289,125</u>
	Digicentre Company Limited and subsidiaries		
	June 30, 2019	December 31, 2018	
Current assets	\$ 244,040	\$ 241,769	
Non-current assets	198,081	183,607	
Current liabilities	(125,091)	(115,891)	
Non-current liabilities	(28,850)	(12,764)	
Total net assets	<u>\$ 288,180</u>	<u>\$ 296,721</u>	

Statements of comprehensive income

	AMI and subsidiaries	
	Three months ended June 30,	
	2019	2018
Revenue	\$ 142,937	\$ 147,059
Loss before income tax	(11,093)	(21,852)
Income tax expense	-	-
Loss for the period	(11,093)	(21,852)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the period	<u>(\$ 11,093)</u>	<u>(\$ 21,852)</u>
Comprehensive loss attributable to non-controlling interest	<u>(\$ 5,885)</u>	<u>(\$ 10,911)</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

	AMI and subsidiaries	
	Six months ended June 30,	
	2019	2018
Revenue	\$ 279,723	\$ 323,506
Loss before income tax	(27,065)	(53,649)
Income tax expense	-	-
Loss for the period	(27,065)	(53,649)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the period	<u>(\$ 27,065)</u>	<u>(\$ 53,649)</u>
Comprehensive loss attributable to non-controlling interest	<u>(\$ 14,654)</u>	<u>(\$ 26,787)</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

	GAMA PAY Co., Ltd.	
	Three months ended June 30,	
	2019	2018
Revenue	\$ 424	\$ 127
Loss before income tax	(25,820)	(40,919)
Income tax expense	-	-
Loss for the period	(25,820)	(40,919)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the period	<u>(\$ 25,820)</u>	<u>(\$ 40,919)</u>
Comprehensive loss attributable to non-controlling interest	<u>(\$ 6,056)</u>	<u>(\$ 14,322)</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

	GAMA PAY Co., Ltd.	
	Six months ended June 30,	
	2019	2018
Revenue	\$ 1,127	\$ 261
Loss before income tax	(52,965)	(65,557)
Income tax expense	-	-
Loss for the period	(52,965)	(65,557)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the period	(\$ 52,965)	(\$ 65,557)
Comprehensive loss attributable to non-controlling interest	(\$ 14,200)	(\$ 22,945)
Dividends paid to non-controlling interest	\$ -	\$ -

	Digicentre Company Limited and subsidiaries	
	Three months ended June 30, 2019	
Revenue	\$ 158,883	
Profit before income tax	3,388	
Income tax expense	(2,309)	
Profit for the period	1,079	
Other comprehensive income, net of tax	-	
Total comprehensive income for the period	\$ 1,079	
Comprehensive income attributable to non-controlling interest	\$ 1,264	
Dividends paid to non-controlling interest	\$ -	

	Digicentre Company Limited and subsidiaries	
	Six months ended June 30, 2019	
Revenue	\$ 327,583	
Profit before income tax	20,190	
Income tax expense	(4,703)	
Profit for the period	15,487	
Other comprehensive income, net of tax	-	
Total comprehensive income for the period	\$ 15,487	
Comprehensive income attributable to non-controlling interest	\$ 5,899	
Dividends paid to non-controlling interest	\$ -	

Statements of cash flows

	<u>AMI and subsidiaries</u>	
	<u>Six months ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
Net cash used in operating activities	(\$ 20,519)	(\$ 43,082)
Net cash used in investing activities	(14,406)	(6,059)
Net cash provided by financing activities	251,720	1,572
Effect of exchange rate changes on cash and cash equivalents	(1,848)	7,055
Increase (decrease) in cash and cash equivalents	214,947	(40,514)
Cash and cash equivalents, beginning of period	64,793	137,671
Cash and cash equivalents, end of period	<u>\$ 279,740</u>	<u>\$ 97,157</u>

	<u>GAMA PAY Co., Ltd.</u>	
	<u>Six months ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
Net cash used in operating activities	(\$ 41,851)	(\$ 199,013)
Net cash used in investing activities	(8,851)	(1,750)
Net cash provided by financing activities	200,000	-
Increase (decrease) in cash and cash equivalents	149,298	(200,763)
Cash and cash equivalents, beginning of period	326,941	346,610
Cash and cash equivalents, end of period	<u>\$ 476,239</u>	<u>\$ 145,847</u>

	<u>Digicentre Company</u>	
	<u>Limited and</u>	
	<u>subsidiaries</u>	
	<u>Six months ended</u>	
	<u>June 30, 2019</u>	
Net cash provided by operating activities	\$ 19,355	
Net cash used in investing activities	(5,607)	
Net cash used in financing activities	(4,017)	
Effect of exchange rate changes on cash and cash equivalents	76	
Increase in cash and cash equivalents	9,807	
Cash and cash equivalents, beginning of period	42,246	
Cash and cash equivalents, end of period	<u>\$ 52,053</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) Leased assets/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 June 30, 2019, the Group recognised deferred contract liability in the amount of \$409,141.

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 June 30, 2019, the Group recognised licence fees, net of impairment, amounting to \$140,493.

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 June 30, 2019, the Group recognised customer relationship amounting to \$171,001.

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 June 30, 2019, the Group recognised goodwill, net of impairment loss, amounting to \$358,075.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Cash on hand and petty cash	\$ 7,192	\$ 8,951	\$ 1,494
Checking accounts and demand deposits	1,627,917	1,362,985	1,568,936
Cash equivalents - time deposits	<u>1,077,678</u>	<u>1,424,793</u>	<u>586,546</u>
	<u>\$ 2,712,787</u>	<u>\$ 2,796,729</u>	<u>\$ 2,156,976</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 and liabilities at fair value through profit or loss - current

<u>Items</u>	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Financial assets mandatorily measured at fair value through profit or loss			
Open-end funds	\$ 150,000	\$ 200,000	\$ -
Valuation adjustment	<u>520</u>	<u>150</u>	<u>-</u>
	<u>150,520</u>	<u>200,150</u>	<u>-</u>
Financial assets designated as at fair value through profit or loss			
Embedded derivative financial instruments (put and call options of convertible bonds)	-	-	(2,590)
Valuation adjustment	<u>-</u>	<u>-</u>	<u>2,590</u>
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 150,520</u>	<u>\$ 200,150</u>	<u>\$ -</u>

The Group recognised net (loss) profit of \$425, \$0, \$876 and \$5 on financial assets at fair value through profit or loss for the three months ended June 30, 2019 and 2018, and six months ended June 30, 2019 and 2018, respectively.

(3) Notes and accounts receivable

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Notes receivable	\$ 993	\$ 1,452	\$ 63
Accounts receivable	\$ 837,568	\$ 971,272	\$ 1,096,838
Less: Allowance for doubtful accounts	(50,264)	(50,217)	(45,878)
Less: Allowance for sales returns and discounts	-	-	(2,470)
	<u>787,304</u>	<u>921,055</u>	<u>1,048,490</u>
Overdue receivables (shown as other non-current assets)	99,830	99,830	99,830
Less: Allowance for doubtful accounts	(99,830)	(99,830)	(99,830)
	<u>\$ 787,304</u>	<u>\$ 921,055</u>	<u>\$ 1,048,490</u>

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

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Not past due	\$ 694,608	\$ 879,705	\$ 982,066
Up to 30 days	25,448	18,206	27,179
31~60 days	16,990	6,739	10,427
61~90 days	9,165	4,884	7,967
91~120 days	25,102	1,352	3,779
Over 120 days	66,255	60,386	65,420
	<u>\$ 837,568</u>	<u>\$ 971,272</u>	<u>\$ 1,096,838</u>

The above ageing analysis was based on past due date.

- B. As at June 30, 2019, December 31, 2018 and June 30, 2018, the Group has no notes receivable past due.
- C. As at June 30, 2019, December 31, 2018, June 30, 2018 and January 1, 2018, the balances of receivables (including notes and overdue receivables) from contracts with customers amounted to \$938,391, \$1,072,554, \$1,194,261 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 June 30, 2019, December 31, 2018 and June 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 \$993, \$1,452 and \$63, and accounts receivable was \$787,304, \$921,055 and \$1,048,490, respectively.
- F. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(4) Other accounts receivable

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Other receivables	\$ 552,817	\$ 468,019	\$ 574,594
Less: Allowance for bad debts	(68,667)	(66,405)	(65,430)
	<u>\$ 484,150</u>	<u>\$ 401,614</u>	<u>\$ 509,164</u>

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

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Not past due	\$ 396,656	\$ 319,936	\$ 428,378
Up to 30 days	8,947	15,078	14,808
31 to 60 days	5,177	3,560	7,868
61 to 90 days	5,117	5,980	2,767
91 to 120 days	2,129	2,836	1,959
Over 120 days	134,791	120,629	118,814
	<u>\$ 552,817</u>	<u>\$ 468,019</u>	<u>\$ 574,594</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 June 30, 2019, December 31, 2018 and June 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 \$484,150, \$401,614 and \$509,164, respectively.

D. Information relating to credit risk of other receivables is provided in Note 12(2).

(5) Inventories

	<u>June 30, 2019</u>		
	<u>Cost</u>	<u>Allowance for obsolescence and market value decline</u>	<u>Book value</u>
Merchandise inventory	\$ 78,030	(\$ 3,043)	\$ 74,987
	<u>December 31, 2018</u>		
	<u>Cost</u>	<u>Allowance for obsolescence and market value decline</u>	<u>Book value</u>
Merchandise inventory	\$ 104,455	(\$ 3,136)	\$ 101,319

	<u>June 30, 2018</u>		
	<u>Cost</u>	<u>Allowance for obsolescence and market value decline</u>	<u>Book value</u>
Merchandise inventory	\$ 84,978	(\$ 2,173)	\$ 82,805

Expenses and losses incurred on inventories for the period:

	<u>Three months ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
Cost of goods sold	\$ 119,887	\$ 107,912
Loss on (gain on reversal of) decline in market value (Note)	<u>42</u>	<u>(20)</u>
	<u>\$ 119,929</u>	<u>\$ 107,892</u>

	<u>Six months ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
Cost of goods sold	\$ 271,548	\$ 231,489
Gain on reversal of decline in market value (Note)	<u>(93)</u>	<u>(150)</u>
	<u>\$ 271,455</u>	<u>\$ 231,339</u>

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

(6) Prepayments

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Prepayments to suppliers	\$ 390,353	\$ 445,366	\$ 401,140
Prepaid expenses	104,503	95,271	101,632
Excess business tax paid	72,574	81,253	89,340
Others	<u>2,644</u>	<u>5,574</u>	<u>6,889</u>
	<u>\$ 570,074</u>	<u>\$ 627,464</u>	<u>\$ 599,001</u>

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

Items	June 30, 2019	December 31, 2018	June 30, 2018
Non-current items:			
Equity instruments			
Emerging stocks	\$ 20,000	\$ 20,000	\$ 20,000
Unlisted, non-OTC and non-emerging stocks	597,031	594,031	609,031
	617,031	614,031	629,031
Valuation adjustment	(155,547)	(152,079)	(200,324)
	\$ 461,484	\$ 461,952	\$ 428,707

- 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 \$461,484, \$461,952 and \$428,707 as at June 30, 2019, December 31, 2018 and June 30, 2018, respectively.
- B. The Group recognised (\$31,941), \$12,482, (\$4,095) and (\$107,129) in other comprehensive (loss) income for the fair value change of the financial assets for the three months ended June 30, 2019 and 2018, and six months ended June 30, 2019 and 2018, respectively.
- C. After participating 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. As at June 30, 2019, December 31, 2018 and June 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 financial assets at fair value through other comprehensive income held by the Group was \$461,484, \$461,952 and \$428,707, respectively.
- E. 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

	2019	2018
At January 1	\$ 227,574	\$ 584,731
Addition of investments accounted for using equity method	30,000	31,561
Share of loss of investments accounted for using equity method	(35,371)	(36,491)
Earnings distribution of investments accounted for using equity method	(1,561)	(11,897)
Changes in capital surplus	1,195	13,518
Changes in retained earnings	-	(6,820)
Changes in other equity items	39	6,693
Effects of foreign exchange	655	(5,724)
At June 30	<u>\$ 222,531</u>	<u>\$ 575,571</u>

A. List of long-term investments

Name of associates	June 30, 2019		December 31, 2018		June 30, 2018	
	Ownership percentage	Balance	Ownership percentage	Balance	Ownership percentage	Balance
Jsdway Digital Technology Co., Ltd. (Jsdway)	35.38	\$ 47,904	35.04	\$ 48,363	35.04	\$ 47,590
Gungho Gamania Co., Limited (Gungho Gamania)	49.00	43,878	49.00	62,351	49.00	72,352
Fantasy Fish Digital Games Co., Ltd. (Fantasy Fish)	44.08	34,131	44.08	40,944	44.08	43,336
Walkermedia Co., Ltd. (Walkermedia) (Note 1)	30.00	30,000	-	-	-	-
Aotter Inc. (Aotter) (Note 2)	21.48	24,410	21.48	24,456	-	-
Taiwan e-sports Co., Ltd. (Taiwan e-sports)	29.39	18,414	29.39	25,283	30.94	22,075
Chuang Meng Shr Ji Co., Ltd. (Chuang Meng Shr J.)	19.35	11,545	19.35	13,940	19.35	16,019
Polysh Co., Ltd.	20.00	8,735	20.00	8,711	20.00	9,960
Pri-One Marketing Co., Ltd. (Pri-One)	30.00	2,625	30.00	2,528	30.00	2,918
4-Way Voice Cultural Co., Ltd. (4-Way Voice)	38.00	729	38.00	818	38.00	957
Machi Pictures Co., Ltd. (Machi Pictures)	33.33	160	33.33	180	33.33	180
Digicentre Co., Ltd. (Digicentre) (Note 3)	66.96	-	66.96	-	38.26	184,650
NOWnews Network Co., Ltd. (NOWnews) (Note 4)	78.70	-	78.70	-	45.14	97,652

Name of associates	June 30, 2019		December 31, 2018		June 30, 2018	
	Ownership percentage	Balance	Ownership percentage	Balance	Ownership percentage	Balance
Mission Worldwide Group Limited (MWG) (Note 5)	-	\$ -	-	\$ -	25.00	\$ 73,000
Ju Shr Da Jiu (Shanghai) International Trading Co., Ltd. (Ju Shr Da Jiu) (Note 6)	30.00	-	30.00	-	30.00	3,487
ACCI Group Limited (ACCI) (Note 6)	30.00	-	30.00	-	30.00	1,395
Firedog creative Co., Ltd. (Firedog) (Note 6)	40.00	-	40.00	-	40.00	-
Petsmao Co., Ltd. (Petsmao) (Note 6)	-	-	37.50	-	37.50	-
		<u>\$ 222,531</u>		<u>\$ 227,574</u>		<u>\$ 575,571</u>

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

Note 1: The Company has significant control over Walkermmedia since it acquired 30.00% equity of the investee and was elected two director's seats on May 24, 2019.

Note 2: Gamania Asia has significant control over Aotter since it held 21.48% ownership of the investee and was elected 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: On September 27, 2018, the Company acquired 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.

Note 5: 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 6: 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.

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

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

There is no significant associate as of June 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

	<u>Digicentre</u>
	<u>June 30, 2018</u>
Current assets	\$ 248,790
Non-current assets	195,529
Current liabilities	(150,181)
Non-current liabilities	(11,350)
Total net assets	<u>\$ 282,788</u>

	<u>Digicentre</u>
	<u>June 30, 2018</u>
Share in associate's net assets	\$ 108,194
Unrealised loss on downstream transactions	4,699
Goodwill	71,757
Carrying amount of the associate	<u>\$ 184,650</u>

Statement of comprehensive income

	<u>Digicentre</u>
	<u>Three months ended</u>
	<u>June 30, 2018</u>
Revenue	\$ 145,711
Profit for the period from continuing operations	12,947
Other comprehensive income, net of tax	-
Total comprehensive income	<u>\$ 12,947</u>
Dividends received from associates	<u>\$ -</u>

	<u>Digicentre</u>
	<u>Six months ended</u>
	<u>June 30, 2018</u>
Revenue	\$ 266,432
Profit for the period from continuing operations	23,788
Other comprehensive income, net of tax	-
Total comprehensive income	<u>\$ 23,788</u>
Dividends received from associates	<u>\$ -</u>

- D. As of June 30, 2019, December 31, 2018 and June 30, 2018, the carrying amount of the Group's individually immaterial associates amounted to \$222,531, \$227,574 and \$390,921, respectively. The Group's share of the operating results are summarised below:

	<u>Three months ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
Loss for the period	(\$ 20,075)	(\$ 31,917)
Other comprehensive income, net of tax	-	-
Total comprehensive loss	<u>(\$ 20,075)</u>	<u>(\$ 31,917)</u>

	<u>Six months ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
Loss for the period	(\$ 35,371)	(\$ 43,764)
Other comprehensive income, net of tax	-	-
Total comprehensive loss	<u>(\$ 35,371)</u>	<u>(\$ 43,764)</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	-	821	17,432	-	5,732	4,961	7,642	3,124	39,712
Disposals	-	-	(1,625)	-	(176)	-	-	-	(1,801)
Transfers	-	7,290	-	-	-	-	-	(7,290)	-
Depreciation charge	-	(15,885)	(35,272)	-	(5,958)	(3,690)	(4,427)	-	(65,232)
Net exchange differences	-	-	8	-	12	14	1	-	35
Closing net book amount as at June 30	<u>\$ 2,246,082</u>	<u>\$ 416,785</u>	<u>\$ 129,752</u>	<u>\$ 61</u>	<u>\$ 32,833</u>	<u>\$ 19,188</u>	<u>\$ 21,199</u>	<u>\$ 3,124</u>	<u>\$ 2,869,024</u>
<u>At June 30, 2019</u>									
Cost	\$ 2,246,082	\$ 502,489	\$ 477,136	\$ 1,264	\$ 84,665	\$ 36,023	\$ 46,562	\$ 3,124	\$ 3,397,345
Accumulated depreciation	-	(85,704)	(341,002)	(1,203)	(51,832)	(16,835)	(25,363)	-	(521,939)
Accumulated impairment	-	-	(6,382)	-	-	-	-	-	(6,382)
	<u>\$ 2,246,082</u>	<u>\$ 416,785</u>	<u>\$ 129,752</u>	<u>\$ 61</u>	<u>\$ 32,833</u>	<u>\$ 19,188</u>	<u>\$ 21,199</u>	<u>\$ 3,124</u>	<u>\$ 2,869,024</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	-	14,326	25,936	-	3,896	3,653	1,629	-	49,440
Disposals	(9,321)	(23,120)	(254)	-	(23)	(11,317)	-	-	(44,035)
Reclassifications	-	(29,607)	-	-	-	-	-	29,607	-
Depreciation charge	-	(12,774)	(30,016)	-	(5,046)	(2,850)	(3,540)	-	(54,226)
Net exchange differences	(67)	(169)	14	-	200	45	503	-	526
Closing net book amount as at June 30	<u>\$ 2,140,662</u>	<u>\$ 373,928</u>	<u>\$ 128,816</u>	<u>\$ 62</u>	<u>\$ 33,930</u>	<u>\$ 20,204</u>	<u>\$ 18,799</u>	<u>\$ 29,607</u>	<u>\$ 2,746,008</u>
<u>At June 30, 2018</u>									
Cost	\$ 2,140,662	\$ 426,350	\$ 467,517	\$ 1,285	\$ 76,800	\$ 30,646	\$ 32,559	\$ 29,607	\$ 3,205,426
Accumulated depreciation	-	(52,422)	(332,319)	(1,223)	(42,870)	(10,442)	(13,760)	-	(453,036)
Accumulated impairment	-	-	(6,382)	-	-	-	-	-	(6,382)
	<u>\$ 2,140,662</u>	<u>\$ 373,928</u>	<u>\$ 128,816</u>	<u>\$ 62</u>	<u>\$ 33,930</u>	<u>\$ 20,204</u>	<u>\$ 18,799</u>	<u>\$ 29,607</u>	<u>\$ 2,746,008</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>June 30, 2019</u>	<u>Three months ended June 30, 2019</u>	<u>Six months ended June 30, 2019</u>
	<u>Book value</u>	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 55,447	\$ 8,758	\$ 12,218
Transportation equipment (Business vehicles)	2,914	650	1,300
Other equipment	13,131	895	1,790
	<u>\$ 71,492</u>	<u>\$ 10,303</u>	<u>\$ 15,308</u>

- C. For the three months ended June 30, 2019 and six months ended June 30, 2019, the additions to right-of-use assets were \$0 and \$17,402, respectively.
- D. Information on profit or loss in relation to lease contracts is as follows:

	<u>Three months ended June 30, 2019</u>	<u>Six months ended June 30, 2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	<u>\$ 228</u>	<u>\$ 338</u>
Expense on short-term lease contracts	<u>\$ 8,665</u>	<u>\$ 23,673</u>

- E. For the three months ended June 30, 2019 and six months ended June 30, 2019, the Group's total cash outflow for leases were \$31,757 and \$36,714, respectively.

(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 June 30, 2019 and six months ended June 30, 2019 is as follows:

	Three months ended June 30, 2019	Six months ended June 30, 2019
Rent income	\$ 350	\$ 788

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

	June 30, 2019
2019	\$ 657
2020	914
2021	305
	<u>\$ 1,876</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	63,546	20,839	2,378	-	-	-	86,763
Transfers (Note)	54,228	-	-	-	-	-	54,228
Amortisation charge	(45,078)	(17,280)	(3,007)	-	(9,029)	-	(74,394)
Disposals during the period	(38,250)	-	(2,409)	-	-	-	(40,659)
Transferred to expenses and losses	-	-	(1,172)	-	-	-	(1,172)
Net exchange differences	(3)	22	256	-	157	212	644
Closing net book amount as at June 30	<u>\$ 140,493</u>	<u>\$ 22,555</u>	<u>\$ 60,664</u>	<u>\$ 10,090</u>	<u>\$ 171,001</u>	<u>\$ 358,075</u>	<u>\$ 762,878</u>
<u>At June 30, 2019</u>							
Cost	\$ 399,881	\$ 81,209	\$ 104,148	\$ 10,090	\$ 198,863	\$ 386,777	\$ 1,180,968
Accumulated amortisation	(242,067)	(58,654)	(43,484)	-	(27,862)	-	(372,067)
Accumulated impairment	(17,321)	-	-	-	-	(28,702)	(46,023)
	<u>\$ 140,493</u>	<u>\$ 22,555</u>	<u>\$ 60,664</u>	<u>\$ 10,090</u>	<u>\$ 171,001</u>	<u>\$ 358,075</u>	<u>\$ 762,878</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	-	24,976	2,083	-	27,059
Amortisation charge	(50,333)	(8,802)	(2,160)	-	(61,295)
Disposals during the period	(8,538)	-	-	-	(8,538)
Transferred to other expenses and losses	-	-	(696)	-	(696)
Transferred to research and development expenses	-	-	(3,714)	-	(3,714)
Net exchange differences	(105)	46	432	431	804
Closing net book amount as at June 30	<u>\$ 169,102</u>	<u>\$ 30,386</u>	<u>\$ 20,851</u>	<u>\$ 19,500</u>	<u>\$ 239,839</u>
<u>At June 30, 2018</u>					
Cost	\$ 344,652	\$ 68,673	\$ 74,771	\$ 47,648	\$ 535,744
Accumulated amortisation	(158,229)	(38,287)	(53,920)	-	(250,436)
Accumulated impairment	(17,321)	-	-	(28,148)	(45,469)
	<u>\$ 169,102</u>	<u>\$ 30,386</u>	<u>\$ 20,851</u>	<u>\$ 19,500</u>	<u>\$ 239,839</u>

A. The details of amortisation are as follows:

	Three months ended June 30,	
	2019	2018
Operating costs	\$ 27,704	\$ 16,350
Selling expenses	5,314	1,725
General and administrative expenses	5,624	1,206
Research and development expenses	361	301
	<u>\$ 39,003</u>	<u>\$ 19,582</u>

	Six months ended June 30,	
	2019	2018
Operating costs	\$ 53,819	\$ 54,755
Selling expenses	10,567	3,637
General and administrative expenses	9,282	2,320
Research and development expenses	726	583
	<u>\$ 74,394</u>	<u>\$ 61,295</u>

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

	June 30, 2019	December 31, 2018	June 30, 2018
Goodwill:			
NOWnews	\$ 197,055	\$ 197,055	\$ -
Digicentre	141,149	141,149	-
AMI	19,132	18,920	18,762
GCH	27,756	27,448	27,219
Sino	947	937	929
The China Post Co., Ltd.	738	738	738
	<u>386,777</u>	<u>386,247</u>	<u>47,648</u>
Less: Accumulated impairment	<u>(28,702)</u>	<u>(28,384)</u>	<u>(28,148)</u>
	<u>\$ 358,075</u>	<u>\$ 357,863</u>	<u>\$ 19,500</u>

As of June 30, 2019, the Group's goodwill acquired in a business combination amounted to \$358,075, 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>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Overdue receivables	\$ 99,830	\$ 99,830	\$ 99,830
Less: Allowance for doubtful accounts	(99,830)	(99,830)	(99,830)
Refundable deposits	32,285	34,354	22,249
Other non-current financial assets (Note)	26,252	21,908	32,627
Others	9,044	979	1,938
	<u>\$ 67,581</u>	<u>\$ 57,241</u>	<u>\$ 56,814</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>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Bank borrowings			
Secured borrowings	\$ 55,593	\$ 55,147	\$ 61,042
Unsecured borrowings	185,415	84,466	-
	<u>\$ 241,008</u>	<u>\$ 139,613</u>	<u>\$ 61,042</u>
Credit lines	<u>\$ 1,124,278</u>	<u>\$ 1,311,766</u>	<u>\$ 1,366,493</u>
Interest rate range	<u>1.6%~6.10%</u>	<u>3.30%~6.10%</u>	<u>1.1%~6.10%</u>

(15) Other payables

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Store-value received on behalf of others	\$ 800,234	\$ 749,050	\$ 736,901
Payable on corporate tax and withholding tax	49,059	87,628	291,417
Commission payable	77,976	79,379	89,672
Salary payable and annual bonus	136,352	166,407	112,001
Employees' compensation payable	331,522	270,924	150,417
Payable on equipment and intangible assets	35,246	53,523	70,735
Directors' and supervisors' remuneration payable	62,051	50,687	27,475
Cash dividends payable	1,085,231	-	85,753
Payable on investment (other equity interest)	17,953	101,859	-
Others	215,835	212,684	198,832
	<u>\$ 2,811,459</u>	<u>\$ 1,772,141</u>	<u>\$ 1,763,203</u>

(16) Other current liabilities

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Bonds payable, current portion or exercise of put options	\$ -	\$ -	\$ 300
Long-term borrowings, current portion	160,000	160,000	190,460
Receipts under custody	24,620	17,640	3,968
Tax receipts under custody	8,485	8,614	5,337
Other current liabilities	28,316	10,281	71,407
	<u>\$ 221,421</u>	<u>\$ 196,535</u>	<u>\$ 271,472</u>

(17) Bonds payable

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Bonds payable	\$ -	\$ -	\$ 300
Less: Discount on bonds payable	-	-	-
	-	-	300
Less: Current portion or exercise of put options	-	-	(300)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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>June 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	\$ 480,000
Less: Current portion				(160,000)
				<u>\$ 320,000</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	June 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	\$ 1,260,000
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	
				30,460
				1,290,460
Less: Current portion				(190,460)
				<u>\$ 1,100,000</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 in sufficient 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 June 30, 2019 and 2018, and six months ended June 30, 2019 and 2018 were \$165,

\$164, \$331 and \$328, 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 six months ended June 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 June 30, 2019 and 2018, and six months ended June 30, 2019 and 2018 were \$9,524, \$6,875, \$17,087 and \$14,714, respectively.

(20) Share-based payment

- A. In the second quarter of 2019, the Company’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
9 th treasury stock transferred to employees of the Company and subsidiaries	2019.5.29	2,049,000	NA	Vested immediately
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 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)
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 June 30,	
	2019	2018
Equity-settled	\$ 86,303	\$ -
	Six months ended June 30,	
	2019	2018
Equity-settled	\$ 86,303	\$ -

(21) Common stock

A. As of June 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	<u>-</u>	<u>460</u>
At June 30	<u>173,262</u>	<u>169,057</u>

B. Treasury shares

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

		<u>June 30, 2019</u>	
<u>Name of company holding the shares</u>	<u>Reason for reacquisition</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>

		<u>December 31, 2018</u>	
<u>Name of company holding the shares</u>	<u>Reason for reacquisition</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>

		<u>June 30, 2018</u>	
<u>Name of company holding the shares</u>	<u>Reason for reacquisition</u>	<u>Number of shares (shares in thousands)</u>	<u>Carrying amount</u>
The Company	To be reissued to employees	<u>6,432</u>	<u>\$ 186,226</u>

(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:

	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 income	Total
At January 1	(\$ 53,488)	(\$ 145,707)	(\$ 199,195)
Revaluation - group	-	(4,095)	(4,095)
Revaluation - associates	-	(487)	(487)
Currency translation differences:			
- Group	14,406	-	14,406
- Associates	526	-	526
At June 30	<u>(\$ 38,556)</u>	<u>(\$ 150,289)</u>	<u>(\$ 188,845)</u>

	2018		
	Translation differences	Unrealised gain or loss on available-for-sale financial assets	Total
At January 1	(\$ 73,262)	(\$ 86,360)	(\$ 159,622)
Revaluation - group	-	(107,129)	(107,129)
Currency translation differences:			
- Group	7,826	-	7,826
- Associates	6,693	-	6,693
At June 30	(\$ 58,743)	(\$ 193,489)	(\$ 252,232)

(25) Operating revenue

	Three months ended June 30,	
	2019	2018
Revenue from contracts with customers	\$ 1,963,387	\$ 3,496,792
	Six months ended June 30,	
	2019	2018
Revenue from contracts with customers	\$ 4,897,673	\$ 8,361,250

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 June 30, 2019	Gamania Digital Entertainment Co., Ltd.	Gash Point and Gash Point (Hong Kong) Co., Ltd.	Others	Total
Revenue from external customer contracts	\$ 1,401,446	\$ 93,088	\$ 468,853	\$ 1,963,387
Timing of revenue recognition				
At a point in time	1,367,229	93,088	468,853	1,929,170
Over time	34,217	-	-	34,217
	\$ 1,401,446	\$ 93,088	\$ 468,853	\$ 1,963,387

Three months ended June 30, 2018	Gamania Digital Entertainment Co., Ltd.	Gash Point and Gash Point (Hong Kong) Co., Ltd.	Others	Total
Revenue from external customer contracts	\$ 3,081,232	\$ 382,580	\$ 32,980	\$ 3,496,792
Timing of revenue recognition				
At a point in time	3,011,171	382,580	32,980	3,426,731
Over time	70,061	-	-	70,061
	<u>\$ 3,081,232</u>	<u>\$ 382,580</u>	<u>\$ 32,980</u>	<u>\$ 3,496,792</u>
Six months ended June 30, 2019	Gamania Digital Entertainment Co., Ltd.	Gash Point and Gash Point (Hong Kong) Co., Ltd.	Others	Total
Revenue from external customer contracts	\$ 3,857,136	\$ 187,846	\$ 852,691	\$ 4,897,673
Timing of revenue recognition				
At a point in time	3,774,795	187,846	852,691	4,815,332
Over time	82,341	-	-	82,341
	<u>\$ 3,857,136</u>	<u>\$ 187,846</u>	<u>\$ 852,691</u>	<u>\$ 4,897,673</u>
Six months ended June 30, 2018	Gamania Digital Entertainment Co., Ltd.	Gash Point and Gash Point (Hong Kong) Co., Ltd.	Others	Total
Revenue from external customer contracts	\$ 7,293,331	\$ 491,386	\$ 576,533	\$ 8,361,250
Timing of revenue recognition				
At a point in time	7,131,446	491,386	576,533	8,199,365
Over time	161,885	-	-	161,885
	<u>\$ 7,293,331</u>	<u>\$ 491,386</u>	<u>\$ 576,533</u>	<u>\$ 8,361,250</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 June 30,	
	2019	2018
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Revenue from games	\$ -	\$ -
	Six months ended June 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 June 30,	
	2019	2018
Interest income:		
Interest income from bank deposits	\$ 7,407	\$ 5,602
Rental revenue	350	3,230
Other income - others	4,083	7,419
	<u>\$ 11,840</u>	<u>\$ 16,251</u>
	Six months ended June 30,	
	2019	2018
Interest income:		
Interest income from bank deposits	\$ 14,486	\$ 6,663
Rental revenue	788	6,387
Other income - others	6,749	7,419
	<u>\$ 22,023</u>	<u>\$ 20,469</u>

(27) Other gains and losses

	Three months ended June 30,	
	2019	2018
Gain on disposal of property, plant and equipment	\$ 1	\$ 417
Loss on disposal of investments	(1,194)	(618)
Foreign exchange gain	8,081	8,958
Gains on financial assets (liabilities) at fair value through profit or loss	425	-
Other gains and losses	(1,260)	2,301
	<u>\$ 6,053</u>	<u>\$ 11,058</u>

	Six months ended June 30,	
	2019	2018
Gain on disposal of property, plant and equipment	\$ 964	\$ 44,209
Loss on disposal of investments	(1,194)	(618)
Foreign exchange gain	12,160	16,674
Gains on financial assets (liabilities) at fair value through profit or loss	876	(5)
Other gains and losses	(3,711)	(6,169)
	<u>\$ 9,095</u>	<u>\$ 54,091</u>

(28) Finance costs

	Three months ended June 30,	
	2019	2018
Interest expense:		
Bank borrowings	\$ 3,476	\$ 6,737
Bonds payable	-	6
Lease liability	228	-
	<u>\$ 3,704</u>	<u>\$ 6,743</u>

	Six months ended June 30,	
	2019	2018
Interest expense:		
Bank borrowings	\$ 8,266	\$ 15,158
Bonds payable	-	35
Lease liability	338	-
	<u>\$ 8,604</u>	<u>\$ 15,193</u>

(29) Employee benefits, depreciation and amortisation expense

	Three months ended June 30,	
	2019	2018
Employee benefit expense		
Wages and salaries	\$ 315,530	\$ 250,564
Labor and health insurance fees	15,873	15,573
Pension costs	9,689	7,039
Other personnel expenses	10,088	11,138
	<u>\$ 351,180</u>	<u>\$ 284,314</u>
Depreciation on property, plant and equipment (including investment properties)	<u>\$ 42,895</u>	<u>\$ 26,963</u>
Amortisation expense	<u>\$ 39,003</u>	<u>\$ 19,582</u>

	Six months ended June 30,	
	2019	2018
Employee benefit expense		
Wages and salaries	\$ 565,171	\$ 490,984
Labor and health insurance fees	29,840	30,942
Pension costs	17,418	15,042
Other personnel expenses	20,720	25,466
	<u>\$ 633,149</u>	<u>\$ 562,434</u>
Depreciation on property, plant and equipment (including investment properties)	<u>\$ 80,540</u>	<u>\$ 54,226</u>
Amortisation expense	<u>\$ 74,394</u>	<u>\$ 61,295</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 June 30, 2019 and 2018, and six months ended June 30, 2019 and 2018, employees' compensation was accrued at \$3,071, \$76,125, \$56,823 and \$134,649, respectively; while directors' and supervisors' remuneration was accrued at \$615, \$14,734 \$11,365 and \$26,930, respectively. The aforementioned amounts were recognised in salary expenses.

For the six months ended June 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 the directors' and supervisors' remuneration for 2018 amounting to \$250,711 and \$50,000, as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2018 financial statements. 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 June 30,	
	2019	2018
Current tax:		
Current tax on profit for the period	\$ 35,215	\$ 115,792
Tax on unappropriated retained earnings	15,528	-
Prior year income tax underestimation	8,131	19,692
Total current tax	<u>58,874</u>	<u>135,484</u>
Deferred tax:		
Origination and reversal of temporary differences	2,437	5,089
Impact of change in tax rate	-	(3,232)
Income tax expense	<u>\$ 61,311</u>	<u>\$ 137,341</u>

	Six months ended June 30,	
	2019	2018
Current tax:		
Current tax on profit for the period	\$ 127,962	\$ 205,650
Tax on unappropriated retained earnings	15,528	-
Prior year income tax underestimation	8,131	24,095
Total current tax	<u>151,621</u>	<u>229,745</u>
Deferred tax:		
Origination and reversal of temporary differences	2,519	49,343
Impact of change in tax rate	-	(20,527)
Income tax expense	<u>\$ 154,140</u>	<u>\$ 258,561</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	2016
The Company, Gash Point, Ants' Power, Indiland, Gamania Asia, Ciirco, Coco, Foundation, Jollybuy, Two Tigers, Coture New Media, Madsugr, Conetter CoMarketing, GAMA PAY, WeBackers, BeanGo!, Digicentre, NOWnews	2017

(31) Earnings per share

	Three months ended June 30, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 4,776	173,262	\$ 0.03
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 4,776	-	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus (Note 1)	-	47	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 4,776	173,309	\$ 0.03
<u>Three months ended June 30, 2018</u>			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 522,481	168,906	\$ 3.09
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 522,481	-	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds (Note 2)	-	157	
Employees' bonus (Note 1)	-	988	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 522,481	170,051	\$ 3.07

Six months ended June 30, 2019			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 363,518	173,262	\$ 2.10
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 363,518	-	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bouns (Note 1)	-	1,996	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 363,518	175,258	\$ 2.07
Six months ended June 30, 2018			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 930,031	168,906	\$ 5.51
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 930,031	-	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds (Note 2)	-	157	
Employees' bonus (Note 1)	-	1,760	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 930,031	170,823	\$ 5.44

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

	<u>WeBackers</u>	<u>Ciirco</u>
	<u>Six months ended June 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>Six months ended</u>
		<u>June 30, 2019</u>
Cash		\$ -
Increase in carrying amount of non-controlling interest		(23,280)
Decrease in unappropriated retained earnings		<u>(\$ 23,280)</u>

	<u>AMI</u>	<u>Jollybuy</u>
	<u>Six months ended June 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>

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

C. The subsidiaries, AMI's subsidiary (Bjolly Co., Ltd.), Bean Go!, Ciirco and Coture New Media, increased capital by issuing new shares for the six months ended June 30, 2018. However, the Group did not acquire new shares proportionately to the interest ownership, thus, the share ownership (decreased) increased by (46.51%), 0.63%, 0.32% and 2.73%, respectively. The impact on this transaction attributed to owners of parent is as follows:

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

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

	<u>AMI's subsidiary</u>
	<u>(Bjolly Co., Ltd.)</u>
	<u>Six months ended</u>
	<u>June 30, 2018</u>
Cash	\$ 10,000
Increase in carrying amount of non-controlling interest	(13,790)
Capital surplus - changes in parent's ownership interest in subsidiaries	<u>(\$ 3,790)</u>

D. Acquisition of additional equity interest in a subsidiary

	Gash Point and its subsidiaries (Conetter)
	Six months ended June 30, 2018
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>

(33) Supplemental cash flow information

A. Investing activities with partial cash payments

	Six months ended June 30,	
	2019	2018
Acquisition of property, plant and equipment	\$ 39,712	\$ 49,440
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	(12,189)	(11,086)
Less: Ending balance of other payables - related parties	-	(8,550)
Cash paid during the period	<u>\$ 40,403</u>	<u>\$ 69,761</u>

	Six months ended June 30,	
	2019	2018
Purchase of intangible assets	\$ 86,763	\$ 27,059
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	(23,057)	(59,649)
Less: Ending balance of other payables - related parties	(5,029)	-
Cash paid during the period	<u>\$ 81,451</u>	<u>\$ 43,426</u>

	Six months ended June 30,	
	2019	2018
Disposals of intangible assets	(\$ 40,659)	\$ -
Add: Offsetting other payables	38,250	-
Cash paid during the period	(\$ 2,409)	\$ -

	Six months ended June 30,	
	2019	2018
Proceeds from disposal of property, plant and equipment	\$ 2,765	\$ 88,244
Less: Ending balance of other receivables - related parties	-	(18)
Cash received during the period	\$ 2,765	\$ 88,226

B. Financing activities with no cash flow effects

	Six months ended June 30,	
	2019	2018
Declared but unpaid dividends	\$ 1,074,222	\$ 84,298
Declared but unpaid dividends - non-controlling interest	11,013	1,455
	\$ 1,085,235	\$ 85,753

(34) Changes in liabilities from financing activities

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

	Short-term borrowings	Long-term borrowings	Lease liabilities	Liabilities from financing activities- gross
January 1, 2019	\$ 139,613	\$ 960,000	\$ 66,716	\$ 1,166,329
Changes in cash flow from financing activities	99,827	(480,000)	(12,703)	(392,876)
Impact of changes in foreign exchange rate	1,568	-	(23)	1,545
Changes in other non-cash items				
Interest expense	-	-	338	338
Increase in right-of-use assets	-	-	17,402	17,402
June 30, 2019	\$ 241,008	\$ 480,000	\$ 71,730	\$ 792,738

	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Bonds payable</u>	<u>Liabilities from financing activities- gross</u>
January 1, 2018	\$ 840,589	\$ 1,497,337	\$ 18,154	\$ 2,356,080
Changes in cash flow from financing activities	(780,972)	(208,487)	-	(989,459)
Impact of changes in foreign exchange rate	1,425	1,610	-	3,035
Changes in other non-cash items				
Amortisation of convertible bonds	-	-	35	35
Conversion of convertible bonds	-	-	(17,889)	(17,889)
June 30, 2018	<u>\$ 61,042</u>	<u>\$ 1,290,460</u>	<u>\$ 300</u>	<u>\$ 1,351,802</u>

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 (Digicentre) (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. (Wanwin)	"
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

	Three months ended June 30,	
	2019	2018
Sales of goods:		
Associates	\$ 205	\$ 138
Other related parties	39,817	-
	<u>\$ 40,022</u>	<u>\$ 138</u>
Sales of services:		
Associates	\$ 9,153	\$ 8,414
Wanwin	21,427	18,137
	<u>\$ 30,580</u>	<u>\$ 26,551</u>
	Six months ended June 30,	
	2019	2018
Sales of goods:		
Associates	\$ 1,108	\$ 297
Other related parties	91,817	-
	<u>\$ 92,925</u>	<u>\$ 297</u>
Sales of services:		
Associates	\$ 18,345	\$ 16,282
Wanwin	42,188	35,770
	<u>\$ 60,533</u>	<u>\$ 52,052</u>

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

Sales of services are service revenue arising from a certain percentage of value-added service provided to related parties, customer services and production of advertisements that are in accordance with mutual agreements.

B. Operating costs

	Three months ended June 30,	
	2019	2018
Costs of customer service hotline:		
Associates	\$ -	\$ 24,831
Mobile service costs:		
Associates	-	8,874
Programs cost:		
Associates	600	442
	<u>\$ 600</u>	<u>\$ 34,147</u>
	Six months ended June 30,	
	2019	2018
Costs of customer service hotline:		
Associates	\$ -	\$ 53,053
Mobile service costs:		
Associates	209	15,579
Programs cost:		
Associates	600	727
Advertising costs:		
Associates	-	165
Other operating costs:		
Associates	93	-
	<u>\$ 902</u>	<u>\$ 69,524</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)

	Three months ended June 30,	
	2019	2018
Other related parties	\$ -	\$ 135
Associates	4,996	5,558
	<u>\$ 4,996</u>	<u>\$ 5,693</u>

	Six months ended June 30,	
	2019	2018
Other related parties	\$ 95	\$ 135
Associates	9,710	14,168
	<u>\$ 9,805</u>	<u>\$ 14,303</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 June 30,	
	2019	2018
Other related party		
Gamania Cheer Up Foundation	<u>\$ -</u>	<u>\$ 30,000</u>
	Six months ended June 30,	
	2019	2018
Other related party		
Gamania Cheer Up Foundation	<u>\$ 10,800</u>	<u>\$ 32,500</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 June 30,	
	2019	2018
Associates		
Digicentre	\$ -	\$ 2,857
Other related parties	79	-
	<u>\$ 79</u>	<u>\$ 2,857</u>
	Six months ended June 30,	
	2019	2018
Associates		
Digicentre	\$ -	\$ 5,717
Others	23	-
Other related parties	187	-
	<u>\$ 210</u>	<u>\$ 5,717</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>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Accounts receivable:			
Associates	\$ 866	\$ 5,209	\$ 7,035
Other related parties			
Wanwin	44,687	46,495	-
Others	158	-	-
	<u>\$ 45,711</u>	<u>\$ 51,704</u>	<u>\$ 7,035</u>
Other receivables:			
Associates	\$ 2,684	\$ 13,657	\$ 39,217
Other related parties	60	-	-
	<u>\$ 2,744</u>	<u>\$ 13,657</u>	<u>\$ 39,217</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>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Accounts payable:			
Associates	\$ -	\$ 9,677	\$ 40,443
Other related parties	6	-	-
	<u>\$ 6</u>	<u>\$ 9,677</u>	<u>\$ 40,443</u>
Other payables:			
Associates	\$ 9,859	\$ 30,602	\$ 36,805
Wanwin	111,100	127,313	121,572
	<u>\$ 120,959</u>	<u>\$ 157,915</u>	<u>\$ 158,377</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 June 30,</u>	
	<u>2019</u>	<u>2018</u>
Associates		
Digicentre	<u>\$ -</u>	<u>\$ 17,032</u>

	Six months ended June 30,	
	2019	2018
Associates		
Digicentre	\$ -	\$ 17,514

As of June 30, 2018, the unpaid amount was \$8,550.

(b) Disposal of property, plant and equipment

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

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

As of June 30, 2018, the proceeds from disposal of property, plant and equipment that have not yet been received amounted to \$18.

(c) Acquisition of other assets

	Three months ended June 30,	
	2019	2018
Associates		
Digicentre	\$ -	\$ -

	Six months ended June 30,	
	2019	2018
Associates		
Digicentre	\$ -	\$ 429

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

I. Leasing arrangements - lessee

In January 2019, the Group leased offices from Jsdway Digital Technology Co., Ltd., and right-of-use assets was recognised in the amount of \$781 in accordance with IFRS 16. As of June 30, 2019, the carrying amount of right-of-use assets and lease liabilities amounted to \$562 and \$560, respectively. For the three months ended June 30, 2019 and six months ended June 30, 2019, the

Group recognised interest expense amounting to \$2 and \$4, 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 Digital Technology Co., Ltd..

(b) Rents are based on mutual agreement and are paid monthly.

(4) Key management compensation

	Three months ended June 30,	
	2019	2018
Short-term employee benefits	\$ 7,909	\$ 58,609
Post-employment benefits	81	81
	<u>\$ 7,990</u>	<u>\$ 58,690</u>
	Six months ended June 30,	
	2019	2018
Short-term employee benefits	\$ 54,882	\$ 104,448
Post-employment benefits	162	162
	<u>\$ 55,044</u>	<u>\$ 104,610</u>

8. PLEDGED ASSETS

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

Pledged assets	Book value			Pledge purpose
	June 30, 2019	December 31, 2018	June 30, 2018	
Demand deposits (shown in "other current asset")	\$ 105,529	\$ 105,903	\$ -	Guarantee for short-term borrowing (including current portion) facility
Demand deposits (shown in "other non-current asset")	26,252	21,908	23,489	Trusted electronic payment accounts
Time deposits (shown in "other current asset")	30,000	30,000	76,133	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 non-current asset")	-	-	9,138	Guarantee for long-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	232,646	235,134	237,623	Short-term and long-term loans / Credit lines
	<u>\$ 2,553,089</u>	<u>\$ 2,551,607</u>	<u>\$ 2,505,045</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

Prior to 2019

A. The Group leases warehouse, offices and network equipment under non-cancellable operating lease agreements. The Group recognised rental expenses of \$9,292 and \$18,835, respectively, for these leases in profit or loss for the three months ended June 30, 2018, and six months ended June 30, 2018. The future aggregate minimum lease payments are as follows:

	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Not later than one year	\$ 37,799	\$ 33,185
Later than one year but not later than five years	<u>36,416</u>	<u>64,526</u>
	<u>\$ 74,215</u>	<u>\$ 97,711</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 August 13, 2019, the Board of Directors approved the following significant events:

- A. The Company plans to purchase 4,286 thousand shares of Gama Pay Co., Ltd. held by original shareholders amounting to \$24,343. After the transaction, the Group held a total of 82.86% equity interest of Gama Pay Co., Ltd.
- B. The Company plans to purchase ordinary shares of Company A under the amount of \$81,453.

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>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 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	\$ 150,520	\$ 200,150	\$ -
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 461,484	\$ 461,952	\$ 428,707
Financial assets at amortised cost			
Cash and cash equivalents	\$ 2,712,787	\$ 2,796,729	\$ 2,156,975
Notes receivable	993	1,452	63
Accounts receivable (including related parties)	833,015	972,759	1,055,525
Other receivables (including related parties)	486,894	415,271	548,381
Guarantee deposits paid	41,809	34,354	22,249
Other financial assets	179,781	175,811	132,605
	<u>\$ 4,255,279</u>	<u>\$ 4,396,376</u>	<u>\$ 3,915,798</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 241,008	\$ 139,613	\$ 61,042
Notes payable	3,713	2,441	2,485
Accounts payable (including related parties)	436,014	644,441	645,716
Other accounts payable (including related parties)	2,932,418	1,930,056	1,921,580
Corporate bonds payable (including current portion)	-	-	300
Long-term borrowings (including current portion)	480,000	960,000	1,290,460
Guarantee deposits received	19,298	10,297	688
Lease liability (including related parties)	71,730	-	-
	<u>\$ 4,184,181</u>	<u>\$ 3,686,848</u>	<u>\$ 3,922,271</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:

	June 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	\$ 20,268	31.0600	\$ 629,524
HKD:NTD	3,362	3.9770	13,371
HKD:USD (Note)	71,519	0.1280	284,337
USD:HKD (Note)	5,459	7.8099	169,556
<u>Non-monetary items</u>			
USD:NTD	22,404	31.0600	695,882
KRW:NTD	545,579	0.0271	14,785
JPY:NTD	102,903	0.2886	29,698
HKD:USD (Note)	41,133	0.1280	163,531
EUR:USD (Note)	178	1.1391	6,305
RMB:USD (Note)	227	0.1456	1,025
USD:HKD (Note)	113	7.8099	3,516
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	7,154	31.0600	222,203
HKD:NTD	4,097	3.9770	16,294
EUR:NTD	300	35.3800	10,614
USD:HKD (Note)	800	7.8099	24,848

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.

(Foreign currency: Functional currency)	June 30, 2018		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 23,749	30.4600	\$ 723,395
HKD:NTD	4,678	3.8810	18,155
HKD:USD (Note)	76,624	0.1274	297,347
NTD:USD	6,588	0.0328	6,588
USD:HKD (Note)	4,855	7.8485	147,883
<u>Non-monetary items</u>			
USD:NTD	22,909	30.4600	697,793
KRW:NTD	425,303	0.0275	11,696
JPY:NTD	98,685	0.2754	27,178
USD:HKD (Note)	113	7.8485	3,429
HKD:USD (Note)	29,825	0.1274	115,738
EUR:USD (Note)	754	1.1621	26,707
RMB:USD (Note)	782	0.1508	3,594
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	14,753	30.4600	449,376
HKD:USD (Note)	2,142	0.1274	8,312

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

- iv. The total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended June 30, 2019 and 2018 and six months ended June 30, 2019 and 2018 amounted to \$6,343, \$18,532, \$8,446 and \$11,403, respectively.

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

Six months ended June 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%	\$ 6,295	\$ -
HKD:NTD	1%	134	-
HKD:USD (Note)	1%	2,843	-
USD:HKD (Note)	1%	1,696	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	2,222	-
HKD:NTD	1%	163	-
EUR:NTD	1%	106	-
USD:HKD (Note)	1%	248	-

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

Six months ended June 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%	\$ 7,234	\$ -
HKD:NTD	1%	182	-
HKD:USD (Note)	1%	2,973	-
NTD:USD	1%	66	-
USD:HKD (Note)	1%	1,479	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	4,494	-
HKD:USD (Note)	1%	83	-

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 six months ended June 30, 2019 and 2018, post-tax profit for the six months ended June 30, 2019 and 2018 would have increased/decreased by \$1,505 and \$0, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$4,615 and \$4,287, 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 six months ended June 30, 2019 and 2018, the Group's borrowings at variable rate were denominated in NTD and RMB.
- ii. At June 30, 2019, December 31, 2018 and June 30, 2018, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the six months ended June 30, 2019 and 2018 would have been \$66 and \$142 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 June 30, 2019, December 31, 2018 and June 30, 2018, the provision matrix is as follows:

	June 30, 2019		
	Expected loss rate	Total book value	Loss allowance
Not past due	0.00%~1.11%	\$ 1,091,264	\$ 576
Up to 30 days	0.10%~1.40%	34,395	99
31 to 60 days	0.00%~9.77%	22,167	366
61 to 90 days	0.00%~44.52%	14,282	1,573
91 to 120 days	0.00%~60.00%	27,231	4,478
Over 120 days	38.73%~100%	201,046	111,839
		<u>\$ 1,390,385</u>	<u>\$ 118,931</u>
	December 31, 2018		
	Expected loss rate	Total book value	Loss allowance
Not past due	0.00%~0.99%	\$ 1,200,462	\$ 426
Up to 30 days	1.38%~3.78%	32,462	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%	181,016	113,898
		<u>\$ 1,439,291</u>	<u>\$ 116,622</u>

	June 30, 2018		
	Expected loss rate	Total book value	Loss allowance
Not past due	0.00%~0.14%	\$ 1,410,444	\$ 758
Up to 30 days	0.00%~2.00%	41,987	267
31 to 60 days	0.00%~12.78%	18,295	376
61 to 90 days	0.00%~14.76%	10,734	406
91 to 120 days	0.00%~60.00%	5,738	771
Over 120 days	52.05%~100%	184,234	108,730
		<u>\$ 1,671,432</u>	<u>\$ 111,308</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) are as follows:

	2019		
	Accounts receivable	Other receivables	Total
At January 1	\$ 150,047	\$ 66,405	\$ 216,452
Provision for impairment	47	2,203	2,250
Effect of exchange rate changes	-	59	59
At June 30	<u>\$ 150,094</u>	<u>\$ 68,667</u>	<u>\$ 218,761</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	1,538	-	1,538
Allowance for doubtful accounts receivable reclassified to other receivables	(62,707)	62,707	-
Effect of exchange rate changes	145	-	145
At June 30	<u>\$ 145,708</u>	<u>\$ 65,430</u>	<u>\$ 211,138</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

June 30, 2019	Less than 1 year	Between 1 and 3 years	Over 3 years
Short-term borrowings	\$ 241,008	\$ -	\$ -
Notes payable	3,713	-	-
Accounts payable	436,008	-	-
Accounts payable - related parties	6	-	-
Other payables	2,811,459	-	-
Other payables - related parties	120,959	-	-
Lease liability	26,635	39,558	6,747
Long-term borrowings (including current portion)	165,880	325,040	-

Non-derivative financial liabilities:

December 31, 2018	Less than 1 year	Between 1 and 3 years	Over 3 years
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

June 30, 2018	Less than 1 year	Between 1 and 3 years	Over 3 years
Short-term borrowings	\$ 61,042	\$ -	\$ -
Notes payable	2,485	-	-
Accounts payable	605,273	-	-
Accounts payable - related parties	40,443	-	-
Other payables	1,763,203	-	-
Other payables - related parties	158,377	-	-
Long-term borrowings (including current portion)	210,537	346,880	806,250
Bonds payable	303	-	-

(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>June 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 profit or loss - current				
Open-end fund	<u>\$ 150,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,520</u>
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	<u>\$ 4,200</u>	<u>\$ -</u>	<u>\$ 457,284</u>	<u>\$ 461,484</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>June 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	<u>\$ 10,130</u>	<u>\$ -</u>	<u>\$ 418,577</u>	<u>\$ 428,707</u>

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 six months ended June 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 six months ended June 30, 2019 and 2018:

	Equity securities	
	2019	2018
At January 1	\$ 457,802	\$ 524,653
Losses recognised in other comprehensive income	(4,145)	(107,349)
Acquired during the period	3,000	-
Effects of foreign exchange	627	1,273
At June 30	<u>\$ 457,284</u>	<u>\$ 418,577</u>
	Embedded derivatives	
	2019	2018
At January 1	\$ -	\$ 5
Losses recognised in profit or loss (Note)	-	(5)
At June 30	<u>\$ -</u>	<u>\$ -</u>

Note: Shown as other gains and losses.

F. For the six months ended June 30, 2019 and 2018, there was no transfer into or out from Level 3.

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 June 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	\$ 457,284	Market comparable companies	Price to book ratio multiple	1.96~2.84 (2.24)	The higher the multiple, the higher the fair value
			Enterprise value to operating income ratio multiple	22.74~35.09 (34.24)	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 June 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	\$ 418,577	Market comparable companies	Price to book ratio multiple	2.04~3.45 (2.51)	The higher the multiple, the higher the fair value
			Enterprise value to operating income ratio multiple	26.82~33.05 (32.34)	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:

	Input	Change	June 30, 2019				
			Recognised in profit or loss		Recognised in other comprehensive income		
			Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets							
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 283	(\$ 283)	
	Enterprise value to operating income ratio multiple	±1%	-	-	3,462	(3,462)	
	Discount for lack of marketability	±1%	-	-	3,978	(3,978)	

			December 31, 2018			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	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)
			June 30, 2018			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change				
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 377	(\$ 377)
	Enterprise value to operating income ratio multiple	±1%	-	-	2,913	(2,913)
	Discount for lack of marketability	±1%	-	-	3,559	(3,559)

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 six months ended June 30, 2019 and 2018 is as follows:

Six months ended June 30, 2019

	<u>Gamania Digital Entertainment Co., Ltd.</u>	<u>Gash Point Co., Ltd. and Gash Point (Hong Kong)</u>	<u>Others</u>	<u>Total</u>	
Revenue from external customers	\$ 3,857,136	\$ 187,846	\$ 852,691	\$ 4,897,673	
Inter-segment revenue	60,168	108,284	347,230	515,682	(Note 1)
Segment operating profit (loss)	732,140 (	1,421) (	229,997)	500,722	
Segment profit (loss), net of tax	363,518	9,022 (	38,815)	333,725	
Segment profit (loss) includes:					
Depreciation and amortisation	(107,834) (	4,036) (	43,064) (	154,934)	
Income tax (expense) benefit	(141,178)	1,020 (	13,982) (	154,140)	
Investment (loss) income accounted for using equity method	(268,285)	4,076	228,838 (	35,371)	(Note 2)

Six months ended June 30, 2018

	Gamania Digital Entertainment Co., Ltd.	Gash Point Co., Ltd. and Gash Point (Hong Kong)	Others	Total	
Revenue from external customers	\$ 7,293,331	\$ 229,701	\$ 838,218	\$ 8,361,250	
Inter-segment revenue	93,853	269,461	18,593	381,907	(Note 1)
Segment operating profit (loss)	1,217,711	46,294 (	146,630)	1,117,375	
Segment profit (loss), net of tax	930,030	36,565 (	84,905)	881,690	
Segment profit (loss) includes:					
Depreciation and amortisation	(97,651) (	3,828) (	14,042) (	115,521)	
Income tax expense	(235,920) (	12,514) (	10,127) (	258,561)	
Investment (loss) income accounted for using equity method	(85,800)	579	48,730 (	36,491)	(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

Six months ended June 30, 2019

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of June 30, 2019	Outstanding endorsement/ guarantee amount at June 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
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	The Company	Hapod Digital Technology Co., Ltd.	3	\$ 526,481	\$ 94,836	\$ 93,216	\$ 85,448	\$ -	2.25	\$ 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	58,812	52,026	-	1.42	1,754,936	Y	N	Y	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

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

Note 2: Number 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)

June 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 June 30, 2019				
				Number of shares (in thousands)	Book value	Percentage	Market value (Note 2)	Footnote
The Company	Taishin Ta-Chong Money Market Fund	None	Financial assets at fair value through profit or loss - non-current	3,528	\$ 50,170	-	\$ 50,170	
The Company	Taishin 1699 Money Market Fund	None	Financial assets at fair value through profit or loss - non-current	3,705	50,180	-	50,180	
The Company	Hua Nan Phoenix Money Market Fund	None	Financial assets at fair value through profit or loss - non-current	3,083	50,170	-	50,170	
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	
The Company	NC Taiwan Co., Ltd. - stock	None	Financial assets at fair value through other comprehensive income - non-current	2,100	319,221	15.00	319,221	
The Company	Hagame International Co., Ltd. - stock	None	Financial assets at fair value through other comprehensive income - non-current	1,101	9,043	19.05	9,043	
The Company	Microprogram Information Co., Ltd. - stock	None	Financial assets at fair value through other comprehensive income - non-current	1,739	23,405	5.42	23,405	
The Company	Life Plus Co., Ltd. - stock	None	Financial assets at fair value through other comprehensive income - non-current	3,000	19,236	9.09	19,236	Note 3
Gamania Asia Investment Co., Ltd.	One Production Film Co., Ltd. - stock	None	Financial assets at fair value through other comprehensive income - non-current	1,000	4,200	3.57	4,200	

Gamania Digital Entertainment Co., Ltd. and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

June 30, 2019

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

		As of June 30, 2019						
Securities held by	Type of marketable securities (Note 1)	Relationship with the security holders	General ledger account	Number of shares (in thousands)	Book value	Percentage	Market value (Note 2)	Footnote
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	30,506	2.59	30,506	
Gamania International Holdings Ltd.	Ikala Global Online Corp. - stock	None	Financial assets at fair value through other comprehensive income - non-current	27,831	25,932	4.13	25,932	

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
Six months ended June 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)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Gash Point Co., Ltd.	The Company	Parent company	Sales of services	\$ 102,237	39.27%	Note	Note	Note	\$ 9,198	1.32%	

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
 June 30, 2019

Table 4

Expressed in thousands of NTD
 (Except as otherwise indicated)

Name of creditor	Transaction parties	Relationship	Balance as of June 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	\$ 195,486	4.18%	\$ -	-	\$ 65,658	-	Note 2

Note 1: The subsequent collections represent collections from the balance sheet date to August 13, 2019.

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

Gamania Digital Entertainment Co., Ltd. and subsidiaries
Significant inter-company transactions during the reporting period
Six months ended June 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	Other payables	\$ 26,954	Note 5	0.28
0	The Company	Gamania Digital Entertainment (H.K.) Co., Ltd.	1	Revenue from royalties	26,386	Note 4	0.54
0	The Company	Gash Point Co., Ltd.	1	Accounts receivable	177,760	Note 5	1.85
0	The Company	Gash Point Co., Ltd.	1	Other receivables	17,726	Note 5	0.18
0	The Company	Gamania Digital Entertainment (Europe) B.V.	1	Other payables	11,636	Note 5	0.12
0	The Company	Conetter CoMarketing Co., Ltd.	1	Advertisement expenses	102,213	Note 4 and 5	2.09
0	The Company	Ants' Power Co., Ltd.	1	Other payables	32,965	Note 5	0.34
0	The Company	Ants' Power Co., Ltd.	1	Administrative expenses	46,538	Note 5	0.95
0	The Company	Digicentre Co., Ltd.	1	Other receivables	18,733	Note 5	0.20
0	The Company	Digicentre Co., Ltd.	1	Accounts payable	20,210	Note 5	0.21
0	The Company	Digicentre Co., Ltd.	1	Operating costs	58,735	Note 5	1.20
1	Gamania Digital Entertainment (H.K.) Co., Ltd.	HaPod Digital Technology Co., Ltd.	3	Accounts receivable	13,613	Note 5	0.14
2	Gash Point Co., Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	Other payables	14,856	Note 5	0.15
2	Gash Point Co., Ltd.	JollyBuy Digital Technology Co., Ltd.	3	Other receivables	12,830	Note 5	0.13
2	Gash Point Co., Ltd.	Conetter CoMarketing Co., Ltd.	3	Other receivables	13,125	Note 5	0.14
2	Gash Point Co., Ltd.	The Company	2	Sales of services	102,237	Note 5	2.09

Gamania Digital Entertainment Co., Ltd. and subsidiaries
 Significant inter-company transactions during the reporting period
 Six months ended June 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	
2	Gash Point Co., Ltd.	GAMA PAY Co., Ltd.	3	Refundable deposits	\$ 10,000	Note 5	0.10
3	Ant's Power Co., Ltd.	Achieve Made International Ltd.	3	Operating revenue	12,790	Note 5	0.26
4	Digicentre Company Limited	Digicentre (HK) Company Limited	3	Accounts receivable	29,146	Note 5	0.30
4	Digicentre Company Limited	Digicentre (HK) Company Limited	3	Sales of services	29,146	Note 5	0.60

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)
Six months ended June 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 June 30, 2019			Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
				Balance as at June 30, 2019	Balance as at December 31, 2018	Number of shares	Percentage	Book value			
The Company	Gamania Holdings Ltd.	Cayman Islands	Investment holdings	\$ 2,524,079	\$ 2,524,079	46,278,315	100.00	\$ 540,134	(\$ 100,741)	(\$ 100,741)	
The Company	Gamania Asia Investment Co., Ltd.	Taiwan	Investment holdings	229,549	226,549	17,900,000	100.00	162,264	(14,107)	(14,107)	
The Company	Fundation Digital Entertainment Co., Ltd.	Taiwan	Publishing of magazines and periodicals	220,000	220,000	316,522	100.00	(293)	(26)	(26)	
The Company	Jollybuy Digital Technology Co., Ltd.	Taiwan	E-commerce operations	410,000	377,000	11,600,000	94.31	55,472	(42,236)	(42,236)	Note 2
The Company	Digicentre Company Limited	Taiwan	Software services	302,637	302,637	16,016,000	67.48	345,516	19,278	9,397	
The Company	Two Tigers Co. Ltd.	Taiwan	Animation production	6,269	6,269	626,892	51.00	6,334	3	1	
The Company	Gash Point Co., Ltd.	Taiwan	Software information and supply of electronic services	169,000	169,000	13,500,000	90.00	225,434	(677)	(609)	
The Company	Indiland Co., Ltd.	Taiwan	IP Commodities authorisation	40,000	40,000	50,000	100.00	213	(25)	(25)	
The Company	Machi Pictures Co., Ltd.	Taiwan	Movie making and publishing	20,000	20,000	2,000,000	33.33	160	(60)	(20)	
The Company	Ants' Power Co., Ltd.	Taiwan	Customer services	10,000	10,000	1,000,000	100.00	68,058	18,348	18,348	
The Company	Chuang Meng Shr Ji Co., Ltd.	Taiwan	Venture Capital Industry	30,000	30,000	3,000,000	19.35	11,545	(12,377)	(2,396)	
The Company	WeBackers Co., Ltd.	Taiwan	Crowd funding	51,040	44,040	3,175,000	93.38	683	(5,445)	(5,064)	
The Company	Coture New Media Co., Ltd.	Taiwan	Producing TV programs and general advertising services	193,500	193,500	13,800,000	92.54	9,011	(7,047)	(6,521)	
The Company	MadSugr Digital Technology Co., Ltd.	Taiwan	Software information and supply of electronic services	45,900	45,900	4,590,000	51.00	3,481	(174)	(89)	
The Company	Gama Pay Co., Ltd.	Taiwan	Third party payment	540,000	340,000	49,142,858	61.43	299,641	(57,085)	(31,137)	
The Company	Coco Digital Technology Co., Ltd.	Taiwan	Software services and sales	10,033	10,033	921,700	100.00	9,916	148	148	
The Company	NOWnews Network Co., Ltd.	Taiwan	Producing TV programs and general advertising services	337,867	337,867	21,304,556	78.70	298,784	(23,029)	(24,492)	
The Company	Petsmao Co., Ltd.	Taiwan	Sales of petfood and other goods	-	18,750	-	0.00	-	-	-	
The Company	BeanGo! Co., Ltd.	Taiwan	Communication software	190,000	120,000	9,000,000	100.00	15,495	(52,645)	(52,645)	

Gamania Digital Entertainment Co., Ltd. and subsidiaries
Information on investee companies (not including investees in Mainland China)
Six months ended June 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 June 30, 2019				Investment income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
				Balance as at June 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	\$ 39,321	(\$ 18,102)	(\$ 18,027)		
The Company	4-Way Voice Cultural Co., Ltd.	Taiwan	Newspaper and magazine publishing	1,900	1,900	190,000	38.00	729	(234)	(88)		
The Company	Walkermidia Co., Ltd.	Taiwan	Publishing of magazines and general advertising services	30,000	-	3,000,000	30.00	30,000	-	-		
Jollywiz Digital Technology Co., Ltd.	Polysh Co., Ltd.	Taiwan	Supply of electronic services	10,000	10,000	125,000	20.00	8,735	122	24		
Digicentre Company Limited	Digicentre (HK) Company Limited	Hong Kong	Software services and sales	9,318	9,318	300,000	100.00	4,830	(3,251)	(3,251)		
Digicentre Company Limited	Hyperg Smart Security Technology Pte. Ltd.	Singapore	Software services and sales	9,247	-	300,000	100.00	9,316	(2)	(2)		
Coco Digital Technology Co., Ltd.	Coco Digital Technology (HK) Co., Ltd.	Hong Kong	Software services and sales	-	25,094	-	0.00	3,838	(133)	(133)	Note 4	
Ciirco Inc.	Ciirco (HK) Co., Ltd.	Hong Kong	Software services and sales	38,825	38,825	1,250,000	100.00	2,877	(3,711)	(3,711)		
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	2,625	1,100	330		
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	34,131	(13,636)	(6,011)		
Gamania Asia Investment Co., Ltd.	Jsdway Digital Technology Co., Ltd.	Taiwan	Software information and supply of electronic services	55,125	55,125	5,250,000	35.38	47,904	(3,303)	(1,167)		
Gamania Asia Investment Co., Ltd.	Taiwan e-sports Co., Ltd.	Taiwan	E-sports	34,810	34,810	3,557,525	29.39	18,414	(23,373)	(6,869)		
Gamania Asia Investment Co., Ltd.	China Post	Taiwan	Newspaper and magazine publishing	1	1	500,000	100.00	(587)	(95)	(95)		
Gamania Asia Investment Co., Ltd.	Bjolly Digital Co., Ltd.	Taiwan	E-commerce operations	5,000	5,000	45,455	2.27	4,643	(8,112)	(184)		
Gamania Asia Investment Co., Ltd.	Aotter Inc.	Taiwan	Research and development of internet-related technology	25,000	25,000	170,473	21.48	24,410	(212)	(45)		

Gamania Digital Entertainment Co., Ltd. and subsidiaries
Information on investee companies (not including investees in Mainland China)
Six months ended June 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 June 30, 2019			Income (loss) incurred by the investee	Investment income (loss) recognised by the		Footnote
				Balance as at June 30, 2019	Balance as at December 31, 2018	Number of shares	Percentage	Book value		Company		
Madsugr Digital Technology Co., Ltd.	Madsugr Digital Technology (HK) Co., Ltd.	Hong Kong	Software information and supply of electronic services	\$ 13,205	\$ 13,205	3,300,969	100.00	\$ 3,004	(\$ 159)	(\$ 159)		
Gash Point Co., Ltd.	Gash Point (Japan) Co., Ltd.	Japan	Software information and supply of electronic services	40,404	40,404	600	100.00	26,968	551	551		
Gash Point Co., Ltd.	Gash Point (Hong Kong) Co., Ltd.	Hong Kong	Software information and supply of electronic services	14,149	14,149	750,000	100.00	131,651	9,699	9,699		
Gash Point Co., Ltd.	Gash Point Korea Co., Ltd.	South Korea	Design and sales of software	11,662	11,662	138,268	100.00	14,785	1,662	1,662		
Gash Point Co., Ltd.	Conetter CoMarketing Co., Ltd.	Taiwan	Software information and supply of electronic services	29,250	29,250	2,625,000	84.00	45,142	3,553	2,985		
Gash Point Co., Ltd.	Gama Pay Co., Ltd.	Taiwan	Third party payment	150,000	150,000	12,857,143	16.07	78,386	(57,085)	(10,821)		
Gamania Holdings Ltd.	Gamania International Holdings Ltd.	Cayman Islands	Investment holdings	2,540,111	2,540,111	77,281,128	100.00	553,814	(88,987)	(88,987)		
Gamania International Holdings Ltd.	Gamania China Holdings Ltd.	Cayman Islands	Investment holdings	1,036,283	1,036,283	40,416,628	98.85	164,307	25,112	24,823		
Gamania International Holdings Ltd.	Gamania Western Holdings Ltd.	Cayman Islands	Investment holdings	269,290	269,290	8,670,000	100.00	92,953	(2,024)	(2,024)	Note 3	
Gamania International Holdings Ltd.	Gamania Netherlands Holdings Cooperatief U.A.	Amsterdam	Investment holdings	159,210	159,210	-	100.00	6,312	(226)	(226)	Note 3	
Gamania International Holdings Ltd.	Joymabee Entertainment Co., Ltd.	Hong Kong	Design and research and development of software	122,687	122,687	30,701,775	100.00	10,425	(693)	(693)		
Gamania International Holdings Ltd.	Firedog Creative Co., Ltd.	Hong Kong	Design and research and development of software	9,863	9,863	992,000	40.00	-	-	-		
Gamania International Holdings Ltd.	Achieve Made International Ltd.	BVI	Investment holdings	194,206	194,206	7,297,649	42.06	227,128	(25,357)	(14,248)		
Gamania International Holdings Ltd.	ACCI Group Limited	Hong Kong	Sales of agricultural products	1,491	1,491	375,000	30.00	-	-	-		
Gamania International Holdings Ltd.	HaPod Digital Technology Co., Ltd.	Hong Kong	Software services and sales	59,635	59,635	1,920,000	100.00	(78,123)	(83,824)	(83,824)		
Gamania International Holdings Ltd.	GungHo Gamania Co., Limited	Hong Kong	Operations of mobile games	114,146	114,146	147	49.00	43,878	(39,038)	(19,129)		

Gamania Digital Entertainment Co., Ltd. and subsidiaries
Information on investee companies (not including investees in Mainland China)
Six months ended June 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 June 30, 2019			Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
				Balance as at June 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	\$ 253,019	(\$ 4,808)	(\$ 20,003)	
Achieve Made International Ltd.	Jollywiz International (HK) Co., Ltd.	Hong Kong	E-commerce operations	33,908	33,908	17,000,000	86.73	(40,710)	(17,518)	(15,193)	
Jollywiz Digital Technology Co., Ltd.	Bjolly Digital Co., Ltd.	Taiwan	E-commerce operations	25,000	25,000	1,045,455	52.27	(2,920)	(8,112)	(8,005)	
Jollywiz Digital Technology Co., Ltd.	Cyber Look Properties Ltd.	BVI	Investment holdings	152,194	152,194	4,900,000	100.00	87,520	1,751	1,751	
Jollywiz Digital Technology Co., Ltd.	Jollywiz International (HK) Co., Ltd.	Hong Kong	E-commerce operations	10,340	10,340	2,600,000	13.27	(6,229)	(17,518)	(2,325)	
Gamania Western Holdings Ltd.	Gamania Digital Entertainment (U.S.) Co., Ltd.	U.S.A.	Software services and sales	-	268,048	-	0.00	(-)	(795)	(795)	Notes 3 and 5
Gamania Netherlands Holdings Cooperatief U.A.	Gamania Digital Entertainment (Europe) B.V.	Netherlands	Software services and sales	159,210	159,210	500,000	100.00	(6,312)	(226)	(226)	Note 3
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	Cayman Islands	Investment holdings	1,227,491	1,227,491	39,520,000	100.00	(3,929)	(1,433)	(1,433)	
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	Hong Kong	Software services and sales	93,470	93,470	25,500,000	100.00	151,662	26,533	26,533	

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. was completed in February 2019.

Note 5: The liquidation of Gamania Digital Entertainment (U.S.) Co., Ltd. was completed in May 2019.

Gamania Digital Entertainment Co., Ltd. and subsidiaries

Information on investments in Mainland China

Six months ended June 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	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six months ended June 30, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2019	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2019	Net income of investee for the six months ended June 30, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2019	Book value of investments in Mainland China as of June 30, 2019	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2019	Footnote (Note 1)
				Remitted to Mainland China	Remitted back to Taiwan								
Gamania Digital Entertainment (Beijing) Co., Ltd.	Design and sales of software	\$ 1,096,418	Investment through a holding company registered in a country other than Taiwan and Mainland China	\$ 803,522	\$ -	\$ 803,522	\$ 803,522	(\$ 1,413)	98.85	(\$ 1,397)	\$ 1,017	\$ -	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	46,590	-	46,590	46,590	-	-	-	-	-	Note 3
Legion Technology (Shanghai) Co., Ltd.	E-commerce operations	122,687	Investment through a holding company registered in a country other than Taiwan and Mainland China	122,687	-	122,687	122,687	(11,499)	42.06	(5,758)	43,707	-	Note 4
Jollywiz Digital Business Co., Ltd.	E-commerce operations	22,605	Investment through a holding company registered in a country other than Taiwan and Mainland China	-	-	-	-	(9,358)	42.06	(4,686)	14,236	-	Note 4
Ju Shr Da Jiu (Shanghai) International Trading Co., Ltd.	Sales of agricultural products	15,530	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 June 30, 2019 was translated into New Taiwan Dollars at the average exchange rate of NTD31.06 to US\$1 and RMB4.52 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 six months ended June 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 June 30, 2019.

Note 4: Investment profits or losses are recognized based on unaudited financial statements.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 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)	\$ 850,112	\$ 1,426,058	\$ 2,845,327
Jollywiz Digital Technology Co., Ltd. (Notes 1 and 2)	122,687	122,687	176,324

Note 1: The total investment amount approved by the Investment Commission, MOEA, was USD45,913 thousand or NTD1,426,058 based on 31.06 spot exchange rate at June 30, 2019.

Note 2: Ceiling of \$126,693 is calculated based on Jollywiz Digital Technology Co., Ltd.'s net assets as of June 30, 2019. The ceiling on investments was \$176,324 when applying for approval for investments. Investment amount was translated based on 31.06 spot exchange rate at June 30, 2019.