

**GAMANIA DIGITAL ENTERTAINMENT CO.,
LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL
STATEMENTS AND INDEPENDENT
AUDITORS' REVIEW REPORT
JUNE 30, 2020 AND 2019**

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



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INDEPENDENT AUDITORS' REVIEW REPORT

PWCR20000078

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, 2020 and 2019, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the related consolidated 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 the “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 under equity method were not reviewed by independent auditors. Those statements reflect total assets (including investments accounted for under equity method) of \$2,912,313 thousand and \$2,889,703 thousand, constituting 30% and 30% of the consolidated total assets, and total liabilities of \$847,420 thousand and \$697,520 thousand, constituting 18% and 14% of

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the consolidated total liabilities as at June 30, 2020 and 2019, respectively, and total comprehensive income (loss) (including share of profit (loss) of associates and joint ventures accounted for under equity method) of \$32,657 thousand, (\$104,434) thousand, \$15,305 thousand, and (\$200,667) thousand, constituting 15%, 280%, 3% and (57%) 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 certain insignificant consolidated subsidiaries and investments accounted for under equity method been reviewed by independent auditors, 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, 2020 and 2019, 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 the “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

Yen, Yu-Fang

For and on behalf of PricewaterhouseCoopers, Taiwan

August 3, 2020

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, 2020, DECEMBER 31, 2019 AND JUNE 30, 2019
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2020 and 2019 are reviewed, not audited)

Assets	Notes	June 30, 2020		December 31, 2019		June 30, 2019		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 2,218,863	23	\$ 2,202,733	24	\$ 2,712,787	28
1110	Financial assets at fair value	6(2)						
	through profit or loss -							
	current		-	-	-	-	150,520	2
1150	Notes receivable, net	6(3)	451	-	511	-	993	-
1170	Accounts receivable, net	6(3)	1,135,559	12	1,067,474	12	787,304	8
1180	Accounts receivable - related	7						
	parties, net		12,771	-	6,702	-	45,711	-
1200	Other receivables	6(4)	468,239	5	370,354	4	484,150	5
1210	Other receivables - related	7						
	parties		34,048	-	1,522	-	2,744	-
1220	Current income tax assets		5,402	-	26,070	-	3,692	-
130X	Inventory	6(5)	95,539	1	116,429	1	74,987	1
1410	Prepayments	6(6)	687,021	7	544,634	6	570,074	6
1470	Other current assets	8	222,226	2	194,296	2	165,115	2
11XX	Total current assets		<u>4,880,119</u>	<u>50</u>	<u>4,530,725</u>	<u>49</u>	<u>4,998,077</u>	<u>52</u>
Non-current assets								
1517	Financial assets at fair value	6(7)						
	through other comprehensive							
	income - non-current		496,365	5	553,533	6	461,484	5
1550	Investments accounted for	6(8)						
	under equity method		257,482	2	235,418	2	222,531	2
1600	Property, plant and equipment	6(9) and 8	2,838,826	29	2,857,123	31	2,869,024	30
1755	Right-of-use assets	6(10)	52,586	-	59,700	1	71,492	1
1780	Intangible assets	6(12)	1,146,648	12	842,551	9	762,878	8
1840	Deferred income tax assets		105,244	1	111,269	1	140,388	1
1900	Other non-current assets	6(13) and 8	76,336	1	69,566	1	67,581	1
15XX	Total non-current assets		<u>4,973,487</u>	<u>50</u>	<u>4,729,160</u>	<u>51</u>	<u>4,595,378</u>	<u>48</u>
1XXX	Total assets		<u>\$ 9,853,606</u>	<u>100</u>	<u>\$ 9,259,885</u>	<u>100</u>	<u>\$ 9,593,455</u>	<u>100</u>

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GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2020, DECEMBER 31, 2019 AND JUNE 30, 2019
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2020 and 2019 are reviewed, not audited)

	Liabilities and Equity	Notes	June 30, 2020		December 31, 2019		June 30, 2019	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(15)	\$ 387,576	4	\$ 748,179	8	\$ 241,008	3
2130	Current contract liabilities	6(25)	422,411	4	335,054	4	409,141	4
2150	Notes payable		-	-	1,237	-	3,713	-
2170	Accounts payable		902,326	9	540,739	6	436,008	5
2180	Accounts payable - related parties	7	1,183	-	297	-	6	-
2200	Other payables	6(16)	2,060,939	21	1,578,028	17	2,811,459	29
2220	Other payables - related parties	7	85,659	1	98,678	1	120,959	1
2230	Current income tax liabilities		225,158	2	69,237	1	138,172	2
2280	Current lease liabilities	7	24,187	-	24,183	-	17,436	-
2300	Other current liabilities	6(17)	227,480	3	210,447	2	221,421	2
21XX	Total current liabilities		<u>4,336,949</u>	<u>44</u>	<u>3,606,079</u>	<u>39</u>	<u>4,399,323</u>	<u>46</u>
	Non-current liabilities							
2540	Long-term borrowings	6(18)	160,000	2	240,000	3	320,000	3
2570	Deferred income tax liabilities		59,467	1	61,297	1	60,800	1
2580	Lease liabilities - non-current	7	28,323	-	35,668	-	54,294	1
2600	Other non-current liabilities		20,221	-	19,448	-	16,827	-
25XX	Total non-current liabilities		<u>268,011</u>	<u>3</u>	<u>356,413</u>	<u>4</u>	<u>451,921</u>	<u>5</u>
2XXX	Total liabilities		<u>4,604,960</u>	<u>47</u>	<u>3,962,492</u>	<u>43</u>	<u>4,851,244</u>	<u>51</u>
	Equity attributable to owners of the parent							
	Share capital	6(21)						
3110	Common stock		1,754,936	18	1,754,936	19	1,754,936	18
	Capital surplus	6(22)						
3200	Capital surplus		1,355,382	14	1,291,593	14	1,292,251	13
	Retained earnings	6(23)						
3310	Legal reserve		264,787	3	175,997	2	175,997	2
3320	Special reserve		171,976	2	199,195	2	199,195	2
3350	Unappropriated retained earnings		1,433,475	14	1,461,346	16	978,246	10
	Other equity interest	6(24)						
3400	Other equity interest		(231,807)	(3)	(171,976)	(2)	(188,845)	(1)
	Treasury stocks							
3500	Treasury stocks	6(20)	(91,449)	(1)	-	-	(64,623)	(1)
31XX	Equity attributable to owners of the parent		<u>4,657,300</u>	<u>47</u>	<u>4,711,091</u>	<u>51</u>	<u>4,147,157</u>	<u>43</u>
36XX	Non-controlling interest	4(3)	<u>591,346</u>	<u>6</u>	<u>586,302</u>	<u>6</u>	<u>595,054</u>	<u>6</u>
3XXX	Total equity		<u>5,248,646</u>	<u>53</u>	<u>5,297,393</u>	<u>57</u>	<u>4,742,211</u>	<u>49</u>
	Significant contingent liabilities and unrecorded contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		<u>\$ 9,853,606</u>	<u>100</u>	<u>\$ 9,259,885</u>	<u>100</u>	<u>\$ 9,593,455</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, 2020 AND 2019

(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,				
		2020		2019		2020		2019		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(25) and 7	\$ 2,549,117	100	\$ 1,963,387	100	\$ 5,704,197	100	\$ 4,897,673	100
5000	Operating costs	6(30) and 7	(1,545,962)	(61)	(1,172,018)	(60)	(3,473,389)	(61)	(2,888,340)	(59)
5950	Gross profit		1,003,155	39	791,369	40	2,230,808	39	2,009,333	41
	Operating expenses	6(30) and 7								
6100	Selling expenses		(267,049)	(10)	(338,631)	(17)	(563,017)	(10)	(743,973)	(15)
6200	General and administrative expenses		(312,577)	(12)	(299,555)	(15)	(661,901)	(11)	(592,280)	(12)
6300	Research and development expenses		(100,566)	(4)	(94,627)	(5)	(172,753)	(3)	(170,108)	(4)
6450	Expected credit impairment loss	12(2)	(13,639)	(1)	(1,081)	-	(15,942)	-	(2,250)	-
6000	Total operating expenses		(693,831)	(27)	(733,894)	(37)	(1,413,613)	(24)	(1,508,611)	(31)
6900	Operating income		309,324	12	57,475	3	817,195	15	500,722	10
	Non-operating income and expenses									
7100	Interest income	6(26)	4,097	-	7,407	-	8,114	-	14,486	1
7010	Other income	6(11)(27) and 7	6,296	-	4,433	-	22,907	-	7,537	-
7020	Other gains and losses	6(28)	(9,235)	-	6,053	-	(11,738)	-	9,095	-
7050	Finance costs	6(29) and 7	(2,607)	-	(3,704)	-	(6,621)	-	(8,604)	-
7060	Share of loss of associates and joint ventures accounted for under equity method	6(8)	(32,247)	(1)	(20,075)	(1)	(52,155)	(1)	(35,371)	(1)
7000	Total non-operating income and expenses		(33,696)	(1)	(5,886)	(1)	(39,493)	(1)	(12,857)	-
7900	Profit before income tax		275,628	11	51,589	2	777,702	14	487,865	10
7950	Income tax expense	6(31)	(87,252)	(4)	(61,311)	(3)	(222,306)	(4)	(154,140)	(3)
8200	Profit (loss) for the period		\$ 188,376	7	\$ 9,722)	(1)	\$ 555,396	10	\$ 333,725	7

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GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(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,			
		2020		2019		2020		2019	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Other comprehensive income									
Components of other comprehensive income that will not be reclassified to profit or loss									
8316	Unrealised (loss) profit on investments in equity instruments at fair value through other comprehensive income	6(7)							
		\$ 36,107	1	(\$ 31,941)	(1)	(\$ 56,532)	(1)	(\$ 4,095)	-
8320	Share of other comprehensive loss of associates and joint ventures accounted for under equity method	6(24)							
		-	-	(487)	-	-	-	(487)	-
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss								
		36,107	1	(32,428)	(1)	(56,532)	(1)	(4,582)	-
Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations								
		(10,485)	-	4,264	-	337	-	19,329	-
8370	Share of other comprehensive income of associates and joint ventures accounted for under equity method	6(24)							
		662	-	526	-	662	-	526	-
8360	Other comprehensive (loss) income that will be reclassified to profit or loss								
		(9,823)	-	4,790	-	999	-	19,855	-
8300	Total other comprehensive income (loss) for the period								
		\$ 26,284	1	(\$ 27,638)	(1)	(\$ 55,533)	(1)	\$ 15,273	-
8500	Total comprehensive income (loss) for the period								
		\$ 214,660	8	(\$ 37,360)	(2)	\$ 499,863	9	\$ 348,998	7
Profit (loss) attributable to:									
8610	Owners of the parent								
		\$ 203,712	8	\$ 4,776	-	\$ 579,233	10	\$ 363,518	8
8620	Non-controlling interest								
		(15,336)	(1)	(14,498)	(1)	(23,837)	-	(29,793)	(1)
		\$ 188,376	7	(\$ 9,722)	(1)	\$ 555,396	10	\$ 333,725	7
Comprehensive income (loss) attributable to:									
8710	Owners of the parent								
		\$ 227,669	9	(\$ 21,388)	(1)	\$ 519,402	9	\$ 373,868	8
8720	Non-controlling interest								
		(13,009)	(1)	(15,972)	(1)	(19,539)	-	(24,870)	(1)
		\$ 214,660	8	(\$ 37,360)	(2)	\$ 499,863	9	\$ 348,998	7
Earnings per share (in dollars)									
9750	Basic earnings per share	6(32)							
		\$ 1.18		\$ 0.03		\$ 3.32		\$ 2.10	
9850	Diluted earnings per share	6(32)							
		\$ 1.17		\$ 0.03		\$ 3.28		\$ 2.07	

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, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

Notes	Equity attributable to owners of the parent												Non-controlling interest	Total equity
	Capital Reserves				Retained Earnings				Other Equity Interest					
	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 loss from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total			
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	
	-	-	-	-	-	-	363,518	-	-	-	363,518	(29,793)	333,725	
	-	-	-	-	-	-	-	14,932	(4,582)	-	10,350	4,923	15,273	
	-	-	-	-	-	-	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 of common stock		-	-	-	-	-	(1,074,222)	-	-	-	(1,074,222)	-	(1,074,222)	
Change in equity of associates and joint ventures accounted for under equity method	6(8)	-	-	-	1,195	-	-	-	-	-	1,195	-	1,195	
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(33)	-	-	-	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		\$ 1,754,936	\$ 886,975	\$ 220,571	\$ 184,705	\$ 175,997	\$ 199,195	\$ 978,246	(\$ 38,556)	(\$ 150,289)	(\$ 64,623)	\$ 4,147,157	\$ 595,054	\$ 4,742,211
2020														
	\$ 1,754,936	\$ 886,975	\$ 306,832	\$ 97,786	\$ 175,997	\$ 199,195	\$ 1,461,346	(\$ 73,174)	(\$ 98,802)	\$ -	\$ 4,711,091	\$ 586,302	\$ 5,297,393	
	-	-	-	-	-	-	579,233	-	-	-	579,233	(23,837)	555,396	
	-	-	-	-	-	-	-	(3,299)	(56,532)	-	(59,831)	4,298	(55,533)	
	-	-	-	-	-	-	579,233	(3,299)	(56,532)	-	519,402	(19,539)	499,863	
Appropriations of 2019 retained earnings	6(23)	-	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve		-	-	-	88,790	-	(88,790)	-	-	-	-	-	-	
Reversal of special reserve		-	-	-	-	(27,219)	27,219	-	-	-	-	-	-	
Cash dividends		-	-	-	-	-	(544,030)	-	-	-	(544,030)	-	(544,030)	
Change in equity of associates and joint ventures accounted for under equity method	6(8)	-	-	-	(1,192)	-	(787)	-	-	-	(1,979)	-	(1,979)	
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(33)	-	-	-	(882)	-	(716)	-	-	-	(1,598)	38,325	36,727	
Treasury share distributed to employees	6(20)	-	-	-	65,863	-	-	-	-	-	65,863	-	65,863	
Purchase of treasury shares		-	-	-	-	-	-	-	-	(91,449)	(91,449)	-	(91,449)	
Changes in non-controlling interest	6(34)	-	-	-	-	-	-	-	-	-	-	(13,742)	(13,742)	
Balance at June 30, 2020		\$ 1,754,936	\$ 886,975	\$ 306,832	\$ 161,575	\$ 264,787	\$ 171,976	\$ 1,433,475	(\$ 76,473)	(\$ 155,334)	(\$ 91,449)	\$ 4,657,300	\$ 591,346	\$ 5,248,646

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, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	Six months ended June 30,	
		2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 777,702	\$ 487,865
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	12(2)	15,942	2,250
Depreciation	6(9)(10)(30)	81,641	80,540
Amortisation	6(12)(30)	244,614	74,394
Gain on financial assets at fair value through profit or loss	6(2)(28)	-	(876)
Share-based payments	6(20)	65,863	86,303
Share of loss of subsidiaries and associates accounted for under equity method	6(8)	52,155	35,371
Gain on disposal of property, plant and equipment	6(28)	(233)	(964)
(Gain) loss on disposal of investment	6(28)	(2,331)	1,194
Intangible assets transferred to other losses and expenses	6(12)	-	1,172
Impairment loss on non-financial assets	6(14)(28)	10,119	-
Interest income	6(26)	(8,114)	(14,486)
Interest expense	6(29)	6,621	8,604
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		-	50,507
Notes receivable		60	459
Accounts receivable		(81,873)	133,798
Accounts receivable - related parties		(6,069)	5,993
Other receivables		(152,675)	(84,738)
Other receivables - related parties		(32,526)	10,913
Inventories		20,890	26,332
Prepayments		(142,387)	3,162
Other current assets		7,050	14,074
Other non-current assets		(2,457)	(8,064)
Changes in operating liabilities			
Contract liabilities - current		87,387	(43,478)
Notes payable		(1,237)	1,272
Accounts payable		361,587	(198,756)
Accounts payable - related parties		886	(9,671)
Other payables		35,091	(27,640)
Other payables - related parties		(13,019)	(21,604)
Other current liabilities		17,033	24,886
Other non-current liabilities		48	95
Cash inflow generated from operations		1,341,768	638,907
Interest received		8,114	14,486
Dividends received		-	1,809
Interest paid		(6,621)	(8,604)
Income tax paid		(41,522)	(432,810)
Net cash provided by operating activities		<u>1,301,739</u>	<u>213,788</u>

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GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	Six months ended June 30,	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		\$ -	(\$ 3,000)
Proceeds from liquidation of financial assets at fair value through other comprehensive income		2,331	-
Acquisition of investments accounted for under equity method	6(8)	(99,594)	(30,000)
Proceeds from capital reduction of investments accounted for under equity method	6(8)	23,340	-
Acquisition of property, plant and equipment	6(34)	(70,781)	(40,403)
Proceeds from disposal of property, plant and equipment		2,193	2,765
Acquisition of intangible assets	6(34)	(568,423)	(81,451)
Proceeds from disposal of intangible assets	6(34)	392	2,409
Increase in other financial assets		(41,462)	(3,970)
Decrease in refundable deposits		2,851	2,069
Net cash used in investing activities		(749,153)	(151,581)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings	6(35)	(359,865)	99,827
Repayment of long-term debt	6(35)	(80,000)	(480,000)
Purchase of treasury shares		(91,449)	(4,017)
Increase in subsidiaries capital from non-controlling interest	6(33)	7,422	233,738
Payment of lease liabilities	6(35)	(13,114)	(12,365)
Increase (decrease) in guarantee deposits received		725	(523)
Net cash used in financing activities		(536,281)	(163,340)
Effect of exchange rate changes on cash and cash equivalents		(175)	17,191
Net increase (decrease) in cash and cash equivalents		16,130	(83,942)
Cash and cash equivalents at beginning of the period		2,202,733	2,796,729
Cash and cash equivalents at end of the period		\$ 2,218,863	\$ 2,712,787

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, 2020 AND 2019

(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 3, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 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
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 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.

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

None.

(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 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
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, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

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, 2019, 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 periods presented, unless otherwise stated.

(1) Compliance statement

- A. 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.
- B. These consolidated financial statements should be read with the consolidated financial statements for the year ended December 31, 2019.

(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, 2020	December 31, 2019	June 30, 2019	
Gamania Digital Entertainment Co., Ltd.	Gamania Holdings Ltd. (GH)	Holding company	100	100	100	
Gamania Holdings Ltd. (GH)	Gamania International Holdings Ltd. (GIH)	Investment and holding company	100	100	100	
Gamania International Holdings Ltd. (GIH)	Gamania China Holdings Ltd.	Investment and holding company	98.85	98.85	98.85	
Gamania International Holdings Ltd. (GIH)	Gamania Western Holdings Ltd. (GWH)	Investment and holding company	-	100	100	Notes 2 and 6
Gamania International Holdings Ltd. (GIH)	Gamania Netherlands Holdings Cooperatief U.A. (GNH)	Investment and holding company	-	-	100	Notes 2 and 6
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 and holding company	42.06	42.06	42.06	Notes 1, 2 and 5
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 and holding company	100	100	100	Notes 1 and 2
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	Software services and sales	100	100	100	Notes 1 and 2
Gamania Netherlands Holdings Cooperatief U.A.	Gamania Digital Entertainment (Europe) B.V. (GEU)	Software services and sales	-	-	100	Notes 2 and 6
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.	Supply of electronic information services	100	100	100	Notes 1 and 2
Achieve Made International Ltd. (AMI)	Jollywiz International (HK) Co., Ltd.	Supply of electronic information services	86.73	86.73	86.73	Notes 1, 2 and 3

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			June 30, 2020	December 31, 2019	June 30, 2019	
Jollywiz Digital Technology Co., Ltd.	Cyber Look Properties Ltd.	Investment and holding company	100	100	100	Notes 1 and 2
Jollywiz Digital Technology Co., Ltd.	Jollywiz International (HK) Co., Ltd.	Supply of electronic information services	13.27	13.27	13.27	Notes 1, 2 and 3
Jollywiz Digital Technology Co., Ltd.	Bjolly Co., Ltd. (Bjolly)	Supply of electronic information services	52.27	52.27	52.27	Notes 1, 2 and 4
Bjolly Co., Ltd.	NOWnews Network Co., Ltd. (NOWnews)	Broadcast and TV shows production	1.41	1.58	-	Notes 1, 2 and 7
Cyber Look Properties Ltd.	Legion Technology (Shanghai) Co., Ltd.	Supply of electronic information services	100	100	100	Notes 1 and 2
Legion Technology (Shanghai) Co., Ltd.	Jollywiz Digital Business Co., Ltd.	Supply of electronic information 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	99.84	99.69	99.69	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
Gamania Digital Entertainment Co., Ltd.	JollyBuy Digital Tech. Co., Ltd. (JollyBuy)	Supply of electronic information services	96.17	95.10	94.31	Notes 1 and 2
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)	Information software and supply of electronic information 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	93.38	93.38	Notes 1 and 2

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			June 30, 2020	December 31, 2019	June 30, 2019	
Gamania Digital Entertainment Co., Ltd.	BeanGo! Co., Ltd. (BeanGo!)	Software services	100	100	100	Notes 1 and 2
Gamania Digital Entertainment Co., Ltd.	MadSugr Digital Technology Co., Ltd. (MadSugr)	Software services and sales	51	51	51	Notes 1 and 2
Gamania Digital Entertainment Co., Ltd.	Coture New Media Co., Ltd. (Coture New Media)	Online media production	93.08	93.08	92.54	Notes 1 and 2
Gamania Digital Entertainment Co., Ltd.	GAMA PAY Co., Ltd. (GAMA PAY)	Third-Party Payment	67.86	67.86	61.43	Notes 1 and 2
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	78.19	77.79	78.70	Notes 1 and 2
Gamania Digital Entertainment Co., Ltd.	Digicentre Company Limited (Digicentre)	Software services	67.48	67.48	67.48	Notes 1 and 2
Gash Point Co., Ltd.	Gash Point (Hong Kong) Company Limited	Information software and supply of electronic information services	100	100	100	
Gash Point Co., Ltd.	Gash Point (Japan) Co., Ltd.	Information software and supply of electronic information services	100	100	100	Notes 1 and 2
Gash Point Co., Ltd.	Gash Point Korea Co., Ltd.	Information software and supply of electronic information services	100	100	100	Notes 1 and 2
Gash Point Co., Ltd.	GAMA PAY Co., Ltd. (GAMA PAY)	Third-Party Payment	16.07	16.07	16.07	Notes 1 and 2
Gash Point Co., Ltd.	Conetter CoMarketing Co., Ltd. (Conetter)	Software services	79.98	79.98	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
Ciirco Inc.	Ciirco (HK) Co., Ltd.	Software services	100	100	100	Notes 1 and 2

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			June 30, 2020	December 31, 2019	June 30, 2019	
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. (Bjolly)	Supply of electronic information services	2.27	2.27	2.27	Notes 1, 2 and 4
Digicentre Company Limited	Digicentre (HK) Company Limited	Software services	100	100	100	Notes 1 and 2
Digicentre Company Limited	Hyperg Smart Security Technology Pte. Ltd. (Hyperg)	Software services	51	100	100	Notes 1 and 8

Note 1: The financial statements of the entity as of and for the six months ended June 30, 2020 were not reviewed by independent auditors 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, 2019 were not reviewed by independent auditors 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 Jollywiz International (HK) Co., Limited, respectively, and had control over the investee, thus, the investee was included in the consolidated financial statements.

Note 4: The Company's subsidiaries, Jollywiz Digital Technology Co., Ltd. and Gamania Asia, held a 52.27% and 2.27% equity interest in Bjolly, respectively, and had control over the investee, thus, the investee was included in the consolidated financial statements.

Note 5: 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 6: The liquidations of GEU, GNH and GWH were completed August 2019, September 2019 and January 2020, respectively.

Note 7: On November 29, 2019, Bjolly acquired 1.58% equity of NOWnews during the capital increase. In April 2020, NOWnews increased capital. However, Bjolly did not participate in the capital increase and its equity interest in NOWnews decreased to 1.41%.

Note 8: On January 7, 2020, Hyperg increased capital in exchange for contribution of technology from external shareholders. Accordingly, Digicentre's equity interest in Hyperg decreased to 51%.

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, 2020, December 31, 2019 and June 30, 2019, the non-controlling interest amounted to \$589,704, \$586,302 and \$595,054, 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, 2020		December 31, 2019		June 30, 2019		
		Amount	Ownership (%)	Amount	Ownership (%)	Amount	Ownership (%)	
AMI and subsidiaries	Taiwan and China	\$ 294,005	57.94%	\$ 305,500	57.94%	\$ 309,462	57.94%	Note
Digicentre Company Limited and subsidiaries	Taiwan, China and Singapore	133,641	32.52%	104,254	32.52%	99,608	32.52%	
GAMA PAY	Taiwan	61,611	16.07%	69,994	16.07%	109,750	22.50%	

Note: Registered location of AMI is British Virgin Islands.

Balance sheets

	AMI and subsidiaries		
	June 30, 2020	December 31, 2019	June 30, 2019
Current assets	\$ 686,101	\$ 726,969	\$ 648,623
Non-current assets	73,657	68,433	79,899
Current liabilities	(225,129)	(236,470)	(165,635)
Total net assets	<u>\$ 534,629</u>	<u>\$ 558,932</u>	<u>\$ 562,887</u>

	Digicentre Company Limited and subsidiaries		
	June 30, 2020	December 31, 2019	June 30, 2019
Current assets	\$ 314,429	\$ 269,804	\$ 244,040
Non-current assets	247,450	212,123	198,081
Current liabilities	(182,781)	(139,945)	(125,091)
Non-current liabilities	(20,079)	(21,398)	(28,850)
Total net assets	<u>\$ 359,019</u>	<u>\$ 320,584</u>	<u>\$ 288,180</u>

	GAMA PAY		
	June 30, 2020	December 31, 2019	June 30, 2019
Current assets	\$ 388,737	\$ 442,766	\$ 525,865
Non-current assets	52,381	52,000	27,910
Current liabilities	(45,441)	(43,911)	(43,297)
Non-current liabilities	(12,283)	(15,301)	(22,702)
Total net assets	<u>\$ 383,394</u>	<u>\$ 435,554</u>	<u>\$ 487,776</u>

Statements of comprehensive income

	<u>AMI and subsidiaries</u>	
	<u>Three months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Revenue	\$ 207,228	\$ 142,937
Loss before income tax	(16,744)	(11,093)
Income tax benefit	-	-
Loss for the period	(16,744)	(11,093)
Other comprehensive income (loss), net of tax	12,219	(4,266)
Total comprehensive loss for the period	(\$ 4,525)	(\$ 15,359)
Comprehensive loss attributable to non-controlling interest	(\$ 4,125)	(\$ 12,045)
Dividends paid to non-controlling interest	\$ -	\$ -

	<u>AMI and subsidiaries</u>	
	<u>Six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Revenue	\$ 410,219	\$ 279,723
Loss before income tax	(27,510)	(27,065)
Income tax benefit	-	-
Loss for the period	(27,510)	(27,065)
Other comprehensive income (loss), net of tax	6,156	(10,631)
Total comprehensive loss for the period	(\$ 21,354)	(\$ 37,696)
Comprehensive loss attributable to non-controlling interest	(\$ 12,027)	(\$ 20,814)
Dividends paid to non-controlling interest	\$ -	\$ -

	<u>Digicentre Company Limited and subsidiaries</u>	
	<u>Three months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Revenue	\$ 232,632	\$ 158,883
Profit before income tax	2,979	3,388
Income tax expense	(2,408)	(2,309)
Profit for the period	571	1,079
Other comprehensive income (loss), net of tax	138	(504)
Total comprehensive income for the period	\$ 709	\$ 575
Comprehensive income attributable to non-controlling interest	\$ 1,597	\$ 1,264
Dividends paid to non-controlling interest	\$ 8,554	\$ 7,778

<u>Digicentre Company Limited and subsidiaries</u>		
<u>Six months ended June 30,</u>		
	<u>2020</u>	<u>2019</u>
Revenue	\$ 463,933	\$ 327,583
Profit before income tax	16,511	20,190
Income tax expense	(5,771)	(4,703)
Profit for the period	10,740	15,487
Other comprehensive (loss) income, net of tax	(620)	117
Total comprehensive income for the period	<u>\$ 10,120</u>	<u>\$ 15,604</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 4,684</u>	<u>\$ 5,899</u>
Dividends paid to non-controlling interest	<u>\$ 8,554</u>	<u>\$ 7,778</u>

<u>GAMA PAY</u>		
<u>Three months ended June 30,</u>		
	<u>2020</u>	<u>2019</u>
Revenue	\$ 340	\$ 424
Loss before income tax	(28,867)	(25,820)
Income tax expense	-	-
Loss for the period	(28,867)	(25,820)
Other comprehensive loss, net of tax	-	-
Total comprehensive loss for the period	<u>(\$ 28,867)</u>	<u>(\$ 25,820)</u>
Comprehensive loss attributable to non-controlling interest	<u>(\$ 4,639)</u>	<u>(\$ 6,056)</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

<u>GAMA PAY</u>		
<u>Six months ended June 30,</u>		
	<u>2020</u>	<u>2019</u>
Revenue	\$ 755	\$ 1,127
Loss before income tax	(53,733)	(52,965)
Income tax expense	-	-
Loss for the period	(53,733)	(52,965)
Other comprehensive loss, net of tax	-	-
Total comprehensive loss for the period	<u>(\$ 53,733)</u>	<u>(\$ 52,965)</u>
Comprehensive loss attributable to non-controlling interest	<u>(\$ 8,635)</u>	<u>(\$ 14,200)</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

Statements of cash flows

	<u>AMI and subsidiaries</u>	
	<u>Six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Net cash used in operating activities	(\$ 15,035)	(\$ 20,519)
Net cash used in investing activities	(10,633)	(14,406)
Net cash provided by financing activities	19,737	251,720
Effect of exchange rate changes on cash and cash equivalents	1,304	(1,848)
(Decrease) increase in cash and cash equivalents	(4,627)	214,947
Cash and cash equivalents, beginning of period	221,074	64,793
Cash and cash equivalents, end of period	<u>\$ 216,447</u>	<u>\$ 279,740</u>

	<u>Digicentre Company Limited and subsidiaries</u>	
	<u>Six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Net cash provided by operating activities	\$ 11,178	\$ 19,355
Net cash used in investing activities	(19,345)	(5,607)
Net cash used in financing activities	(14,162)	(4,017)
Effect of exchange rate changes on cash and cash equivalents	(522)	76
(Decrease) increase in cash and cash equivalents	(22,851)	9,807
Cash and cash equivalents, beginning of period	105,176	42,246
Cash and cash equivalents, end of period	<u>\$ 82,325</u>	<u>\$ 52,053</u>

	<u>GAMA PAY</u>	
	<u>Six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Net cash used in operating activities	(\$ 45,265)	(\$ 41,851)
Net cash used in investing activities	(7,436)	(8,851)
Net cash (used in) provided by financing activities	(2,595)	200,000
(Decrease) increase in cash and cash equivalents	(55,296)	149,298
Cash and cash equivalents, beginning of period	427,643	326,941
Cash and cash equivalents, end of period	<u>\$ 372,347</u>	<u>\$ 476,239</u>

(4) 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.

(5) 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.

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

There was no significant change in the reporting period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2019.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Cash on hand and petty cash	\$ 4,558	\$ 5,828	\$ 7,192
Checking accounts and demand deposits	1,542,988	1,139,689	1,627,917
Cash equivalents - time deposits	<u>671,317</u>	<u>1,057,216</u>	<u>1,077,678</u>
	<u>\$ 2,218,863</u>	<u>\$ 2,202,733</u>	<u>\$ 2,712,787</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' and 'other non-current assets') are provided in Note 8.

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

<u>Items</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Open-end funds	\$ -	\$ -	\$ 150,000
Valuation adjustment	-	-	520
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,520</u>

The Group recognised net profit of \$0, \$425, \$0 and \$876 on financial assets at fair value through profit or loss for the three months ended June 30, 2020 and 2019 and six months ended June 30, 2020 and 2019, respectively.

(3) Notes and accounts receivable

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Notes receivable	\$ 451	\$ 511	\$ 993
Accounts receivable	\$ 1,156,386	\$ 1,114,107	\$ 837,568
Less: Loss allowance	(20,827)	(46,633)	(50,264)
	<u>1,135,559</u>	<u>1,067,474</u>	<u>787,304</u>
Overdue receivables (shown as other non-current assets)	99,824	99,830	99,830
Less: Loss allowance	(99,824)	(99,830)	(99,830)
	<u>\$ 1,135,559</u>	<u>\$ 1,067,474</u>	<u>\$ 787,304</u>

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

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Not past due	\$ 1,061,398	\$ 1,026,566	\$ 694,608
Up to 30 days	52,425	13,602	25,448
31~60 days	12,208	10,700	16,990
61~90 days	2,534	2,364	9,165
91~120 days	1,734	796	25,102
Over 121 days	26,087	60,079	66,255
	<u>\$ 1,156,386</u>	<u>\$ 1,114,107</u>	<u>\$ 837,568</u>

The above ageing analysis was based on past due date.

- B. As at June 30, 2020, December 31, 2019 and June 30, 2019, the Group has no notes receivable past due.
- C. As at June 30, 2020, December 31, 2019, June 30, 2019 and January 1, 2019, the balances of receivables (including notes and overdue receivables) from contracts with customers amounted to \$1,256,661, \$1,214,448, \$938,391 and \$1,072,554, 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, 2020, December 31, 2019 and June 30, 2019, 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 \$451, \$511 and \$993, and accounts receivable was \$1,135,559, \$1,067,474 and \$787,304, respectively.
- F. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(4) Other receivables

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Other receivables	\$ 474,162	\$ 440,722	\$ 552,817
Less: Loss allowance	(5,923)	(70,368)	(68,667)
	<u>\$ 468,239</u>	<u>\$ 370,354</u>	<u>\$ 484,150</u>

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

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Not past due	\$ 427,328	\$ 303,186	\$ 396,656
Up to 30 days	14,498	5,331	8,947
31 to 60 days	21,543	4,046	5,177
61 to 90 days	753	2,607	5,117
91 to 120 days	17	1,653	2,129
Over 121 days	10,023	123,899	134,791
	<u>\$ 474,162</u>	<u>\$ 440,722</u>	<u>\$ 552,817</u>

The above ageing analysis was based on past due date.

B. The Group does not hold any collateral for other receivables. Further, the Group has no other receivables pledged to others as collateral.

C. As at June 30, 2020, December 31, 2019 and June 30, 2019, 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 \$468,239, \$370,354 and \$484,150, respectively.

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

(5) Inventories

	<u>June 30, 2020</u>		
	<u>Cost</u>	<u>Allowance for obsolescence and market value decline</u>	<u>Book value</u>
Merchandise inventory	\$ 98,380	(\$ 2,841)	\$ 95,539
	<u>December 31, 2019</u>		
	<u>Cost</u>	<u>Allowance for obsolescence and market value decline</u>	<u>Book value</u>
Merchandise inventory	\$ 118,556	(\$ 2,127)	\$ 116,429

	June 30, 2019		
	Allowance for obsolescence and market value decline		
	Cost		Book value
Merchandise inventory	\$ 78,030	(\$ 3,043)	\$ 74,987

Expenses and losses incurred on inventories for the period:

	Three months ended June 30,	
	2020	2019
Cost of goods sold	\$ 154,956	\$ 119,887
Loss on decline in market value	598	42
	<u>\$ 155,554</u>	<u>\$ 119,929</u>

	Six months ended June 30,	
	2020	2019
Cost of goods sold	\$ 306,352	\$ 271,548
Loss on (gain on reversal of) decline in market value (Note)	714	(93)
	<u>\$ 307,066</u>	<u>\$ 271,455</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.

(6) Prepayments

	June 30, 2020	December 31, 2019	June 30, 2019
Prepayments to suppliers	\$ 516,837	\$ 385,294	\$ 390,353
Prepaid expenses	127,346	105,546	104,503
Excess business tax paid	40,660	51,192	72,574
Others	2,178	2,602	2,644
	<u>\$ 687,021</u>	<u>\$ 544,634</u>	<u>\$ 570,074</u>

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

Items	June 30, 2020	December 31, 2019	June 30, 2019
Non-current items:			
Equity instruments			
OTC stocks	\$ 78,376	\$ 78,376	\$ -
Emerging stocks	20,000	20,000	20,000
Unlisted, non-OTC and non-emerging stocks	561,031	561,031	597,031
	<u>659,407</u>	<u>659,407</u>	<u>617,031</u>
Valuation adjustment	(163,042)	(105,874)	(155,547)
	<u>\$ 496,365</u>	<u>\$ 553,533</u>	<u>\$ 461,484</u>

A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$496,365, \$553,533 and \$461,484 as at June 30, 2020, December 31, 2019 and June 30, 2019, respectively.

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

	<u>Three months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Change of fair value recognised in other comprehensive income (loss)	\$ 36,107	(\$ 31,941)
Dividend income recognised in profit or loss held at end of the period	\$ -	\$ 482
	<u>Six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Change of fair value recognised in other comprehensive loss	(\$ 56,532)	(\$ 4,095)
Dividend income recognised in profit or loss held at end of the period	\$ -	\$ 482

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

(8) Investments accounted for under equity method

	<u>2020</u>	<u>2019</u>
At January 1	\$ 235,418	\$ 227,574
Addition of investments accounted for under equity method	99,594	30,000
Proceeds from capital reduction of investments accounted for under equity method	(23,340)	-
Share of loss of investments accounted for under equity method	(52,155)	(35,371)
Earnings distribution of investments accounted for under equity method	(620)	(1,561)
Changes in capital surplus	(1,192)	1,195
Changes in retained earnings	(787)	-
Changes in other equity items	662	39
Effects of foreign exchange	(98)	655
At June 30	<u>\$ 257,482</u>	<u>\$ 222,531</u>

A. List of long-term investments:

Name of associates	June 30, 2020		December 31, 2019		June 30, 2019	
	Ownership percentage	Balance	Ownership percentage	Balance	Ownership percentage	Balance
Gungho Gamania Co., Limited (Gungho Gamania)	49.00	\$ 102,235	49.00	\$ 61,046	49.00	\$ 43,878
Jsdway Digital Technology Co., Ltd. (Jsdway)	36.76	47,068	36.76	48,785	35.38	47,904
Chuang Meng Shr Ji Co., Ltd. (Chuang Meng Shr J.)	33.03	33,715	19.35	10,241	19.35	11,545
Aotter Inc. (Aotter)	21.48	22,758	21.48	23,356	21.48	24,410
Walkermedia Co., Ltd. (Walkermedia)	30.00	22,242	30.00	26,431	30.00	30,000
Fantasy Fish Digital Games Co., Ltd. (Fantasy Fish) (Note 1)	-	-	44.08	27,939	44.08	34,131
Taiwan e-sports Co., Ltd. (Taiwan e-sports)	29.54	17,692	29.54	25,281	29.39	18,414
Polysh Co., Ltd. (Polysh) (Note 2)	-	-	20.00	8,720	20.00	8,735
Store Marais Co., Ltd. (Marais) (Note 2)	7.69	8,566	-	-	-	-
Pri-One Marketing Co., Ltd. (Pri-One)	30.00	2,645	30.00	2,979	30.00	2,625
4-Way Voice Cultural Co., Ltd. (4-Way Voice)	38.00	561	38.00	640	38.00	729
Ju Shr Da Jiu (Shanghai) International Trading Co., Ltd. (Ju Shr Da Jiu) (Note 3)	30.00	-	30.00	-	30.00	-
ACCI Group Limited (ACCI) (Note 3)	30.00	-	30.00	-	30.00	-
Firedog creative Co., Ltd. (Firedog) (Note 3)	40.00	-	40.00	-	40.00	-
Machi Pictures Co., Ltd. (Machi Pictures) (Note 4)	-	-	-	-	33.33	160
		<u>\$ 257,482</u>		<u>\$ 235,418</u>		<u>\$ 222,531</u>

The investments accounted for under equity method are based on financial statements of investees as of and for the three months ended June 30, 2020 and 2019, and six months ended June 30, 2020 and 2019 which were not reviewed by independent auditors.

Note 1: As of June 30, 2020, Fantasy Fish was still under liquidation while the capital had been remitted back.

Note 2: On March 1, 2020, Marais merged with Polysh through a stock swap at a ratio of 1:1 with the shareholders who previously owned Polysh. Marais was the surviving company and

Polysh was the dissolved company after the merger. The Group held 7.69% ownership of Marais and recognised as the investment using equity method because the Group still have an significant influence over the investee in director's seats.

Note 3: All impairment losses derived from equity investments have been recognised based on the Company's assessment.

Note 4: The liquidation of Machi Pictures was completed in July 2019.

B. As of June 30, 2020, December 31, 2019 and June 30, 2019, the carrying amount of the Group's individually immaterial associates amounted to \$257,482, \$235,418 and \$222,531, respectively. The Group's share of the operating results are summarised below:

	<u>Three months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Loss for the period	(\$ 78,853)	(\$ 48,720)
Other comprehensive income (loss), net of tax	<u>1,501</u>	<u>(183)</u>
Total comprehensive loss	<u>(\$ 77,352)</u>	<u>(\$ 48,903)</u>
	<u>Six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Loss for the period	(\$ 132,234)	(\$ 91,011)
Other comprehensive income (loss), net of tax	<u>1,501</u>	<u>(183)</u>
Total comprehensive loss	<u>(\$ 130,733)</u>	<u>(\$ 91,194)</u>

C. 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, 2020</u>									
Cost	\$ 2,246,082	\$ 510,633	\$ 480,749	\$ 1,202	\$ 94,032	\$ 37,388	\$ 44,217	\$ 166	\$ 3,414,469
Accumulated depreciation	-	(101,627)	(343,815)	(1,142)	(57,606)	(21,170)	(25,604)	-	(550,964)
Accumulated impairment	-	-	(6,382)	-	-	-	-	-	(6,382)
	<u>\$ 2,246,082</u>	<u>\$ 409,006</u>	<u>\$ 130,552</u>	<u>\$ 60</u>	<u>\$ 36,426</u>	<u>\$ 16,218</u>	<u>\$ 18,613</u>	<u>\$ 166</u>	<u>\$ 2,857,123</u>
<u>2020</u>									
Opening net book amount as at January 1	\$ 2,246,082	\$ 409,006	\$ 130,552	\$ 60	\$ 36,426	\$ 16,218	\$ 18,613	\$ 166	\$ 2,857,123
Additions	-	1,792	26,713	1,900	7,437	2,134	1,691	10,448	52,115
Disposals	-	-	(130)	(1,821)	(9)	-	-	-	(1,960)
Depreciation charge	-	(16,852)	(34,329)	(79)	(7,794)	(3,991)	(5,327)	-	(68,372)
Net exchange differences	-	-	(54)	-	(25)	(1)	-	-	(80)
Closing net book amount as at June 30	<u>\$ 2,246,082</u>	<u>\$ 393,946</u>	<u>\$ 122,752</u>	<u>\$ 60</u>	<u>\$ 36,035</u>	<u>\$ 14,360</u>	<u>\$ 14,977</u>	<u>\$ 10,614</u>	<u>\$ 2,838,826</u>
<u>At June 30, 2020</u>									
Cost	\$ 2,246,082	\$ 512,373	\$ 474,754	\$ 1,177	\$ 98,736	\$ 37,023	\$ 45,817	\$ 10,614	\$ 3,426,576
Accumulated depreciation	-	(118,427)	(345,620)	(1,117)	(62,701)	(22,663)	(30,840)	-	(581,368)
Accumulated impairment	-	-	(6,382)	-	-	-	-	-	(6,382)
	<u>\$ 2,246,082</u>	<u>\$ 393,946</u>	<u>\$ 122,752</u>	<u>\$ 60</u>	<u>\$ 36,035</u>	<u>\$ 14,360</u>	<u>\$ 14,977</u>	<u>\$ 10,614</u>	<u>\$ 2,838,826</u>

	<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>

A. The Group's property, plant and equipment are mainly owner-occupied.

B. No borrowing cost was capitalised as part of property, plant and equipment.

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

(10) Leasing arrangements - lessee

- A. The Group leases various assets including buildings, machinery and business vehicles. Rental contracts are typically made for periods of 1 to 6 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. Short-term leases with a lease term of 12 months or less comprise buildings and multifunction printers. For the three months ended June 30, 2020 and 2019 and six months ended June 30, 2020 and 2019, payments of lease commitments for short-term leases amounted to \$5,812, \$18,407, \$11,773 and \$23,673, respectively.
- C. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
	<u>Book value</u>	<u>Book value</u>	<u>Book value</u>
Buildings	\$ 42,026	\$ 46,746	\$ 55,447
Transportation equipment (Business vehicles)	1,010	1,614	2,914
Other equipment	9,550	11,340	13,131
	<u>\$ 52,586</u>	<u>\$ 59,700</u>	<u>\$ 71,492</u>

	<u>Three months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Buildings	\$ 5,762	\$ 8,758
Transportation equipment (Business vehicles)	234	650
Other equipment	651	895
	<u>\$ 6,647</u>	<u>\$ 10,303</u>

	<u>Six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Buildings	\$ 10,873	\$ 12,218
Transportation equipment (Business vehicles)	605	1,300
Other equipment	1,791	1,790
	<u>\$ 13,269</u>	<u>\$ 15,308</u>

- D. For the six months ended June 30, 2020 and 2019, the additions of right-of-use assets were \$6,146 and \$17,402, respectively.

E. Information on profit or loss in relation to lease contracts is as follows:

	Three months ended June 30,	
	2020	2019
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 114	\$ 228
Expense on short-term lease contracts	\$ 5,812	\$ 18,407
	Six months ended June 30,	
	2020	2019
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 250	\$ 338
Expense on short-term lease contracts	\$ 11,773	\$ 23,673

F. For the six months ended June 30, 2020 and 2019, the Group's total cash outflow for leases were \$25,137 and \$36,376, respectively.

(11) Leasing arrangements - lessor

- 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, 2020 and 2019 and six months ended June 30, 2020 and 2019 is as follows:

	Three months ended June 30,	
	2020	2019
Rent income	\$ 354	\$ 350
	Six months ended June 30,	
	2020	2019
Rent income	\$ 753	\$ 788

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

	June 30, 2020	December 31, 2019	June 30, 2019
2019	\$ -	\$ -	\$ 657
2020	954	914	914
2021	-	305	305
	<u>\$ 954</u>	<u>\$ 1,219</u>	<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, 2020</u>							
Cost	\$ 578,658	\$ 98,238	\$ 105,289	\$ 10,090	\$ 197,852	\$ 385,114	\$ 1,375,241
Accumulated amortisation	(306,572)	(51,314)	(46,234)	-	(36,720)	-	(440,840)
Accumulated impairment	(17,321)	-	-	-	-	(74,529)	(91,850)
	<u>\$ 254,765</u>	<u>\$ 46,924</u>	<u>\$ 59,055</u>	<u>\$ 10,090</u>	<u>\$ 161,132</u>	<u>\$ 310,585</u>	<u>\$ 842,551</u>
<u>2020</u>							
Opening net book amount as at January 1	\$ 254,765	\$ 46,924	\$ 59,055	\$ 10,090	\$ 161,132	\$ 310,585	\$ 842,551
Additions	516,719	16,661	28,324	-	-	-	561,704
Amortisation charge	(202,889)	(25,327)	(6,970)	-	(9,428)	-	(244,614)
Disposals during the period	-	(392)	-	-	-	-	(392)
Reclassifications (Note)	-	-	(682)	-	-	-	(682)
Impairment loss	(10,119)	-	-	-	-	-	(10,119)
Net exchange differences	(885)	(62)	(240)	-	(101)	(512)	(1,800)
Closing net book amount as at June 30	<u>\$ 557,591</u>	<u>\$ 37,804</u>	<u>\$ 79,487</u>	<u>\$ 10,090</u>	<u>\$ 151,603</u>	<u>\$ 310,073</u>	<u>\$ 1,146,648</u>
<u>At June 30, 2020</u>							
Cost	\$ 959,828	\$ 107,521	\$ 105,501	\$ 10,090	\$ 197,852	\$ 384,574	\$ 1,765,366
Accumulated amortisation	(374,797)	(69,717)	(26,014)	-	(46,249)	-	(516,777)
Accumulated impairment	(27,440)	-	-	-	-	(74,501)	(101,941)
	<u>\$ 557,591</u>	<u>\$ 37,804</u>	<u>\$ 79,487</u>	<u>\$ 10,090</u>	<u>\$ 151,603</u>	<u>\$ 310,073</u>	<u>\$ 1,146,648</u>

Note: It was reclassified to other non-current 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 (shown as prepayments) which were then used as fees to acquire licenses. Thus, the prepayments were transferred to intangible assets.

A. The details of amortisation are as follows:

	Three months ended June 30,	
	2020	2019
Operating costs	\$ 185,441	\$ 27,704
Selling expenses	6,146	5,314
General and administrative expenses	5,460	5,624
Research and development expenses	1,310	361
	<u>\$ 198,357</u>	<u>\$ 39,003</u>

	Six months ended June 30,	
	2020	2019
Operating costs	\$ 218,558	\$ 53,819
Selling expenses	10,565	10,567
General and administrative expenses	13,462	9,282
Research and development expenses	2,029	726
	<u>\$ 244,614</u>	<u>\$ 74,394</u>

B. The Group acquired registered trademark from the acquisition of NOWnews. As the trademark is assessed to have indefinite useful life, it shall not be amortised but shall be tested for impairment annually.

C. Goodwill and trademark with an indefinite useful life are allocated to the Group's cash-generating units identified according to operating segment as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Goodwill:			
NOWnews	\$ 197,055	\$ 197,055	\$ 197,055
Digicentre	141,149	141,149	141,149
AMI	18,251	18,467	19,132
GCH	26,477	26,791	27,756
Others	1,642	1,652	1,685
	<u>384,574</u>	<u>385,114</u>	<u>386,777</u>
Less: Accumulated impairment	(74,501)	(74,529)	(28,702)
	<u>\$ 310,073</u>	<u>\$ 310,585</u>	<u>\$ 358,075</u>
Trademark:			
NOWnews	\$ 10,090	\$ 10,090	\$ 10,090

Acquisition prices for business combination are calculated based on the price of acquisition and related direct costs. The amount of goodwill recognised is the difference of the acquisition price less net fair value of identifiable assets acquired. The allocation period of acquisition price may not exceed one year after the acquisition.

D. As of June 30, 2020, the Group's goodwill acquired in a business combination amounted to \$310,073, consisting of expected operating revenue growth from acquired companies and benefits from its potential customer relations. In accordance with IAS 36, goodwill acquired from business combination shall be tested for impairment every year and when there is any indication that it might have been impaired. The impairment testing on goodwill as of December 31, 2019 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.

On December 31, 2019, the goodwill arising from NOWnews and Digicentre was impaired as the recoverable amount is less than the carrying amount. The recoverable amount was determined based on the value-in-use calculated by the external appraiser. The main assumptions used by external appraiser in calculating value-in-use are set out below:

	<u>December 31, 2019</u>
Growth rate	2.3%~4.3%
Discount rate	13.6%~13.8%

On December 31, 2019, aside from NOWnews and Digicentre, the recoverable amounts of cash-generating units calculated from value-in-use. Because the recoverable amounts exceeded the carrying amount, goodwill was not impaired. The key assumptions used for value-in-use calculations take into consideration operating profit margin, growth rate and discount rate.

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

(13) Other non-current assets

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Overdue receivables	\$ 99,824	\$ 99,830	\$ 99,830
Less: Loss allowance for overdue receivables	(99,824)	(99,830)	(99,830)
Refundable deposits	37,585	40,436	32,285
Other non-current financial assets (Note)	34,845	28,363	26,252
Others	3,906	767	9,044
	<u>\$ 76,336</u>	<u>\$ 69,566</u>	<u>\$ 67,581</u>

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

(14) Impairment of non-financial assets

The Group recognised impairment loss for the three months ended June 30, 2020 and 2019, and six months ended June 30, 2020 and 2019 of \$10,119, \$0, \$10,119 and \$0, respectively. Details of such loss are as follows:

	Three months ended June 30,	
	2020	2019
	Recognised in profit or loss	Recognised in profit or loss
Impairment loss - license fees	\$ 10,119	\$ -

	Six months ended June 30,	
	2020	2019
	Recognised in profit or loss	Recognised in profit or loss
Impairment loss - license fees	\$ 10,119	\$ -

The Group recognised impairment loss on the license fees in the second quarter of 2020 as the recoverable amount of the present value of future cash flows of license fees is less than the carrying amount.

(15) Short-term borrowings

	June 30, 2020	December 31, 2019	June 30, 2019
Bank borrowings			
Secured borrowings	\$ 107,576	\$ 98,179	\$ 55,593
Unsecured borrowings	280,000	650,000	185,415
	<u>\$ 387,576</u>	<u>\$ 748,179</u>	<u>\$ 241,008</u>
Credit lines	<u>\$ 3,115,932</u>	<u>\$ 2,150,171</u>	<u>\$ 1,124,278</u>
Interest rate range	<u>0.85%~6.10%</u>	<u>1.10%~6.10%</u>	<u>1.60%~6.10%</u>

(16) Other payables

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Store-value received on behalf of others	\$ 679,085	\$ 755,248	\$ 800,234
Payable on business tax and withholding tax	115,945	79,379	49,059
Commission payable	85,934	84,746	77,976
Salary and annual bonus payable	166,287	183,964	136,352
Employees' compensation payable	265,386	173,060	331,522
Payable on equipment and intangible assets	16,368	70,843	35,246
Directors' and supervisors' remuneration payable	43,851	26,678	62,051
Cash dividends payable	557,772	-	1,085,235
Payable on investment (Non-controlling interest)	-	-	17,953
Others	130,311	204,110	215,831
	<u>\$ 2,060,939</u>	<u>\$ 1,578,028</u>	<u>\$ 2,811,459</u>

(17) Other current liabilities

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Long-term borrowings, current portion	\$ 160,000	\$ 160,000	\$ 160,000
Receipts under custody	14,929	10,280	24,620
Tax receipts under custody	13,870	12,567	8,485
Other current liabilities	38,681	27,600	28,316
	<u>\$ 227,480</u>	<u>\$ 210,447</u>	<u>\$ 221,421</u>

(18) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	June 30, 2020
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	\$ 320,000
Less: Current portion				(160,000)
				<u>\$ 160,000</u>

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2019
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	\$ 400,000
Less: Current portion				(160,000)
				<u>\$ 240,000</u>

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	June 30, 2019
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>

(19) Pensions

A. Defined benefit plan

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit before March in the following year.
- (b) The pension costs under the defined benefit pension plan of the Company for the three months ended June 30, 2020 and 2019, and six months ended June 30, 2020 and 2019 were \$172, \$165, \$344 and \$331, respectively.
- (c) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2020 amount to \$1,255.

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) 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, 2020 and 2019 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., Madsugr Digital Technology (HK) Co., Ltd., Circo (HK) Co., Ltd., Digicentre (HK) Company Limited and Hyperg Smart Security Technology Pte., 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, 2020 and 2019 and six months ended June 30, 2020 and 2019 were \$10,000, \$9,524, \$18,880 and \$17,087, respectively.

(20) Share-based payment

- A. In the second quarters of 2020 and 2019, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions
9 th treasury stock transferred to employees of the Company and subsidiaries (Note 1)	2019.5.29	2,049	NA	Vested immediately
10 th treasury stock transferred to employees of the Company and subsidiaries (Note 1)	2019.5.29	183	NA	Vested immediately
12 th treasury stock transferred to employees of the Company and subsidiaries (Note 2)	2020.6.29	2,241	NA	Vested immediately

Note 1: For the 9th and 10th treasury stock transferred to employees of the Company and subsidiaries, the periods of actual payment and transfer were from July 9, 2019 to July 19, 2019 and from August 1, 2019 to August 7, 2019, respectively.

Note 2: For the 12th treasury stock transferred to employees of the Company and subsidiaries, the period of actual payment is from August 6, 2020 to August 10, 2020, and the period of transfer will be decided after the payment.

- B. The fair value of treasury stock transferred to employees on June 29, 2020 and 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

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)
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
12 th treasury stock transferred to employees of the Company and subsidiaries	2020.6.29	40.81	36.00%	0.12 year	0.34%	29.41

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,	
	2020	2019
Equity-settled	\$ 65,863	\$ 86,303

	Six months ended June 30,	
	2020	2019
Equity-settled	\$ 65,863	\$ 86,303

(21) Common stock

A. As of June 30, 2020, 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:

	2020	2019
At January 1	175,494	173,262
Purchased treasury shares	(2,241)	-
At June 30	173,253	173,262

B. Treasury shares

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

		June 30, 2020	
Name of company holding the shares	Reason for reacquisition	Number of shares (shares in thousands)	Carrying amount
The Company	To be transferred to employees	2,241	\$ 91,449
		December 31, 2019	
Name of company holding the shares	Reason for reacquisition	Number of shares (shares in thousands)	Carrying amount
The Company	To be transferred to employees	-	\$ -
		June 30, 2019	
Name of company holding the shares	Reason for reacquisition	Number of shares (shares in thousands)	Carrying amount
The Company	To be transferred to employees	2,232	\$ 64,623

- (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 years’ 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 resolved by the stockholders at the stockholders’ meeting.
- B. The Company’s dividend policy adopts the 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 May 29, 2019, the shareholders during their meeting resolved the 2018 appropriations of retained earnings as follows:

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

- F. On June 17, 2020, the shareholders during their meeting resolved the 2019 appropriations of

retained earnings as follows:

	Year ended December 31, 2019	
	Amount	Dividend per share (in dollars)
Legal reserve appropriated	\$ 88,790	\$ -
Reversal of special reserve	(27,219)	-
Cash dividends distributed to shareholders	544,030	3.1
	<u>\$ 605,601</u>	<u>\$ 3.1</u>

G. Information about the appropriations approved by the Board of Directors and resolved by the shareholders and appropriations 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.

(24) Other equity items

	2020		
	Translation differences	Unrealised gain or loss on financial assets at fair value through other comprehensive income	Total
At January 1	(\$ 73,174)	(\$ 98,802)	(\$ 171,976)
Revaluation - Group	-	(56,532)	(56,532)
Currency translation differences:			
- Group	(3,961)	-	(3,961)
- Associates	662	-	662
At June 30	<u>(\$ 76,473)</u>	<u>(\$ 155,334)</u>	<u>(\$ 231,807)</u>

	2019		
	Translation differences	Unrealised gain or loss on financial assets at fair value through other comprehensive income	Total
At January 1	(\$ 53,488)	(\$ 145,707)	(\$ 199,195)
Revaluation - Group	-	(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>

(25) Operating revenue

	Three months ended June 30,	
	2020	2019
Revenue from contracts with customers	<u>\$ 2,549,117</u>	<u>\$ 1,963,387</u>

	Six months ended June 30,	
	2020	2019
Revenue from contracts with customers	<u>\$ 5,704,197</u>	<u>\$ 4,897,673</u>

A. Disaggregation of revenue from contracts with customers

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

Three months ended June 30, 2020	Online and mobile games revenue	Service revenue	Sales revenue	Revenue from stored-values	Total
Revenue from external customer contracts	<u>\$ 1,946,174</u>	<u>\$ 352,271</u>	<u>\$ 185,622</u>	<u>\$ 65,050</u>	<u>\$ 2,549,117</u>
Timing of revenue recognition					
At a point in time	<u>\$ 1,898,253</u>	<u>\$ 339,469</u>	<u>\$ 185,622</u>	<u>\$ 65,050</u>	<u>\$ 2,488,394</u>
Over time	<u>47,921</u>	<u>12,802</u>	<u>-</u>	<u>-</u>	<u>60,723</u>
	<u>\$ 1,946,174</u>	<u>\$ 352,271</u>	<u>\$ 185,622</u>	<u>\$ 65,050</u>	<u>\$ 2,549,117</u>

Three months ended June 30, 2019	Online and mobile games revenue	Service revenue	Sales revenue	Revenue from stored-values	Total
Revenue from external customer contracts	<u>\$ 1,506,363</u>	<u>\$ 216,691</u>	<u>\$ 143,523</u>	<u>\$ 96,810</u>	<u>\$ 1,963,387</u>
Timing of revenue recognition					
At a point in time	<u>\$ 1,472,147</u>	<u>\$ 204,577</u>	<u>\$ 143,523</u>	<u>\$ 96,810</u>	<u>\$ 1,917,057</u>
Over time	<u>34,216</u>	<u>12,114</u>	<u>-</u>	<u>-</u>	<u>46,330</u>
	<u>\$ 1,506,363</u>	<u>\$ 216,691</u>	<u>\$ 143,523</u>	<u>\$ 96,810</u>	<u>\$ 1,963,387</u>

Six months ended June 30, 2020	Online and mobile games revenue	Service revenue	Sales revenue	Revenue from stored-values	Total
Revenue from external customer contracts	<u>\$ 4,566,203</u>	<u>\$ 622,666</u>	<u>\$ 384,097</u>	<u>\$ 131,231</u>	<u>\$ 5,704,197</u>
Timing of revenue recognition					
At a point in time	<u>\$ 4,447,293</u>	<u>\$ 595,017</u>	<u>\$ 384,097</u>	<u>\$ 131,231</u>	<u>\$ 5,557,638</u>
Over time	<u>118,910</u>	<u>27,649</u>	<u>-</u>	<u>-</u>	<u>146,559</u>
	<u>\$ 4,566,203</u>	<u>\$ 622,666</u>	<u>\$ 384,097</u>	<u>\$ 131,231</u>	<u>\$ 5,704,197</u>

Six months ended June 30, 2019	Online and mobile games revenue	Service revenue	Sales revenue	Revenue from stored-values	Total
Revenue from external customer contracts	\$ 4,008,170	\$ 395,218	\$ 298,470	\$ 195,815	\$ 4,897,673
Timing of revenue recognition					
At a point in time	\$ 3,925,829	\$ 372,360	\$ 298,470	\$ 195,815	\$ 4,792,474
Over time	82,341	22,858	-	-	105,199
	\$ 4,008,170	\$ 395,218	\$ 298,470	\$ 195,815	\$ 4,897,673

B. Contract liabilities

- (a) The Group recognised contract liabilities related to the contract revenue from sales amounting to \$422,411, \$335,054, \$409,141 and \$452,619 as of June 30, 2020, December 31, 2019, June 30, 2019 and January 1, 2019, respectively. The Group's contract liabilities are mainly deferred revenue from points stored but unused or unconsumed 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,	
	2020	2019
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Revenue from games	\$ -	\$ -
	Six months ended June 30,	
	2020	2019
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Revenue from games	\$ 335,054	\$ 452,619

(26) Interest income

	Three months ended June 30,	
	2020	2019
Interest income:		
Interest income from bank deposits	\$ 4,097	\$ 7,407
	Six months ended June 30,	
	2020	2019
Interest income:		
Interest income from bank deposits	\$ 8,114	\$ 14,486

(27) Other income

	Three months ended June 30,	
	2020	2019
Rental revenue	\$ 354	\$ 350
Other income	5,942	4,083
	<u>\$ 6,296</u>	<u>\$ 4,433</u>

	Six months ended June 30,	
	2020	2019
Rental revenue	\$ 753	\$ 788
Other income	22,154	6,749
	<u>\$ 22,907</u>	<u>\$ 7,537</u>

(28) Other gains and losses

	Three months ended June 30,	
	2020	2019
Gain on disposal of property, plant and equipment	\$ 9	\$ 1
Gain (loss) on disposal of investments	2,331	(1,194)
Foreign exchange (loss) gain	(462)	8,081
Gain on financial assets at fair value through profit or loss	-	425
Impairment loss	(10,119)	-
Other gains and losses	(994)	(1,260)
	<u>(\$ 9,235)</u>	<u>\$ 6,053</u>

	Six months ended June 30,	
	2020	2019
Gain on disposal of property, plant and equipment	\$ 233	\$ 964
Gain (loss) on disposal of investments	2,331	(1,194)
Foreign exchange (loss) gain	(593)	12,160
Gain on financial assets at fair value through profit or loss	-	876
Impairment loss	(10,119)	-
Other gains and losses	(3,590)	(3,711)
	<u>(\$ 11,738)</u>	<u>\$ 9,095</u>

(29) Finance costs

	Three months ended June 30,	
	2020	2019
Interest expense:		
Bank borrowings	\$ 2,493	\$ 3,476
Lease liability	114	228
	<u>\$ 2,607</u>	<u>\$ 3,704</u>

	Six months ended June 30,	
	2020	2019
Interest expense:		
Bank borrowings	\$ 6,371	\$ 8,266
Lease liability	250	338
	<u>\$ 6,621</u>	<u>\$ 8,604</u>

(30) Employee benefit, depreciation and amortisation expense

	Three months ended June 30,	
	2020	2019
Employee benefit expense		
Wages and salaries	\$ 338,827	\$ 315,530
Directors' remuneration	7,508	1,487
Labor and health insurance fees	14,889	15,873
Pension costs	10,172	9,689
Other personnel expenses	10,202	10,088
	<u>\$ 381,598</u>	<u>\$ 352,667</u>
Depreciation on property, plant and equipment (including right-of-use assets)	<u>\$ 45,230</u>	<u>\$ 42,895</u>
Amortisation expense	<u>\$ 198,357</u>	<u>\$ 39,003</u>

	Six months ended June 30,	
	2020	2019
Employee benefit expense		
Wages and salaries	\$ 589,787	\$ 565,171
Directors' remuneration	16,612	10,860
Labor and health insurance fees	30,755	29,840
Pension costs	19,224	17,418
Other personnel expenses	21,840	20,720
	<u>\$ 678,218</u>	<u>\$ 644,009</u>
Depreciation on property, plant and equipment (including right-of-use assets)	<u>\$ 81,641</u>	<u>\$ 80,540</u>
Amortisation expense	<u>\$ 244,614</u>	<u>\$ 74,394</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, 2020 and 2019 and six months ended June 30, 2020 and 2019, employees' compensation was accrued at \$32,242, \$3,071, \$86,533 and \$56,823, respectively; while directors' and supervisors' remuneration was accrued at \$6,315, \$615,

\$17,173 and \$11,365, respectively. The aforementioned amounts were recognised in salary expenses.

For the six months ended June 30, 2020, the employees' compensation and directors' remuneration were estimated and accrued based on the distributable profit of current year as of the end of reporting period as specified in the Company's Articles of Incorporation .

Employees' compensation and directors' and supervisors' remuneration for 2019 amounted to \$130,665 and \$26,133, respectively, as resolved at the meeting of Board of Directors. The employees' compensation resolved by the Board of Directors was the same with the amount recognised in the 2019 financial statements. The difference in directors' remuneration for 2019 of \$133 had been adjusted in the profit or loss for 2020. However, as of August 3, 2020, employees' compensation and directors' remuneration for the year ended December 31, 2019 have not yet been distributed.

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

(31) Income tax

A. Income tax expense

Components of income tax expense:

	Three months ended June 30,	
	2020	2019
Current tax:		
Current tax on profit for the period	\$ 80,456	\$ 35,215
Tax on unappropriated retained earnings	10,804	15,528
Prior year income tax (over) underestimation	(5,721)	8,131
Total current tax	<u>85,539</u>	<u>58,874</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>1,713</u>	<u>2,437</u>
Income tax expense	<u>\$ 87,252</u>	<u>\$ 61,311</u>
	Six months ended June 30,	
	2020	2019
Current tax:		
Current tax on profit for the period	\$ 213,028	\$ 127,962
Tax on unappropriated retained earnings	10,804	15,528
Prior year income tax (over) underestimation	(5,721)	8,131
Total current tax	<u>218,111</u>	<u>151,621</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>4,195</u>	<u>2,519</u>
Income tax expense	<u>\$ 222,306</u>	<u>\$ 154,140</u>

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

	Latest Year Assessed by Tax Authority
The Company, Gash Point, Jollywiz, Two Tigers, Ants' Power, Indiland, Gamania Asia, Ciirco, Coco, Coture New Media, Madsugr, Conetter CoMarketing, WeBackers, BeanGo!, Fundation, Jollybuy, GAMA PAY, Digicentre, NOWnews	2018

(32) Earnings per share

	Three months ended June 30, 2020		
	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	\$ 203,712	173,253	\$ 1.18
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 203,712	-	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus (Note)	-	1,176	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 203,712	174,429	\$ 1.17

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)	-	47	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 4,776	173,309	\$ 0.03
Six months ended June 30, 2020			
	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	\$ 579,233	174,255	\$ 3.32
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 579,233	-	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus (Note)	-	2,210	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 579,233	176,465	\$ 3.28

	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' bonus (Note)	-	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

Note: 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.

(33) Transactions with non-controlling interest

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

- (a) The subsidiaries, Hyperg, JollyBuy, Ciirco and NOWnews, increased capital by issuing new shares for technology and cash, respectively, for the six months ended June 30, 2020. However, the Group did not acquire additional shares proportionately to its interest, thus, the share ownership increased (decreased) by (49%), 1.07%, 0.15% and 0.23%, respectively. The impact of the transaction attributed to owners of parent is as follows:

	<u>Hyperg</u>	<u>Jollybuy</u>
	<u>Six months ended June 30, 2020</u>	
Special Technology	\$ 29,305	\$ -
Increase in carrying amount of non-controlling interest	(29,090)	(1,097)
Capital surplus - changes in parent's ownership interest in subsidiary	<u>\$ 215</u>	<u>(\$ 1,097)</u>
	<u>Ciirco</u>	<u>NOWnews</u>
	<u>Six months ended June 30, 2020</u>	
Cash	\$ -	\$ 7,422
Increase in carrying amount of non-controlling interest	(40)	(8,098)
Decrease in unappropriated retained earnings	<u>(\$ 40)</u>	<u>(\$ 676)</u>

- (b) 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 of the transaction attributed to owners of parent is as follows:

	<u>We Backers</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 subsidiary	<u>\$ 61,312</u>	<u>\$ 2,655</u>

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

(34) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Six months ended June 30,	
	2020	2019
Acquisition of property, plant and equipment	\$ 52,115	\$ 39,712
Add: Opening balance of payables on equipment	25,758	12,880
Less: Ending balance of payables on equipment	(7,092)	(12,189)
Cash paid during the period	<u>\$ 70,781</u>	<u>\$ 40,403</u>

	Six months ended June 30,	
	2020	2019
Purchase of intangible assets	\$ 561,704	\$ 86,763
Add: Opening balance of other payables	45,085	40,643
Add: Opening balance of other payables - related parties	-	20,381
Less: Offsetting other payables	-	(38,250)
Less: Ending balance of other payables	(9,276)	(23,057)
Less: Ending balance of other payables - related parties	-	(5,029)
Less: Increase in non-controlling interests	(29,090)	-
Cash paid during the period	<u>\$ 568,423</u>	<u>\$ 81,451</u>

	Six months ended June 30,	
	2020	2019
Disposals of intangible assets	\$ 392	\$ 40,659
Less: Offsetting other payables	-	(38,250)
Cash received during the period	<u>\$ 392</u>	<u>\$ 2,409</u>

B. Financing activities with no cash flow effects

	Six months ended June 30,	
	2020	2019
Declared but unpaid dividends	\$ 544,030	\$ 1,074,222
Declared but unpaid dividends - non-controlling interest	13,742	11,013
	<u>\$ 557,772</u>	<u>\$ 1,085,235</u>

(35) Changes in liabilities from financing activities

In accordance with amendments to IAS 7, 'Disclosure initiative', movements for the six months ended June 30, 2020 and 2019 are as follows:

	Short-term <u>borrowings</u>	Long-term <u>borrowings</u>	Lease <u>liabilities</u>	Liabilities from financing activities- <u>gross</u>
January 1, 2020	\$ 748,179	\$ 400,000	\$ 59,851	\$ 1,208,030
Changes in cash flow from financing activities	(359,865)	(80,000)	(13,114)	(452,979)
Impact of changes in foreign exchange rate	(738)	-	(373)	(1,111)
Changes in other non-cash items				
Increase in right-of-use assets	-	-	6,146	6,146
June 30, 2020	<u>\$ 387,576</u>	<u>\$ 320,000</u>	<u>\$ 52,510</u>	<u>\$ 760,086</u>
				Liabilities from financing activities- <u>gross</u>
	Short-term <u>borrowings</u>	Long-term <u>borrowings</u>	Lease <u>liabilities</u>	
January 1, 2019	\$ 139,613	\$ 960,000	\$ 66,716	\$ 1,166,329
Changes in cash flow from financing activities	99,827	(480,000)	(12,365)	(392,538)
Impact of changes in foreign exchange rate	1,568	-	(23)	1,545
Changes in other non-cash items				
Increase in right-of-use assets	-	-	17,402	17,402
June 30, 2019	<u>\$ 241,008</u>	<u>\$ 480,000</u>	<u>\$ 71,730</u>	<u>\$ 792,738</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 Gamanian Co., Limited	"
Jsdway Digital Technology Co., Ltd. (Jsdway)	"
UniCube Co., Ltd.	"
Firedog Create Company Ltd.	"
Aotter Inc.	"

Names of related parties	Relationship with the Company
Fantasy Fish Digital Games (HK) Co., Ltd.	Associate
Walker Media Co., Ltd.	"
Store Marais Co., Ltd. (Note)	"
Gamania Cheer Up Foundation	Other related party
Wanwin International Co., Ltd.	"
Simsense Technology Sdn. Bhd.	"

Note: Store Marais Co., Ltd. merged with Polysh Co., Ltd. on March 1, 2020 and the related details are disclosed in Note 2 of Note 6 (8)A.

(3) Significant transactions and balances with related parties

A. Operating revenue

	Three months ended June 30,	
	2020	2019
Sales of goods:		
Associates	\$ 18,538	\$ 205
Other related parties	6,390	39,817
	<u>\$ 24,928</u>	<u>\$ 40,022</u>
Sales of services:		
Associates	\$ 15,015	\$ 9,153
Other related parties	15,642	21,427
	<u>\$ 30,657</u>	<u>\$ 30,580</u>
	Six months ended June 30,	
	2020	2019
Sales of goods:		
Associates	\$ 19,107	\$ 1,108
Other related parties	13,861	91,817
	<u>\$ 32,968</u>	<u>\$ 92,925</u>
Sales of services:		
Associates	\$ 27,539	\$ 18,345
Other related parties	31,993	42,188
	<u>\$ 59,532</u>	<u>\$ 60,533</u>

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

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

B. Operating costs

	Three months ended June 30,	
	2020	2019
Mobile service costs:		
Associates	\$ -	\$ 600
Service costs:		
Other related parties	476	-
	<u>\$ 476</u>	<u>\$ 600</u>
	Six months ended June 30,	
	2020	2019
Mobile service costs:		
Associates	\$ -	\$ 209
Programs cost:		
Associates	324	600
Service costs:		
Associates	-	93
Other related parties	3,637	-
	<u>\$ 3,961</u>	<u>\$ 902</u>

Mobile service costs are service cost for splitting revenue from mobile service, programs costs are costs incurred in the development of internet programs and TV programs, and service costs arise from the sales of services. All abovementioned costs are based on mutual agreement.

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

	Three months ended June 30,	
	2020	2019
Associates	\$ 6,098	\$ 4,996
Other related parties	5,245	-
	<u>\$ 11,343</u>	<u>\$ 4,996</u>
	Six months ended June 30,	
	2020	2019
Associates	\$ 10,573	\$ 9,710
Other related parties	11,962	95
	<u>\$ 22,535</u>	<u>\$ 9,805</u>

The above includes expenses paid to associates and other related parties for the Company's advertisements and game development, which were based on mutual agreements.

D. Donation (shown in general and administrative expenses)

	Three months ended June 30,	
	2020	2019
Other related party		
Gamania Cheer Up Foundation	\$ 2,000	\$ -

	Six months ended June 30,	
	2020	2019
Other related party		
Gamaia Cheer Up Foundation	\$ 9,000	\$ 10,800

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

E. Rental revenue (shown in other income)

	Three months ended June 30,	
	2020	2019
Other related parties	\$ 79	\$ 79

	Six months ended June 30,	
	2020	2019
Associates	\$ 23	\$ 23
Other related parties	157	187
	\$ 180	\$ 210

Rental revenue arose from leasing offices to associates and other related parties. 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

	June 30, 2020	December 31, 2019	June 30, 2019
Accounts receivable:			
Associates	\$ 8,855	\$ 23	\$ 866
Other related parties	3,916	6,679	44,845
	\$ 12,771	\$ 6,702	\$ 45,711
Other receivables:			
Associates	\$ 34,008	\$ 1,456	\$ 2,684
Other related parties	40	66	60
	\$ 34,048	\$ 1,522	\$ 2,744

Accounts receivable arise mainly from service revenue, advertising revenue and IDC services. Accounts receivable are not pledged as collateral, do not bear interest and have no provision.

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

G. Payables

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Accounts payable:			
Associates	\$ -	\$ 297	\$ -
Other related parties	1,183	-	6
	<u>\$ 1,183</u>	<u>\$ 297</u>	<u>\$ 6</u>
Other payables:			
Associates	\$ 3,464	\$ 4,356	\$ 9,859
Other related parties	82,195	94,322	111,100
	<u>\$ 85,659</u>	<u>\$ 98,678</u>	<u>\$ 120,959</u>

Accounts payable are payables for costs relating to service revenue and are due 60 days after the purchase. The payables do not bear interest.

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

H. Leasing arrangements - lessee

In January 2019, the Group leased offices from Jsdway and right-of-use assets was recognised in the amount of \$672 in accordance with IFRS 16. As of June 30, 2020, December 31, 2019 and June 30, 2019, the carrying amounts of right-of-use assets were \$336, \$448 and \$562, and lease liabilities were \$339, \$451 and \$560, respectively. For the three months ended June 30, 2020 and 2019 and six months ended June 30, 2020 and 2019, the Group recognised interest expense amounting to \$2, \$2, \$3 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.
- (b) Rents are based on mutual agreement and are paid monthly.

(4) Key management compensation

	<u>Three months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 30,291	\$ 7,909
Post-employment benefits	81	81
Share-based payment	31,796	38,261
	<u>\$ 62,168</u>	<u>\$ 46,251</u>
	<u>Six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 79,946	\$ 54,882
Post-employment benefits	162	162
Share-based payment	31,796	38,261
	<u>\$ 111,904</u>	<u>\$ 93,305</u>

8. PLEGGED ASSETS

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

<u>Pledged assets</u>	<u>Book value</u>			<u>Pledge purpose</u>
	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>	
Demand deposits (shown in "other current asset")	\$ 156,008	\$ 140,923	\$ 135,529	Guarantee for short-term borrowing facility, performance bond of on-line game card's standard contracts, and trust performance bond for E-commerce service
Demand deposits (shown in "other non-current asset")	34,845	28,363	26,252	Trusted electronic payment accounts
Time deposits (shown in "other current assets")	60,080	40,185	18,000	Guarantee for short-term borrowing facility and credit card merchant
Property, plant and equipment				
Land	2,246,082	2,246,082	2,140,662	Short-term and long-term loans / Credit lines
Buildings and structures	261,295	264,842	232,646	Short-term and long-term loans / Credit lines
	<u>\$ 2,758,310</u>	<u>\$ 2,720,395</u>	<u>\$ 2,553,089</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

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

For information on the treasury stocks transferred to employees of the Company and subsidiaries, please refer to Note 6(20)A.

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 operations and maximise 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, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</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
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 496,365	\$ 553,533	\$ 461,484
Financial assets at amortised cost			
Cash and cash equivalents	\$ 2,218,863	\$ 2,202,733	\$ 2,712,787
Notes receivable	451	511	993
Accounts receivable (including related parties)	1,148,330	1,074,176	833,015
Other receivables (including related parties)	502,287	371,876	486,894
Guarantee deposits paid	37,585	40,436	41,809
Other financial assets	250,933	209,471	179,781
	<u>\$ 4,158,449</u>	<u>\$ 3,899,203</u>	<u>\$ 4,255,279</u>

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 387,576	\$ 748,179	\$ 241,008
Notes payable	-	1,237	3,713
Accounts payable (including related parties)	903,509	541,036	436,014
Other payables (including related parties)	2,146,598	1,676,706	2,932,418
Long-term borrowings (including current portion)	320,000	400,000	480,000
Guarantee deposits received	10,746	10,021	19,298
	<u>\$ 3,768,429</u>	<u>\$ 3,377,179</u>	<u>\$ 4,112,451</u>
Lease liability (including related parties)	<u>\$ 52,510</u>	<u>\$ 59,851</u>	<u>\$ 71,730</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:

(Foreign currency: Functional currency)	June 30, 2020		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 24,641	29.630	\$ 730,113
HKD:NTD	29,069	3.823	111,131
HKD:USD (Note)	109,227	0.129	417,495
USD:HKD (Note)	13,960	7.751	413,637
<u>Non-monetary items</u>			
USD:NTD	30,001	29.630	888,919
KRW:NTD	681,066	0.025	16,957
JPY:NTD	105,731	0.275	29,087
HKD:USD (Note)	86,308	0.129	329,891
USD:HKD (Note)	114	7.751	3,378
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	24,347	29.630	721,402
USD:HKD (Note)	3,268	7.751	96,831

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

December 31, 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	\$ 14,856	29.980	\$ 445,383
HKD:NTD	8,776	3.849	33,779
HKD:USD (Note)	98,071	0.128	377,518
USD:HKD (Note)	9,846	7.789	295,182
<u>Non-monetary items</u>			
USD:NTD	27,502	29.980	824,507
KRW:NTD	609,623	0.0262	15,972
JPY:NTD	104,011	0.276	28,707
HKD:USD (Note)	57,555	0.128	221,550
USD:HKD (Note)	113	7.789	3,403
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	10,412	29.980	312,152
HKD:NTD	1,364	3.849	5,250
EUR:NTD	300	33.590	10,077
USD:HKD (Note)	2,512	7.789	75,309

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

(Foreign currency: Functional currency)	June 30, 2019		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 20,268	31.060	\$ 629,524
HKD:NTD	3,362	3.977	13,371
HKD:USD (Note)	71,519	0.128	284,337
USD:HKD (Note)	5,459	7.810	169,556
<u>Non-monetary items</u>			
USD:NTD	22,404	31.060	695,882
KRW:NTD	545,579	0.027	14,785
JPY:NTD	102,903	0.289	29,698
HKD:USD (Note)	41,133	0.128	163,531
EUR:USD (Note)	178	1.139	6,305
RMB:USD (Note)	227	0.146	1,025
USD:HKD (Note)	113	7.810	3,516
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	7,154	31.060	222,203
HKD:NTD	4,097	3.977	16,294
EUR:NTD	300	35.380	10,614
USD:HKD (Note)	800	7.810	24,848

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

- iv. The total exchange (loss) 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, 2020 and 2019, and six months ended June 30, 2020 and 2019 amounted to (\$462), \$8,081, (\$593) and \$12,160, respectively.

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

(Foreign currency: Functional currency)	Six months ended June 30, 2020		
	Sensitivity analysis		
	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 7,301	\$ -
HKD:NTD	1%	1,111	-
HKD:USD (Note)	1%	4,175	-
USD:HKD (Note)	1%	4,136	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	7,214	-
USD:HKD (Note)	1%	968	-

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

(Foreign currency: Functional currency)	Six months ended June 30, 2019		
	Sensitivity analysis		
	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.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss 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 by 1% with all other variables held constant for the six months ended June 30, 2020 and 2019, other components of equity would have increased by \$0 and \$1,505, respectively, as a result of non-operating income classified as equity investment at fair value through profit or loss, and other components of equity would have increased by \$4,964 and \$4,615, 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, 2020 and 2019, the Group's borrowings at variable rate were denominated in NTD and RMB.
- ii. At June 30, 2020, December 31, 2019 and June 30, 2019, 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, 2020 and 2019 would have been \$52 and \$66 lower/higher, respectively, mainly as a result of higher 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.
- 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. The internal risk control management evaluates the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on ratings from accounting and administration departments 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 equivalents 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. In line with credit risk management procedure, 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 the provision matrix to estimate expected credit loss.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On June 30, 2020, the Group has no written-off financial assets that are still under recourse procedures.
- vii. The Group uses the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and other receivables. On June 30, 2020, December 31, 2019 and June 30, 2019, the provision matrix is as follows:

	June 30, 2020		
	Expected loss rate	Total book value	Loss allowance
Not past due	0.01%~1.09%	\$ 1,488,726	\$ 3,937
Up to 30 days	0.01%~1.10%	66,923	219
31 to 60 days	0.60%~8.49%	33,751	203
61 to 90 days	5.98%~10.77%	3,287	205
91 to 121 days	60.00%~61.65%	1,751	1,079
Over 121 days	44.25%~100.00%	36,110	21,107
		<u>\$ 1,630,548</u>	<u>\$ 26,750</u>
	December 31, 2019		
	Expected loss rate	Total book value	Loss allowance
Not past due	0.00%~0.10%	\$ 1,329,752	\$ 442
Up to 30 days	0.07%~1.46%	18,933	276
31 to 60 days	0.79%~6.31%	14,746	164
61 to 90 days	15.19%~20.00%	4,971	417
91 to 121 days	26.89%~36.93%	2,449	904
Over 121 days	48.31%~100.00%	183,978	114,798
		<u>\$ 1,554,829</u>	<u>\$ 117,001</u>

	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	1.00%~9.77%	22,167	366
61 to 90 days	11.01%~44.52%	14,282	1,573
91 to 121 days	16.44%~60.00%	27,231	4,478
Over 121 days	38.73%~100.00%	201,046	111,839
		<u>\$ 1,390,385</u>	<u>\$ 118,931</u>

Note: The above does not include overdue receivables. All the overdue receivables had been provided with loss allowance.

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

	2020		
	Accounts receivable	Other receivables	Total
At January 1	\$ 146,463	\$ 70,368	\$ 216,831
Provision for impairment loss	13,847	2,095	15,942
Write-off	(39,600)	(66,481)	(106,081)
Effect of exchange rate changes	(59)	(59)	(118)
At June 30	<u>\$ 120,651</u>	<u>\$ 5,923</u>	<u>\$ 126,574</u>
	2019		
	Accounts receivable	Other receivables	Total
At January 1	\$ 150,047	\$ 66,405	\$ 216,452
Provision for impairment loss	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>

For provisioned loss for the three months and six months ended June 30, 2020 and 2019, the impairment losses arising from customers' contracts were \$13,639, \$1,081, \$15,942 and \$2,250, respectively.

(c) Liquidity risk

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

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

Non-derivative financial liabilities

<u>June 30, 2020</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Over 3 years</u>
Short-term borrowings	\$ 387,576	\$ -	\$ -
Accounts payable	902,326	-	-
Accounts payable - related parties	1,183	-	-
Other payables	2,060,939	-	-
Other payables - related parties	85,659	-	-
Lease liabilities	25,086	28,607	1,676
Long-term borrowings (including current portion)	163,460	161,400	-
<u>December 31, 2019</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Over 3 years</u>
Short-term borrowings	\$ 748,179	\$ -	\$ -
Notes payable	1,237	-	-
Accounts payable	540,739	-	-
Accounts payable - related parties	297	-	-
Other payables	1,578,028	-	-
Other payables - related parties	98,678	-	-
Lease liabilities	24,966	32,493	3,352
Long-term borrowings (including current portion)	164,760	242,940	-
<u>June 30, 2019</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Over 3 years</u>
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 liabilities	26,635	39,558	6,747
Long-term borrowings (including current portion)	165,880	325,040	-

(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 and OTC 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 and OTC 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. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), other current assets guarantee deposits paid, notes payable, accounts payable (including related parties) and other payables (including related parties), lease liabilities and guarantee deposits received, are approximate to the fair values.

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

<u>June 30, 2020</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	\$ 74,934	\$ -	\$ 421,431	\$ 496,365
<u>December 31, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	\$ 107,123	\$ -	\$ 446,410	\$ 553,533

<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	\$ 150,520	\$ -	\$ -	\$ 150,520
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	\$ 4,200	\$ -	\$ 457,284	\$ 461,484

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

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

	<u>Open-end fund</u>	<u>Listed (OTC) and emerging stocks</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.

E. For the six months ended June 30, 2020 and 2019, there was no transfer between Level 1 and

Level 2.

F. The following chart is the movement of Level 3 for the six months ended June 30, 2020 and 2019:

	Equity securities	
	2020	2019
At January 1	\$ 446,410	\$ 457,802
Loss recognised in other comprehensive income or loss	(24,342)	(4,145)
Acquired during the period	-	3,000
Effects of foreign exchange	(637)	627
At June 30	<u>\$ 421,431</u>	<u>\$ 457,284</u>

Note: Shown as other gains and losses.

G. Treasury department 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, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments					
Unlisted and non-OTC shares	\$ 421,431	Market comparable companies	Enterprise value to operating income ratio multiple	30.79~54.70 (37.78)	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, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments					
Unlisted and non-OTC shares	\$ 446,410	Market comparable companies	Price to book ratio multiple	1.88 (1.88)	The higher the multiple, the higher the fair value
			Enterprise value to operating income ratio multiple	20.85~37.09 (35.89)	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, 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

J. 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:

			June 30, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Enterprise value to operating income ratio multiple	±1%	\$ -	\$ -	\$ 3,307	(\$ 3,307)
	Discount for lack of marketability	±1%	-	-	3,676	(3,676)
			December 31, 2019			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 113	(\$ 113)
	Enterprise value to operating income ratio multiple	±1%	-	-	3,507	(3,507)
	Discount for lack of marketability	±1%	-	-	3,889	(3,889)

			June 30, 2019			
			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%	\$ -	\$ -	\$ 283	(\$ 283)
	Enterprise value to operating income ratio multiple	±1%	-	-	3,462	(3,462)
	Discount for lack of marketability	±1%	-	-	3,978	(3,978)

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.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

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 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, 2020 and 2019 is as follows:

Six months ended June 30, 2020

	Gamania Digital Entertainment Co., Ltd.	Gash Point Company Limited and Gash Point (Hong Kong) Company Limited	Others	Total	
Revenue from external customers	\$ 4,077,042	\$ 117,869	\$ 1,509,286	\$ 5,704,197	
Inter-segment revenue	74,915	284,949	340,476	700,340	Note 1
Segment operating profit	714,659	72,696	29,840	817,195	
Segment profit (loss), net of tax	579,233	61,360	(85,197)	555,396	
Segment profit (loss) includes:					
Depreciation and amortisation	(209,562)	(9,275)	(107,418)	(326,255)	
Income tax expense	(162,068)	(18,733)	(41,505)	(222,306)	
Investment income (loss) accounted for under equity method	(2,312)	(1,506)	(51,349)	(52,155)	Note 2

Six months ended June 30, 2019

	Gamania Digital Entertainment Co., Ltd.	Gash Point Company Limited and Gash Point (Hong Kong) Company Limited	Others	Total	
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	(141,178)	1,020 (	13,982) (	154,140)	
Investment income (loss) accounted for under equity method	(268,285)	4,076	228,838 (	35,371)	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. The reportable segments of the Group are based on different companies. The reconciliation between operating revenue in Note 6(23) and segment revenue is as follows:

	Six months ended June 30, 2020			
	Gamania Digital Entertainment Co., Ltd.	Gash Point and Gash Point (Hong Kong) Company Limited	Others	Total
Online and mobile games revenue	\$ 4,049,957	\$ -	\$ 516,246	\$ 4,566,203
Service revenue	27,085	-	595,581	622,666
Sales revenue	-	-	384,097	384,097
Revenue from stored-values	-	117,869	13,362	131,231
	<u>\$ 4,077,042</u>	<u>\$ 117,869</u>	<u>\$ 1,509,286</u>	<u>\$ 5,704,197</u>

	Six months ended June 30, 2019			
	Gamania Digital Entertainment Co., Ltd.	Gash Point and Gash Point (Hong Kong) Company Limited	Others	Total
Online and mobile games revenue	\$ 3,839,998	\$ -	\$ 168,172	\$ 4,008,170
Service revenue	17,138	-	378,080	395,218
Sales revenue	-	-	298,470	298,470
Revenue from stored-values	-	187,846	7,969	195,815
	<u>\$ 3,857,136</u>	<u>\$ 187,846</u>	<u>\$ 852,691</u>	<u>\$ 4,897,673</u>

Gamania Digital Entertainment Co., Ltd. and Subsidiaries

Provision of endorsements and guarantees to others

Six months ended June 30, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of June 30, 2020	Outstanding endorsement/ guarantee amount at June 30, 2020	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	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													
1	Jollywiz Digital Technology Co., Ltd.	Jollywiz Digital Business Co., Ltd.		3	\$ 151,360	\$ 34,921	\$ 33,542	\$ 33,542	\$ -	8.86	\$ 151,360	Y	N	Y	Note 3
2	Achieve Made International (BVI)	Jollywiz Digital Technology Co., Ltd.		3	209,830	40,000	40,000	40,000	40,000	7.63	209,830	Y	N	N	Note 3

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: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
- (4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
- (5) Mutual guarantee of the trade as required by the construction contract.
- (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: The Company's limit on total endorsements is 40% of the endorser's/guarantor's net assets, and limit on endorsements to the same party is 40% of the endorser's/guarantor's net assets.

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, 2020

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, 2020				Footnote
				Number of shares (in thousands)	Book value	Percentage	Market value (Note 2)	
The Company	XPEC Entertainment Inc. - stock	None	Financial assets at fair value through other comprehensive income - non-current	4,907	\$ 26,941	2.68	\$ 26,941	
The Company	NC Taiwan Co., Ltd. - stock	None	Financial assets at fair value through other comprehensive income - non-current	2,100	295,000	15.00	295,000	
The Company	Microprogram Information Co., Ltd. - stock	None	Financial assets at fair value through other comprehensive income - non-current	1,739	35,733	5.42	35,733	
The Company	Life Plus Co., Ltd. - stock	None	Financial assets at fair value through other comprehensive income - non-current	3,000	9,918	9.09	9,918	
The Company	Pili International Multimedia Co., Ltd. - stock	None	Financial assets at fair value through other comprehensive income - non-current	1,958	58,740	3.82	58,740	
Gamania Asia Investment Co., Ltd.	One Production Film Co., Ltd. - stock	None	Financial assets at fair value through other comprehensive income - non-current	388	16,194	3.57	16,194	
Gamania Asia Investment Co., Ltd.	Gokube Inc. - stock	None	Financial assets at fair value through other comprehensive income - non-current	400	-	3.36	-	
Gamania International Holdings Ltd.	Vantage Metro Limited - stock	None	Financial assets at fair value through other comprehensive income - non-current	192	29,101	2.59	29,101	
Gamania International Holdings Ltd.	Ikala Global Online Corp. - stock	None	Financial assets at fair value through other comprehensive income - non-current	27,831	24,738	3.43	24,738	

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, 2020

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts	
Gash Point Co., Ltd.	The Company	Parent company	Service revenue	\$ 190,723	54.43	Note	Note	Note	\$ 22,905	3.32	
Digicentre Company Limited	The Company	Parent company	Service revenue	117,558	34.09	Note	Note	Note	38,123	24.12	

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, 2020

Table 4

Expressed in thousands of NTD
 (Except as otherwise indicated)

Name of creditor	Transaction parties	Relationship	Balance as of June 30, 2020	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	\$ 432,410	130.05	\$ -	-	\$ 398,526	35	Note 2
Digicentre Company Limited	Digicentre (HK) Company Limited	Subsidiary	105,295	84.06	-	-	9,000	-	Note 3

Note 1: The subsequent collections represent collections from the balance sheet date to August 3, 2020.

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

Note 3: Receivables for providing service to subsidiary.

Gamania Digital Entertainment Co., Ltd. and Subsidiaries
Significant inter-company transactions during the reporting period
Six months ended June 30, 2020

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	The Company	Gamania Digital Entertainment (H.K.) Co., Ltd.	1	Accounts receivable	\$ 52,916	Note 5	0.54
0	The Company	Gamania Digital Entertainment (H.K.) Co., Ltd.	1	Revenue from royalties	38,460	Note 5	0.67
0	The Company	Gash Point Co., Ltd.	1	Accounts receivable	432,410	Note 5	4.39
0	The Company	Gash Point Co., Ltd.	1	Other receivables	33,558	Note 5	0.34
0	The Company	Ant's Power Co., Ltd.	1	Other receivables	39,772	Note 5	0.40
0	The Company	Digicentre Company Limited	1	Other receivables	20,068	Note 5	0.20
1	Gamania Digital Entertainment (H.K.) Co., Ltd.	The Company	2	Accounts receivable	78,726	Note 5	0.80
1	Gamania Digital Entertainment (H.K.) Co., Ltd.	HaPod Digital Technology Co., Ltd.	3	Other receivables	66,929	Note 5	0.68
1	Gamania Digital Entertainment (H.K.) Co., Ltd.	CASH POINT (HK) Co., Ltd.	3	Accounts receivable	15,984	Note 5	0.16
2	Gash Point Co., Ltd.	The Company	2	Accounts receivable	22,905	Note 5	0.23
2	Gash Point Co., Ltd.	The Company	2	Sales of services	190,723	Note 5	3.34
2	Gash Point Co., Ltd.	Conetter CoMarketing Co., Ltd.	3	Other receivables	11,380	Note 5	0.12
2	Gash Point Co., Ltd.	GAMA PAY Co., Ltd.	3	Refundable deposits	10,000	Note 5	0.10
3	Ants' Power Co., Ltd.	The Company	2	Operating revenue	52,381	Note 5	0.92
3	Ants' Power Co., Ltd.	The Company	2	Accounts receivable	32,269	Note 5	0.33
3	Ants' Power Co., Ltd.	Jollywiz Digital Technology Co., Ltd.	3	Operating revenue	13,151	Note 5	0.23
4	Digicentre Company Limited	The Company	2	Accounts receivable	38,123	Note 5	0.39

Gamania Digital Entertainment Co., Ltd. and Subsidiaries
Significant inter-company transactions during the reporting period
Six months ended June 30, 2020

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	
4	Digicentre Company Limited	The Company	2	Operating revenue	\$ 117,558	Note 5	2.06
4	Digicentre Company Limited	Digicentre (HK) Company Limited	3	Accounts receivable	105,295	Note 5	1.07
4	Digicentre Company Limited	Digicentre (HK) Company Limited	3	Sales of services	55,786	Note 5	0.98
4	Digicentre Company Limited	Ants' Power Co., Ltd.	3	Operating revenue	12,293	Note 5	0.22
5	HaPod Digital Technology Co., Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	Revenue from royalties	24,036	Note 5	0.42
6	Conetter CoMarketing Co., Ltd.	The Company	2	Accounts receivable	29,466	Notes 4 and 5	0.30
6	Conetter CoMarketing Co., Ltd.	The Company	2	Advertising revenue	85,083	Notes 4 and 5	1.49
7	Hgperg Smart Security Technology Pte. Ltd.	Digicentre Company Limited	3	Accounts receivable	13,030	Note 5	0.13

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 ; fill in the number of category each case belongs to (if transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction):

(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, 2020

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, 2020			Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
				Balance as at June 30, 2020	Balance as at December 31, 2019	Number of shares	Percentage	Book value			
The Company	Gamania Holdings Ltd.	Cayman Islands	Holding company	\$ 2,406,185	\$ 2,406,185	46,278,315	100.00	\$ 751,901	\$ 64,774	\$ 66,968	
The Company	Gamania Asia Investment Co., Ltd.	Taiwan	Investment company	239,549	239,549	18,900,000	100.00	153,698 (	14,982) (	14,982)	
The Company	Foundation Digital Entertainment Co., Ltd.	Taiwan	Publishing of magazines and periodicals	220,000	220,000	316,522	100.00	- (	38) (	38)	Note 2
The Company	Jollybuy Digital Tech. Co., Ltd.	Taiwan	Supply of electronic information services	470,000	430,000	17,600,000	96.17	68,469 (	20,069) (	19,196)	
The Company	Digicentre Company Limited	Taiwan	Software services	302,637	302,637	16,016,000	67.48	340,679	13,933	7,992	
The Company	Two Tigers Co. Ltd.	Taiwan	Animation production	6,269	6,269	626,892	51.00	6,285 (	9) (	5)	
The Company	Gash Point Co., Ltd.	Taiwan	Information software and supply of electronic information services	169,000	169,000	13,500,000	90.00	269,063	49,545	44,590	
The Company	Indiland Co., Ltd.	Taiwan	IP Commodities authorisation	40,000	40,000	50,000	100.00	111 (	19) (	19)	
The Company	Ants' Power Co., Ltd.	Taiwan	Customer services	10,000	10,000	1,000,000	100.00	41,657	10,276	10,276	
The Company	Chuang Meng Shr Ji Co., Ltd.	Taiwan	Venture Capital Industry	57,000	30,000	3,996,774	33.03	33,715 (	4,841) (	1,543)	
The Company	WeBackers Co., Ltd.	Taiwan	Crowd funding	51,040	51,040	373,529	93.38	305 (	81) (	76)	
The Company	Coture New Media Co., Ltd.	Taiwan	Producing TV programs and general advertising services	203,500	203,500	12,949,204	93.08	9,157 (	4,552) (	4,327)	
The Company	MadSugr Digital Technology Co., Ltd.	Taiwan	Information software and supply of electronic information services	45,900	45,900	4,590,000	51.00	3,241 (	88) (	45)	
The Company	GAMAY PAY Co., Ltd.	Taiwan	Third party payment	569,229	569,229	40,714,288	67.86	260,170 (	53,733) (	36,463)	
The Company	Coco Digital Technology Co., Ltd.	Taiwan	Software services and sales	10,033	10,033	921,700	100.00	9,797	1	1	
The Company	NOWnews Network Co., Ltd.	Taiwan	Broadcast and TV shows services	410,869	378,291	28,604,770	78.19	273,420 (	31,173) (	31,354)	
The Company	BeanGo! Co., Ltd.	Taiwan	Communication software	214,000	210,000	11,400,000	100.00	6,611 (	1,136) (	1,136)	
The Company	Ciirco Inc.	Taiwan	Sales and research and development of software services	199,400	169,400	5,990,649	99.84	33,503 (	18,395) (	18,341)	

Gamania Digital Entertainment Co., Ltd. and Subsidiaries
Information on investee companies (not including investees in Mainland China)
Six months ended June 30, 2020

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, 2020			Investment income		Footnote
				Balance as at June 30, 2020	Balance as at December 31, 2019	Number of shares	Percentage	Book value	Income (loss) incurred by the investee	(loss) recognised by the Company	
The Company	4-Way Voice Cultural Co., Ltd.	Taiwan	Newspaper and magazine publishing	\$ 1,900	\$ 1,900	190,000	38.00	\$ 561	(\$ 206)	(\$ 78)	
The Company	Walkermedia Co., Ltd.	Taiwan	Publishing of magazines and general advertising services	30,000	30,000	3,000,000	30.00	22,242	(13,965)	(4,189)	
Jollybuy Digital Technology Co., Ltd.	Store Marais Co., Ltd.	Taiwan	Import of household furniture and retail of other home accessories	10,000	10,000	125,000	7.69	8,566	(2,510)	(173)	Note 3
Digicentre Company Limited	Digicentre (HK) Company Limited	Hong Kong	Software services	1,147	1,147	300,000	100.00	12,915	2,252	2,525	
Digicentre Company Limited	Hyperg Smart Security Technology Pte. Ltd.	Singapore	Software services	29,630	8,889	1,000,000	51.00	26,048	(6,776)	(3,583)	
Ciirco Inc.	Ciirco (HK) Co., Ltd.	Hong Kong	Software services	51,853	44,445	1,750,000	100.00	9,559	(4,062)	(4,062)	
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	2,645	954	268	
Gamania Asia Investment Co., Ltd.	Fantasy Fish Digital Games Co., Ltd.	Taiwan	Sales and research and development of software	-	22,211	-	-	-	(12,417)	(5,473)	
Gamania Asia Investment Co., Ltd.	Jsdway Digital Technology Co., Ltd.	Taiwan	Software information and supply of electronic services	55,125	55,125	5,250,000	36.76	47,068	(4,671)	(1,717)	
Gamania Asia Investment Co., Ltd.	Taiwan e-sports Co., Ltd.	Taiwan	E-sports	48,931	48,931	3,871,344	29.54	17,692	(28,373)	(7,593)	
Gamania Asia Investment Co., Ltd.	The Ching Post Co., Ltd.	Taiwan	Newspaper and magazine publishing	1	1	500,000	100.00	-	(7)	(7)	
Gamania Asia Investment Co., Ltd.	Bjolly Co., Ltd.	Taiwan	Supply of electronic information services	5,000	5,000	45,455	2.27	4,584	(1,089)	(25)	
Gamania Asia Investment Co., Ltd.	Aotter Inc.	Taiwan	Research and development of internet-related technology	25,000	25,000	170,473	21.48	22,758	(2,783)	(598)	
Madsugr Digital Technology Co., Ltd.	Madsugr Digital Technology (HK) Co., Ltd.	Hong Kong	Information software and supply of electronic information services	-	-	-	-	-	-	-	Note 4
Gash Point Co., Ltd.	Gash Point (Japan) Co., Ltd.	Japan	Information software and supply of electronic information services	38,514	38,514	600	100.00	29,087	477	477	

Gamania Digital Entertainment Co., Ltd. and Subsidiaries
Information on investee companies (not including investees in Mainland China)
Six months ended June 30, 2020

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, 2020			Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
				Balance as at June 30, 2020	Balance as at December 31, 2019	Number of shares	Percentage	Book value			
Gash Point Co., Ltd.	Gash Point (Hong Kong) Co., Ltd.	Hong Kong	Information software and supply of electronic information services	\$ 13,498	\$ 13,498	750,000	100.00	\$ 143,876	\$ 11,815	\$ 11,815	
Gash Point Co., Ltd.	Gash Point Korea Co., Ltd.	South Korea	Information software and supply of electronic information services	11,662	11,662	138,268	100.00	16,957	1,792	1,792	
Gash Point Co., Ltd.	Conetter CoMarketing Co., Ltd.	Taiwan	Information software and supply of electronic information services	29,250	29,250	2,625,000	79.98	40,961 (	4,929) (	3,943)	
Gash Point Co., Ltd.	GAMA PAY Co., Ltd.	Taiwan	Third party payment	150,000	150,000	9,642,857	16.07	61,611 (	53,733) (	8,635)	
Gamania Holdings Ltd.	Gamania International Holdings Ltd.	Cayman Islands	Investment and holding company	2,369,314	2,369,314	77,281,128	100.00	764,544	64,806	64,806	
Gamania International Holdings Ltd.	Gamania China Holdings Ltd.	Cayman Islands	Investment and holding company	989,605	989,605	40,416,628	98.85	329,200	105,911	104,693	
Gamania International Holdings Ltd.	Joymobee Entertainment Co., Ltd.	Hong Kong	Design and research and development of software	117,039	117,039	30,701,775	100.00	6,586 (	688) (	688)	
Gamania International Holdings Ltd.	Firedog Creative Co., Ltd.	Hong Kong	Design and research and development of software	9,481	9,481	992,000	40.00	-	-	-	
Gamania International Holdings Ltd.	Achieve Made International Ltd.	British Virgin Islands	Investment and holding company	206,005	206,005	7,297,649	42.06	227,234 (	25,236) (	11,352)	
Gamania International Holdings Ltd.	ACCI Group Limited	Hong Kong	Sales of agricultural products	1,434	1,434	375,000	30.00	-	-	-	
Gamania International Holdings Ltd.	HaPod Digital Technology Co., Ltd.	Hong Kong	Software services and sales	65,186	65,186	2,200,000	100.00	30,834	3,740	3,740	
Gamania International Holdings Ltd.	GungHo Gamania Co., Limited	Hong Kong	Operations of mobile games	217,781	145,187	294	49.00	102,235 (	63,422) (	31,077)	
Achieve Made International Ltd.	Jollywiz Digital Technology Co., Ltd.	Taiwan	Supply of electronic information services	595,000	595,000	25,528,035	100.00	159,209 (	14,393) (	6,054)	
Achieve Made International Ltd.	Jollywiz International (HK) Co., Ltd.	Hong Kong	Supply of electronic information services	32,347	32,347	17,000,000	86.73	20,216 (	10,069) (	3,673)	
Jollywiz Digital Technology Co., Ltd.	Bjolly Co., Ltd.	Taiwan	Supply of electronic information services	25,000	25,000	1,045,455	52.27	653 (	1,089) (	239)	
Jollywiz Digital Technology Co., Ltd.	Cyber Look Properties Ltd.	British Virgin Islands	Investment and holding company	145,187	145,187	4,900,000	100.00	31,461 (	745) (	313)	
Jollywiz Digital Technology Co., Ltd.	Jollywiz International (HK) Co., Ltd.	Hong Kong	Supply of electronic information services	9,940	9,940	2,600,000	13.27	3,093 (	10,069) (	562)	

Gamania Digital Entertainment Co., Ltd. and Subsidiaries
Information on investee companies (not including investees in Mainland China)
Six months ended June 30, 2020

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, 2020			Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
				Balance as at June 30, 2020	Balance as at December 31, 2019	Number of shares	Percentage	Book value			
Bjolly Digital Co., Ltd.	NOWnews Network Co., Ltd.	Taiwan	Broadcast and TV shows services	\$ 10,000	\$ 10,000	515,000	1.41	\$ 9,561	(\$ 31,173)	(\$ 439)	
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	Cayman Islands	Investment and holding company	1,170,978	1,170,978	39,520,000	100.00	1,138	(1,154)	(1,154)	
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	Hong Kong	Software services and sales	97,487	97,487	25,500,000	100.00	321,930	107,066	107,066	

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

Note 2: Credit balance of investments accounted for under equity method is transferred to other liabilities - non-current.

Note3: Store Marais Co., Ltd. merged with Polysh Co., Ltd. on March 1, 2020 and the related details are provided in Note 2 of Note 6 (8)A.

Note 4: As of June 30, 2020, Madsugr Digital Technology (HK) Co., Ltd. and Fantasy Fish Digital Games Co., Ltd. is still under liquidation while the capital have been remitted back.

Gamania Digital Entertainment Co., Ltd. and Subsidiaries

Information on investments in Mainland China

Six months ended June 30, 2020

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six months ended June 30, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2020	Net loss of investee for the three months ended June 30, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2020	Book value of investments in Mainland China as of June 30, 2020	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2020	Footnote (Note 2)
					Remitted to Mainland China	Remitted back to Taiwan							
Gamania Digital Entertainment (Beijing) Co., Ltd.	Design and sales of software	\$ 1,045,939	2	\$ 766,528	\$ -	\$ -	\$ 766,528	(\$ 1,114)	98.85	(\$ 1,101)	(\$ 1,362)	\$ -	Notes 3 and 6
MoNoKos Studio Technology Co., Ltd.	Research and development of software	-	2	44,445	-	-	44,445	-	-	-	-	-	Notes 4 and 7
Legion Technology (Shanghai) Co., Ltd.	Supply of electronic information services	117,039	2	117,039	-	-	117,039	3,150	42.06	1,325	39,865	-	Notes 5 and 8
Jollywiz Digital Business Co., Ltd.	Supply of electronic information services	20,955	2	-	-	-	-	1,653	42.06	695	14,731	-	Notes 5 and 8
Ju Shr Da Jiu (Shanghai) International Trading Co., Ltd.	Sales of agricultural products	14,815	2	-	-	-	-	-	38.66	-	-	-	Notes 5 and 9

Note 1: The methods for engaging in investment in Mainland China include the following:

(1) Direct investment in Mainland China.

(2) Indirectly investment in Mainland China through companies registered in a third region.

(3) Other methods.

Note 2: The accumulated remittance as of January 1, 2020, remitted or collected this period, accumulated as of June 30, 2020 was translated into New Taiwan dollars at the average exchange rate of NTD29.63 to US\$1 and NTD4.191 to RMB\$1 at the balance sheet date.

Note 3: The investment loss of the investee company, Gamania Digital Entertainment (Beijing) Co., Ltd., for the six months ended June 30, 2020 was recognised based on the indirect weighted-average ownership percentage of 98.85% and on their financial statements for the corresponding period, which were reviewed.

Note 4: 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, 2020.

Note 5: Investment income or losses are recognised based on unaudited financial statements.

Note 6: It was invested through Gamania Sino Holdings Ltd invested.

Note 7: It was invested through Gamania Holdings Ltd. invested.

Note 8: It was invested through Cyber Look Properties Limited invested.

Note 9: It was invested through ACCI Group Limited and Gamania Digital Entertainment (H.K.) Co., Ltd. invested.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2020	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)	\$ 810,973	\$ 1,360,402	\$ 3,149,188
Jollywiz Digital Technology Co., Ltd.	117,039	117,039	227,117

Note: The total investment amount approved by the Investment Commission, MOEA, was USD45,913 thousand or \$1,360,402 based on 29.63 spot exchange rate at June 30, 2020.

Gamania Digital Entertainment Co., Ltd. and Subsidiaries

Major shareholders information

June 30, 2020

Table 8

Name of major shareholders	Shares	Number of shares held	Ownership (%)
Liu Bo Yuan		19,372,202	11.03%
Wanwin International Co., Ltd.		15,101,000	8.60%
Joy Develop Co., Ltd. Taiwan Branch		13,639,000	7.77%
Shiang Sheng Invesement Ltd.		13,600,000	7.74%

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed represents the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with the Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, and the trust assets which can be allocated. For the information of reported share equity of insider, please refer to Market Observation Post System.