GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

SEPTEMBER 30, 2017 AND 2016

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

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

PWCR 17001874

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

We have reviewed the accompanying consolidated balance sheets of Gamania Digital Entertainment Co., Ltd. and its subsidiaries as of September 30, 2017 and 2016, and the related consolidated statements of comprehensive income for the three months and nine months then ended, of changes in equity and of cash flows for the nine months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our reviews.

Except as explained in the following paragraph, our reviews were made in accordance with the Generally Accepted Auditing Standards No. 36, "Review of Financial Statements" in the Republic of China. A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

We did not review the financial statements of insignificant consolidated subsidiaries and investments accounted for using equity method, which statements reflect total assets (including investments accounted for under equity method) of $1,987,240 thousand and $2,139,863 thousand, constituting 27% and 27% of the consolidated total assets, and total liabilities of $344,544 thousand and $497,003 thousand, constituting 8% and 9% of the consolidated total liabilities as of September 30, 2017 and 2016, respectively, and total comprehensive loss of $19,417 thousand, $61,815 thousand, $43,441 thousand and $205,462 thousand, constituting 60%, 22%, (170%) and 73% of the consolidated total comprehensive income (including share of profit (loss) of associates and joint ventures accounted for using equity method) for the three months and nine months ended September 30, 2017 and 2016, respectively. These amounts and the information disclosed in Note 13 were based solely on the unreviewed financial statements of these companies as of September 30, 2017 and 2016.

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of insignificant consolidated subsidiaries, investments accounted for using equity method and the information disclosed in Note 13 been reviewed by independent accountants, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and IAS 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Lin, Yi-Fan

Chang, Shu-Chiung

For and on behalf of PricewaterhouseCoopers, Taiwan

November 9, 2017

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

GAMANIA DIGITAL ENTERTAINMENT CO., LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2017, DECEMBER 31, 2016 AND SEPTEMBER 30, 2016
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2017 and 2016 are reviewed, not audited)

	Assets	Notes	September 30, 2017	December 31, 2016	September 30, 2016
	Current assets				
1100	Cash and cash equivalents	6(1)	$ 1,424,712	$ 1,472,133	$ 1,596,941
1110	Financial assets at fair value through profit or loss - current	6(2)	109	-	-
1150	Notes receivable, net		-	182	236
1170	Accounts receivable, net	6(4)	1,059,644	1,408,798	1,328,827
1180	Accounts receivable - related parties	7	22,826	36,589	192,430
1200	Other receivables		50,781	85,883	71,232
1210	Other receivables - related parties	7	9,318	5,711	22,058
1220	Current income tax assets		5,489	14,668	13,721
130X	Inventory	6(5)	47,211	36,547	35,624
1410	Prepayments		190,605	174,251	155,225
1470	Other current assets	8	47,109	190,012	137,152
11XX	**Total Current Assets**		2,857,804	3,424,774	3,553,446
	Non-current assets				
1523	Available-for-sale financial assets - non-current	6(3)	591,109	468,013	412,674
1550	Investments accounted for under equity method	6(6)	527,110	528,606	511,020
1600	Property, plant and equipment	6(7)	2,785,782	2,810,280	2,777,183
1760	Investment property - net	6(8)	-	188,057	188,546
1780	Intangible assets	6(9)	270,871	282,592	299,925
1840	Deferred income tax assets		160,221	161,899	158,834
1900	Other non-current assets	6(10) and 8	55,944	45,945	27,051
15XX	**Total Non-current Assets**		4,391,037	4,485,392	4,375,233
1XXX	**Total Assets**		$ 7,248,841	$ 7,910,166	$ 7,928,679

(Continued)

GAMANIA DIGITAL ENTERTAINMENT CO., LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2017, DECEMBER 31, 2016 AND SEPTEMBER 30, 2016
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2017 and 2016 are reviewed, not audited)

	Liabilities and Equity	Notes	September 30, 2017	December 31, 2016	September 30, 2016
	Current liabilities				
2100	Short-term borrowings	6(12)	$ 748,206	$ 726,732	$ 824,648
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	2,870	2,730
2150	Notes payable		2,067	-	1
2170	Accounts payable		802,037	1,165,147	1,023,671
2180	Accounts payable - related parties	7	156,987	69,265	74,035
2200	Other payables	6(13)	301,332	366,691	379,515
2220	Other payables - related parties	7	21,564	29,418	33,639
2230	Current income tax liabilities		1,809	15,139	6,095
2300	Other current liabilities	6(14)	971,058	1,435,525	1,386,484
21XX	**Total Current Liabilities**		3,005,060	3,810,787	3,730,818
	Non-current liabilities				
2540	Long-term borrowings	6(16)	1,316,650	1,716,389	1,737,223
2570	Deferred income tax liabilities		13,484	9,355	8,535
2600	Other non-current liabilities	6(17)	4,715	5,224	4,080
25XX	**Total Non-current Liabilities**		1,334,849	1,730,968	1,749,838
2XXX	**Total Liabilities**		4,339,909	5,541,755	5,480,656
	Equity attributable to owners of parent				
	Share capital				
3110	Share capital - common stock	6(18)	1,685,372	1,575,936	1,575,936
	Capital surplus	6(19)			
3200	Capital surplus		847,727	697,656	697,720
	Retained earnings	6(20)			
3310	Legal reserve		-	51,971	51,971
3320	Special reserve		-	64,656	64,656
3350	Unappropriated retained earnings		(34,697)	(307,946)	(253,843)
	Other equity interest	6(21)			
3400	Other equity interest		252,896	171,535	86,602
3500	Treasury stocks	6(18)	(186,226)	(185,464)	(67,951)
31XX	**Equity attributable to owners of the parent**		2,565,072	2,068,344	2,155,091
36XX	**Non-controlling interest**	4(3)	343,860	300,067	292,932
3XXX	**Total Equity**		2,908,932	2,368,411	2,448,023
	Significant contingent liabilities and unrecorded contract commitments	9			
	Significant events after the balance sheet date	11			
3X2X	**Total Liabilities and Equity**		$ 7,248,841	$ 7,910,166	$ 7,928,679

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated November 9, 2017.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH ENDED SEPTEMBER 30
(Expressed in thousands of New Taiwan dollars, except earnings (loss) per share data)
(UNAUDITED)

			Three months ended September 30		Nine months ended September 30	
	Items	Notes	2017	2016	2017	2016
4000	**Operating revenue**	6(22) and 7	$ 1,836,344	$ 2,118,382	$ 5,767,560	$ 6,420,077
5000	**Operating costs**	6(26) and 7	(1,539,913)	(1,781,578)	(4,853,915)	(5,432,802)
5950	**Gross profit**		296,431	336,804	913,645	987,275
	Operating expenses	6(26) and 7				
6100	Selling expenses		(116,328)	(112,110)	(337,153)	(374,328)
6200	General and administrative expenses		(189,206)	(201,381)	(598,844)	(589,888)
6300	Research and development expenses		(54,988)	(40,611)	(142,989)	(120,121)
6000	**Total operating expenses**		(360,522)	(354,102)	(1,078,986)	(1,084,337)
6900	**Operating income**		(64,091)	(17,298)	(165,341)	(97,062)
	Non-operating income and expenses					
7010	Other income	6(23)	9,050	28,820	36,594	56,159
7020	Other gains and losses	6(2)(3)(24)	(12,252)	(330,074)	159,709	(339,098)
7050	Finance costs	6(25)	(11,239)	(12,395)	(35,597)	(38,439)
7060	Share of profit (loss) of associates and joint ventures accounted for under equity method		(17,331)	805	(32,975)	(7,140)
7000	**Total non-operating income and expenses**		(31,772)	(312,844)	127,731	(328,518)
7900	**Loss before income tax**		(95,863)	(330,142)	(37,610)	(425,580)
7950	Income tax expense	6(27)	(3,303)	(1,224)	(16,560)	(1,599)
8200	**Loss for the period**		($ 99,166)	($ 331,366)	($ 54,170)	($ 427,179)
	Other comprehensive income					
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		($ 2,630)	($ 21,175)	($ 41,363)	($ 35,205)
8362	Unrealized gain on valuation of available-for-sale financial assets	6(2)(3)	69,598	63,649	121,152	180,788
8370	Total Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		9	2,000	-	(1)
8300	**Total other comprehensive income for the period**		$ 66,977	$ 44,474	$ 79,789	$ 145,582
8500	**Total comprehensive income (loss) for the period**		($ 32,189)	($ 286,892)	$ 25,619	($ 281,597)
	Profit (loss) attributable to:					
8610	Owners of the parent		($ 80,039)	($ 305,691)	$ 36	($ 348,603)
8620	Non-controlling interest		(19,127)	(25,675)	(54,206)	(78,576)
			($ 99,166)	($ 331,366)	($ 54,170)	($ 427,179)
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		($ 12,641)	($ 258,957)	$ 81,397	($ 197,345)
8720	Non-controlling interest		(19,548)	(27,935)	(55,778)	(84,252)
			($ 32,189)	($ 286,892)	$ 25,619	($ 281,597)
	Earnings per share (in dollars)					
9750	**Basic earnings per share**	6(28)	($ 0.53)	($ 1.94)	$ -	($ 2.21)
	Diluted earnings per share (in dollars)					
9850	**Diluted earnings per share**	6(28)	($ 0.53)	($ 1.94)	$ -	($ 2.21)

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated November 9, 2017.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent												
			Capital Reserves			Retained Earnings			Other equity interest					
	Notes	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Treasury stocks	Total	Non-controlling interest	Total equity
2016														
Balance at January 1, 2016		$ 1,575,936	$640,461	$ 24,234	$ 30,753	$13,182	$ -	$ 390,297	($ 6,283)	($ 58,373)	$ -	$ 2,610,207	$331,081	$ 2,941,288
Appropriation and distribution of 2015 retained earnings	6(20)													
Legal reserve		-	-	-	-	38,789	-	(38,789)	-	-	-	-	-	-
Special reserve		-	-	-	-	-	64,656	(64,656)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	(189,112)	-	-	-	(189,112)	-	(189,112)
Profit (loss) for the period		-	-	-	-	-	-	(348,603)	-	-	-	(348,603)	(78,576)	(427,179)
Other comprehensive income for the period		-	-	-	-	-	-	-	(29,530)	180,788	-	151,258	(5,676)	145,582
Purchase of treasury shares		-	-	-	-	-	-	-	-	-	(67,951)	(67,951)	-	(67,951)
Change in equity of associates and joint ventures accounted for using equity method		-	-	-	1,372	-	-	-	-	-	-	1,372	-	1,372
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(29)	-	-	-	900	-	-	(2,980)	-	-	-	(2,080)	-	(2,080)
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	46,103	46,103
Balance at June 30, 2015		$ 1,575,936	$640,461	$ 24,234	$ 33,025	$51,971	$64,656	($ 253,843)	($ 35,813)	$ 122,415	($ 67,951)	$ 2,155,091	$292,932	$ 2,448,023
2017														
Balance at January 1, 2015		$ 1,575,936	$640,461	$ 24,234	$ 32,961	$51,971	$64,656	($ 307,946)	($ 25,647)	$ 197,182	($ 185,464)	$ 2,068,344	$300,067	$ 2,368,411
Convertible securities conversion		109,436	327,526	-	(14,692)	-	-	-	-	-	-	422,270	-	422,270
Offset of accumulated deficit against 2016 retained earnings	6(20)													
Capital surplus used to cover accumulated deficits		-	(191,319)	-	-	-	-	191,319	-	-	-	-	-	-
Legal reserve offset		-	-	-	-	(51,971)	-	51,971	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	-	(64,656)	64,656	-	-	-	-	-	-
Profit (loss) for the period		-	-	-	-	-	-	36	-	-	-	36	(54,206)	(54,170)
Other comprehensive income for the period		-	-	-	-	-	-	-	(39,791)	121,152	-	81,361	(1,572)	79,789
Purchase of treasury shares	6(18)	-	-	-	-	-	-	-	-	-	(762)	(762)	-	(762)
Change in equity of associates and joint ventures accounted for using equity method		-	-	-	1,429	-	-	(18,080)	-	-	-	(16,651)	-	(16,651)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(29)	-	-	-	27,127	-	-	(16,653)	-	-	-	10,474	-	10,474
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	99,571	99,571
Balance at June 30, 2015		$ 1,685,372	$776,668	$ 24,234	$ 46,825	$ -	$ -	($ 34,697)	($ 65,438)	$ 318,334	($ 186,226)	$ 2,565,072	$343,860	$ 2,908,932

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated November 9, 2017.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTH ENDED SEPTEMBER 30
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 37,610)	($ 425,580)
Adjustments			
Adjustments to reconcile profit (loss)			
Provision for doubtful accounts	6(4)	(2,203)	9,555
Depreciation	6(26)	80,340	69,949
Amortization	6(9)(26)	76,205	100,926
Gain on financial assets or liabilities at fair value through profit or loss	6(24)	(2,979)	1,330
Share of (gain) loss of associates accounted for using equity method		32,975	7,140
(Gain) loss on disposal of property, plant and equipment	6(24)	8	(65)
Gain on disposal of non-current assets	6(24)	(164,774)	-
Intangible assets transferred to other loss and expenses	6(9)	16,418	11,093
(Gain) loss on disposal of investments	6(24)	(15,923)	-
Impairment loss on finacial assets	6(24)	-	325,000
Impairment loss on non-financial assets	6(11)(24)	6,635	-
Interest income	6(23)	(2,100)	(2,970)
Interest expense	6(25)	35,597	38,439
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		182	(236)
Accounts receivable		351,357	616,347
Accounts receivables - related parties		13,763	(186,839)
Other receivables		32,963	63,100
Other receivables - related parties		(3,607)	(14,446)
Inventories		(10,664)	77,278
Prepayments		(16,354)	88,702
Other current assets		(4,997)	(27,863)
Other non-current assets		(39)	422
Changes in operating liabilities			
Notes payable		2,067	(99)
Accounts payable		(363,110)	(358,320)
Accounts payable - related parties		87,722	3,673
Other payables		(32,200)	(118,640)
Other payables - related parties		(5,050)	21,323
Other current liabilities		(142,220)	(98,358)
Other non-current liabilities		(509)	551
Cash (outflow) inflow generated from operations		(68,107)	201,412
Interest received		2,100	2,970
Interest paid		(28,070)	(30,466)
Income tax paid		3,523	(3,592)
Dividends received		21,513	12,549
Net cash flows (used in) from operating activities		(69,041)	182,873

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GAMANIA DIGITAL ENTERTAINMENT CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTH ENDED SEPTEMBER 30
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of available-for-sale financial assets		($ 15,271)	($ 23,357)
Proceeds from disposal of available-for-sale financial assets	6(30)	28,107	-
Acquisition of investments accounted for using equity method		(82,841)	(156,161)
Acquisition of property, plant and equipment	6(30)	(94,445)	(185,433)
Proceeds from disposal of property, plant and equipment	6(30)	454	2,680
Proceeds from disposal of non-current assets held for sale		352,316	-
Acquisition of intangible assets	6(30)	(86,100)	(152,326)
(Increase) decrease in other financial assets		142,017	90,660
Increase in other non-current assets		(10,000)	-
Decrease in other non-current assets		5,923	6,545
Net cash flows from (used in) investing activities		240,160	(417,392)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		21,474	430,819
Increase in long-term borrowings		30,260	195,556
Repayment of long-term debt		(337,500)	-
Decrease (increase) in other non-current liabilities		-	(18,020)
Cash dividends paid	6(20)	-	(189,112)
Payment to acquire treasury shares		(762)	(67,951)
Disposal of ownership interests in subsidiaries (without losing control)		110,045	48,200
Net cash flows (used in) from financing activities		(176,483)	399,492
Effect of exchange rate changes on cash and cash equivalents		(42,057)	(26,589)
Net (decrease) increase in cash and cash equivalents		(47,421)	138,384
Cash and cash equivalents at beginning of period		1,472,133	1,458,557
Cash and cash equivalents at end of period		$ 1,424,712	$ 1,596,941

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated November 9, 2017.

GAMANIA DIGITAL ENTERTAINMENT CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016

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

(UNAUDITED)

1. HISTORY AND ORGANIZATION

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

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

These consolidated financial statements were reported to the Board of Directors on November 9, 2017.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATION

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

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018
Applying IFRS 9, 'Financial instruments' with IFRS 4, 'Insurance contracts' (amendments to IFRS 4)	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Clarifications to IFRS 15, 'Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS12)	January 1, 2017
Transfers of investment property (amendments to IAS 40)	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

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

A. IFRS 9, 'Financial instruments'

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

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

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

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify contracts with customer

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

Step 3: Determine the transaction price

Step 4: Allocate the transaction price

Step 5: Recognise revenue when the performance obligation is satisfied

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

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

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

D. Amendments to IAS 12, ‘Recognition of deferred tax assets for unrealised losses’

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

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

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Prepayment features with negative compensation (amendments to IFRS 9)	January 1, 2019
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
IFRS 16, 'Leases'	January 1, 2019
IFRS 17, 'Insurance contracts'	January 1, 2021
Long-term interests in associates and joint ventures (amendments to IAS 28)	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019

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

IFRS 16, 'Leases'

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standards 34, "Interim financial reporting" endorsed by the FSC.

(2) Basis of preparation

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

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

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

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

B. The preparation of financial statements in conformity with 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 judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) <u>Basis of consolidation</u>

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 (%) September 30, 2017	Ownership (%) December 31, 2016	Ownership (%) September 30, 2016	Description
Gamania Digital Entertainment Co., Ltd.	Gamania Holdings Ltd. (GH)	Holding company	100	100	100	
Gamania Holdings Ltd. (GH)	Gamania International Holdings Ltd.	Investment holdings	100	100	100	
Gamania International Holdings Ltd. (GIH)	Gamania China Holdings Ltd.	Investment holdings	98.85	98.85	98.85	
Gamania International Holdings Ltd. (GIH)	Gamania Western Holdings Ltd.	Investment holdings	100	100	100	Note 1 Note 2
Gamania International Holdings Ltd. (GIH)	Gamania Netherlands Holdings Cooperatief U.A.	Investment holdings	100	100	100	Note 1 Note 2
Gamania International Holdings Ltd. (GIH)	Joymobee Entertainment Co., Ltd.	Software services	100	100	100	Note 1 Note 2
Gamania International Holdings Ltd. (GIH)	Achieve Made International Ltd. (AMI)	Investment holdings	50.07	52.76	52.76	Note 1 Note 2
Gamania International Holdings Ltd. (GIH)	HaPod Digital Technology Co., Ltd	Software services and sales	100	100	100	Note 1 Note 2
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	Software services and sales	100	100	100	Note 1 Note 2
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	Investment holdings	100	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			September 30, 2017	December 31, 2016	September 30, 2016	
Gamania Netherlands Holdings Cooperatief U.A.	Gamania Digital Entertainment (Europe) B.V.	Software services and sales	100	100	100	Note 1 Note 2
Gamania Western Holdings Ltd.	Gamania Digital Entertainment (U.S.) Co., Ltd.	Software services and sales	100	100	100	Note 1 Note 2
Gamania Sino Holdings Ltd.	Gamania Digital Entertainment (Beijing) Co., Ltd.	Design, research and development and sales of software	100	100	100	
Achieve Made International Ltd. (AMI)	Jollywiz Digital Technology Co., Ltd.	Information and supply of electronic services	100	100	100	Note 1 Note 2
Achieve Made International Ltd. (AMI)	Jollywiz International (HK) Co., Ltd.	Information and supply of electronic services	76.58	-	-	Note 1 Note 2
Jollywiz Digital Technology Co., Ltd.	Cyber Look Properties Ltd.	Investment holdings	100	100	100	Note 1 Note 2
Jollywiz Digital Technology Co., Ltd.	Jollywiz International (HK) Co., Ltd.	Information and supply of electronic services	23.42	100	100	Note 1 Note 2
Jollywiz Digital Technology Co., Ltd.	Bjolly Co., Ltd.	Information and supply of electronic services	100	-	-	Note 1 Note 6
Cyber Look Properties Ltd.	Legion Technology (Shanghai) Co., Ltd	Information and supply of electronic services	100	100	100	Note 1 Note 2
Legion Technology (Shanghai) Co., Ltd.	Jollywiz Digital Business Co., Ltd.	Information and supply of electronic services	100	100	100	Note 1 Note 2
Gamania Digital Entertainment Co., Ltd.	Gamania Asia Investment Co., Ltd.	Investment company	100	100	100	Note 1 Note 2

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			September 30, 2017	December 31, 2016	September 30, 2016	
Gamania Digital Entertainment Co., Ltd.	Ciirco Inc.	Software services	99.00	97.09	-	Note 1 Note 2 Note 3
Gamania Digital Entertainment Co., Ltd.	Fundation Digital Entertainment Co., Ltd.	Publishing of magazines and periodicals	100	100	100	Note 1 Note 2
Gamania Digital Entertainment Co., Ltd.	Redgate Games Co., Ltd.	Design and research and development of software	100	100	100	Note 1 Note 2
Gamania Digital Entertainment Co., Ltd.	Two Tigers Co., Ltd.	Animation production	51	51	51	Note 1 Note 2
Gamania Digital Entertainment Co., Ltd.	Gash Point Co., Ltd.	Software information and supply of electronic services	90	90	90	
Gamania Digital Entertainment Co., Ltd.	Ants' Power Co., Ltd.	Customer service	100	100	100	Note 1 Note 2
Gamania Digital Entertainment Co., Ltd.	Global Pursuit Co., Ltd.	IP commodities authorization	100	100	100	Note 1 Note 2
Gamania Digital Entertainment Co., Ltd.	We Backers Co., Ltd.	Crowd funding	81.25	72.73	72.73	Note 1 Note 2
Gamania Digital Entertainment Co., Ltd.	BeanGo! Co., Ltd.	Software services	97	92.50	92.50	Note 1 Note 2
Gamania Digital Entertainment Co., Ltd.	MadSugr Digital Technology Co., Ltd.	Software services and sales	51	51	51	Note 1 Note 2
Gamania Digital Entertainment Co., Ltd.	Coture New Media Co., Ltd.	Online media production	87.52	71.57	56.99	Note 1 Note 2

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2017	Ownership (%) December 31, 2016	Ownership (%) September 30, 2016	Description
Gamania Digital Entertainment Co., Ltd.	GAMA PAY Co., Ltd.	Third-Party Payment	40	40	40	Note 4
Gamania Digital Entertainment Co., Ltd.	Punch Technologies Co., Ltd.	Software services and sales	100	100	100	Note 1 Note 2
Gash Point Co., Ltd.	Gash Point (Hong Kong) Company Limited	Software information and supply of electronic services	100	100	100	
Gash Point Co., Ltd.	Gash Point (Japan) Co., Ltd.	Software information and supply of electronic services	100	100	100	Note 1 Note 2
Gash Point Co., Ltd.	Gash Point Korea Co., Ltd.	Software information and supply of electronic services	100	100	100	Note 1 Note 2
Gash Point Co., Ltd.	GAMA PAY Co., Ltd.	Third-Party Payment	25	25	25	Note 4
Gash Point Co., Ltd.	Conetter CoMarketing Co., Ltd.	Software services	52	52	80	Note 1 Note 2 Note 5
MadSugr Digital Technologies Co., Ltd.	MadSugr Digital Technology (HK) Co., Ltd.	Software services and sales	100	100	100	Note 1 Note 2
Punch Technologies Co., Ltd.	Coco Digital Technology (HK) Co., Ltd.	Software services and sales	100	100	100	Note 1 Note 2
Ciirco Inc.	Ciirco (HK) Co., Ltd.	Software services	100	-	-	Note 1 Note 6

Note 1: The financial statements of the entity as of and for the nine months ended September 30, 2017 were not reviewed by independent auditors as the entity did not meet the definition of significant subsidiary.

Note 2: The financial statements of the entity as of and for the nine months ended September 30, 2016 were not reviewed by independent auditors as the entity did not meet the definition of significant subsidiary.

Note 3: The subsidiary was formerly known as Minigigi Digital Technology Co., Ltd. and has been renamed on May 24, 2016.

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

Note 5: The subsidiary was formerly known as GASH Media Digital Marketing Co., Ltd. and has been renamed on November 1, 2016.

Note 6: A newly set up Company in the 3rd quarter of 2017.

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

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

E. Significant restrictions: None.

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

As of September 30, 2017, December 31, 2016 and September 30, 2016, the non-controlling interest amounted to $343,860, $300,067 and $292,932, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest				
		September 30, 2017		December 31, 2016		
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)	Description
AMI and subsidiaries	Taiwan and China	$ 156,133	49.93%	$ 81,111	47.24%	(Note)
GAMA PAY Co., Ltd.	Taiwan	133,268	35.00%	162,153	35.00%	

		Non-controlling interest		
		September 30, 2016		
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Description
AMI and subsidiaries	Taiwan and China	$ 77,732	47.24%	(Note)
GAMA PAY Co., Ltd.	Taiwan	176,110	35.00%	

(Note) Registered location of AMI is Cayman Islands.

Balance sheets

	AMI and subsidiaries		
	September 30, 2017	December 31, 2016	September 30, 2016
Current assets	$ 403,820	$ 293,498	$ 258,160
Non-current assets	66,597	56,791	55,706
Current liabilities	(157,714)	(178,590)	(149,318)
Non-current liabilities	-	-	-
Total net assets	$ 312,703	$ 171,699	$ 164,548

	GAMA PAY Co., Ltd.		
	September 30, 2017	December 31, 2016	September 30, 2016
Current assets	$ 385,978	$ 484,163	$ 496,340
Non-current assets	24,821	35,566	26,707
Current liabilities	(30,008)	(56,436)	(19,860)
Non-current liabilities	(26)	-	(17)
Total net assets	$ 380,765	$ 463,293	$ 503,170

Statements of comprehensive income

	AMI and subsidiaries	
	Three months ended September 30,	
	2017	2016
Revenue	$ 151,843	$ 151,519
Loss before income tax	(13,560)	(14,107)
Income tax expense	-	-
Loss for the period	(13,560)	(14,107)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the period	($ 13,560)	($ 14,107)
Comprehensive loss attributable to non-controlling interest	($ 6,770)	($ 6,664)
Dividends paid to non-controlling interest	$ -	$ -

	AMI and subsidiaries	
	Nine months ended September 30,	
	2017	2016
Revenue	$ 478,231	$ 445,115
Loss before income tax	(32,346)	(45,240)
Income tax expense	-	-
Loss for the period	(32,346)	(45,240)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the period	($ 32,346)	($ 45,240)
Comprehensive loss attributable to non-controlling interest	($ 16,150)	($ 21,371)
Dividends paid to non-controlling interest	$ -	$ -

	GAMA PAY Co., Ltd.	
	Three months ended September 30,	
	2017	2016
Revenue	$ 282	$ 1
Loss before income tax	(26,482)	(22,344)
Income tax expense	-	-
Loss for the period	(26,482)	(22,344)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the period	($ 26,482)	($ 22,344)
Comprehensive loss attributable to non-controlling interest	($ 9,269)	($ 7,830)
Dividends paid to non-controlling interest	$ -	$ -

	GAMA PAY Co., Ltd.	
	Nine months ended September 30,	
	2017	2016
Revenue	$ 1,302	$ 1
Loss before income tax	(82,508)	(59,911)
Income tax expense	-	-
Loss for the period	(82,508)	(59,911)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the period	($ 82,508)	($ 59,911)
Comprehensive loss attributable to non-controlling interest	($ 28,878)	($ 20,667)
Dividends paid to non-controlling interest	$ -	$ -

Statements of cash flows

	AMI and subsidiaries	
	Nine months ended September 30,	
	2017	2016
Net cash (used in) provided by operating activities	($ 129,281)	$ 32,033
Net cash (used in) provided by investing activities	(8,162)	10,394
Net cash provided by (used in) financing activities	188,709	(44,745)
Effect of exchange rate changes on cash and cash equivalents	(15,256)	(10,024)
Increase (decrease) in cash and cash equivalents	36,010	(12,342)
Cash and cash equivalents, beginning of period	118,591	126,229
Cash and cash equivalents, end of period	$ 154,601	$ 113,887

	GAMA PAY Co., Ltd.	
	Nine months ended September 30,	
	2017	2016
Net cash used in operating activities	($ 97,131)	($ 66,437)
Net cash used in investing activities	(7,860)	(11,538)
Net cash provided by financing activities	-	-
Effect of exchange rate changes on cash and cash equivalents	-	-
Decrease in cash and cash equivalents	(104,991)	(77,975)
Cash and cash equivalents, beginning of period	476,769	570,292
Cash and cash equivalents, end of period	$ 371,778	$ 492,317

(4) Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the ‘functional currency’). The consolidated financial statements are presented in New Taiwan dollars, which is the Company’s functional and the Group’s presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured.

Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

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

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

B. Translation of foreign operations

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

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

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

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

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

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

(5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) <u>Cash equivalents</u>

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

(7) <u>Financial assets at fair value through profit or loss</u>

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

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

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

(8) <u>Available-for-sale financial assets</u>

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

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

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

(9) Accounts receivable

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

(10) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

(a) Financial assets measured at amortised cost

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

(b) Available-for-sale financial assets

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

(11) Derecognition of financial assets

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

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

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

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

(12) Inventories

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

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

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

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

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

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

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

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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

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

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

(15) Property, plant and equipment

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

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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

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

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

(16) Investment property

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

(17) Intangible assets

A. Goodwill

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

B. Software

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

C. Licences

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

D. Other intangible assets

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

(18) Lease

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

(19) Impairment of non-financial assets

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

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

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

(20) Borrowings

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

(21) Notes and accounts payable

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

(22) Derecognition of financial liabilities

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

(23) Financial liabilities and equity instruments – Bonds payable

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

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

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

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

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

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

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

(24) <u>Employee benefits</u>

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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

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

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

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

(25) Employee share-based payment

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

(26) Income tax

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

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

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

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

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

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

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.

(27) Share capital

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

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

(28) Dividends

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

(29) Revenue recognition

A. Sales of goods

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

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

B. Sales of services

Service revenue arise mainly from rendering customer related services and advertising, and is recognised based on mutual agreement over the term of the service contract.

(30) Revenue from government grants

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

(31) Business combinations

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

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

(32) Operating segments

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

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

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

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

A. Financial assets-impairment of equity investments

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

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

B. Revenue recognition on a net/gross basis

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

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

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

(b) The Group bears inventory risk;

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

(d) The Group bears credit risk of customers.

(2) <u>Critical accounting estimates and assumptions</u>

A. Revenue recognition

The Group recognises the collections of payments for game card purchases or value-added by players as 'deferred revenue' within current liabilities, and amortizes those amounts as revenue over the period of the services or the estimated delivery period of the virtual items, when they are actually used in the purchases of services or virtual items for online games. The Group estimates the deferred amount and delivery period based on operating history and other known factors, and reviews its rationale periodically. As of September 30, 2017, the Group's deferred revenue amounted to $15,373, shown as 'Other current liabilities'.

B. Impairment assessment of licences

The impairment assessment of licences depends on the Group's subjective judgement. The recoverable amount is determined based on estimated online game revenue arising from expected game points used by players and projected expenditures.

As of September 30, 2017, the Group recognised licences, net of impairment loss, amounting to $211,481.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2017	December 31, 2016	September 30, 2017
Cash on hand	$ 1,386	$ 1,539	$ 1,615
Checking accounts and demand deposits	1,278,935	1,255,592	1,372,247
Cash equivalents - time deposits	144,391	215,002	223,079
	$ 1,424,712	$ 1,472,133	$ 1,596,941

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

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

(2) Current financial assets or liabilities at fair value through profit or loss

Items	September 30, 2017	December 31, 2016	September 30, 2017
Assets			
Embedded derivatives (Redemption and put options of convertible bonds)	($ 2,590)	$ -	$ -
Valuation adjustment	2,699	-	-
Total	$ 109	$ -	$ -
Liabilities			
Embedded derivatives (Redemption and put options of convertible bonds)	$ -	$ 2,590	$ 2,590
Valuation adjustment	-	280	140
Total	$ -	$ 2,870	$ 2,730

The Group recognised net gain (loss) of $109, $70, $2,979 and ($1,330) on financial assets or liabilities designated as at fair value through profit or loss for the three months ended September 30, 2017 and 2016, and nine months ended September 30, 2017 and 2016, respectively.

(3) Available-for-sale financial assets

Items	September 30, 2017	December 31, 2016	September 30, 2017
Non-current items:			
Listed stocks	$ 368,320	$ 373,308	$ 372,568
Unlisted stock	270,711	255,440	251,897
	639,031	628,748	624,465
Valuation adjustment of available-for-sale financial assets	311,136	197,528	122,415
Accumulated impairment	(359,058)	(358,263)	(334,206)
	$ 591,109	$ 468,013	$ 412,674

A. The Group recognised $68,730, ($261,351), $137,075 and ($144,212) in other comprehensive income for fair value change for the three months ended September 30, 2017 and 2016 and nine months ended September 30, 2017 and 2016, respectively. The Group reclassified ($868), ($325,000), $15,923 and ($325,000) from equity to profit or loss because of (loss) gain on disposal of investments for the three months ended September 30, 2017 and 2016, and nine months ended September 30, 2017 and 2016, respectively.

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

C. As of September 30, 2017, December 31, 2016 and September 30, 2016, no available-for-sale financial assets of the Group were pledged as collateral.

(4) Accounts receivable

	September 30, 2017	December 31, 2016	September 30, 2017
Accounts receivable	$ 1,166,293	$ 1,515,353	$ 1,426,060
Less: Allowance for doubtful accounts	(106,112)	(106,018)	(96,696)
Allowance for sales returns and discounts	(537)	(537)	(537)
	$ 1,059,644	$ 1,408,798	$ 1,328,827

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

	September 30, 2017	December 31, 2016	September 30, 2017
Neither past due nor impaired	$ 950,398	$ 1,247,988	$ 1,349,409

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

(a) As of September 30, 2017, December 31, 2016 and September 30, 2016, the Group's accounts receivable and overdue accounts receivable that were impaired amounted to $99,830, $102,539 and $102,539, respectively.

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

	2017		
	Individual provision	Group provision	Total
At January 1	$ 102,539	$ 106,018	$ 208,557
Provision for impairment	-	506	506
Reversal of impairment	(2,709)	-	(2,709)
Effect of exchange rate	-	(413)	(413)
At September 30	$ 99,830	$ 106,111	$ 205,941

	2016		
	Individual provision	Group provision	Total
At January 1	$ 102,531	$ 87,526	$ 190,057
Provision for impairment	8	9,547	9,555
Write-off during the period	-	(23)	(23)
Effect of exchange rate	-	(354)	(354)
At September 30	$ 102,539	$ 96,696	$ 199,235

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

	September 30, 2017	December 31, 2016	September 30, 2016
Up to 30 days	$ 49,344	$ 139,859	$ 44,393
31~60 days	32,460	14,710	16,104
61~90 days	2,822	5,233	4,849
91~180 days	2,316	11,056	32,462
Over 180 days	151,779	133,096	171,273
	$ 238,721	$ 303,954	$ 269,081

The above ageing analysis was based on past due date.

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

(5) Inventories

	September 30, 2017		
	Cost	Allowance for obsolescence and market value decline	Book value
Inventories	$ 49,560	($ 2,349)	$ 47,211

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

	September 30, 2016		
	Cost	Allowance for obsolescence and market value decline	Book value
Inventories	$ 37,123	($ 1,499)	$ 35,624

The cost of inventories recognised as expense for the period:

	Three months ended September 30,	
	2017	2016
Cost of goods sold	$ 228,848	$ 173,693
(Gain from price recovery) loss on inventory obsolescence and market price decline	(32)	354
	$ 228,816	$ 174,047

	Nine months ended September 30,	
	2017	2016
Cost of goods sold	$ 676,679	$ 593,271
Loss on inventory obsolescence and market price decline	508	1,015
	$ 677,187	$ 594,286

(6) Investments accounted for under the equity method

A. List of long-term investments:

Name of associates	September 30, 2017 Ownership percentage	September 30, 2017 Balance	December 31, 2016 Ownership percentage	December 31, 2016 Balance	September 30, 2016 Ownership percentage	September 30, 2016 Balance
Seedo Games Co., Ltd. (Seedo)	38.26	$ 186,062	38.26	$ 186,513	40.00	$ 187,545
Gungho Gamania Co., Limited (Gungho Gamania)	49.00	84,254	49.00	100,353	49.00	100,248
NOWnews Network Co., Ltd. (NOWnews)	46.31	93,724	34.51	97,090	29.85	94,249
Jsdway Digital Technology Co., Ltd. (Jsdway)	35.04	54,221	35.04	58,352	35.04	56,474
Fantasy Fish Digital Games Co., Ltd.	44.08	36,622	44.08	42,605	44.08	23,777
Chuang Meng Shr Ji Co., Ltd. (Note 1)	19.35	18,204	19.35	22,042	19.35	23,979
Petsmao Co., Ltd. (Petsmao)	37.50	407	37.50	10,942	37.50	12,395
Ju Shr Da Jiu (Shanghai) International Trading Co., Ltd. (Ju Shr Da Jiu)	30.00	3,208	30.00	3,774	30.00	4,732
Taiwan e-sports Co., Ltd. (Taiwan e-sports)	30.94	5,739	30.94	797	30.94	2,603
Pri-One Marketing Co., Ltd.	30.00	2,705	30.00	2,211	30.00	2,477
ACCI Group Limited (ACCI)	30.00	1,393	30.00	1,495	30.00	1,517
UniCube Co., Ltd. (UniCube)	40.00	771	40.00	1,028	40.00	844
Machi Pictures Co., Ltd. (Machi Pictures)	33.33	180	33.33	180	33.33	180
4-Way Voice Cultural Co., Ltd.	38.00	1,230	38.00	1,224	-	-
Mission Worldwide Group Limited (MWG) (Note 2)	11.11	28,390	-	-	-	-
Polysh Co., Ltd.	20.00	10,000	-	-	-	-
Firedog Creative Co., Ltd. (Firedog)	40.00	-	40.00	-	40.00	-
		$ 527,110		$ 528,606		$ 511,020

Note 1: In May 2016, the Company did not participate in the capital increase of Chuang Meng Shr Ji Co., Ltd. proportionately to the interest ownership, thus, the share ownership decreased to 19.35%. However, the Company maintains significant influence over Chuang Meng Shr Ji Co., Ltd. as the Company holds one seat in the Board of Directors and participates in making strategic decisions.

Note 2: In May 2017, the Company jointly established Mission Worldwide Group Limited in British Virgin Islands. The Company acquired approximately 51% equity interest and more than half of the total number of directors in the following years. The Company presently has one Director and participates in the determination of policies, therefore, the Company has significant influence to Mission Worldwide Group Limited.

B. For the nine months ended September 30, 2017 and 2016, the Group's associates were accounted for using equity method based on their unreviewed financial statements.

C. Information on the Group's significant associate as of September 30, 2017, December 31, 2016 and September 30, 2016 is shown below:

		Ownership (%)				
Company name	Principal place of business	September 30, 2017	December 31, 2016	September 30, 2016	Nature of relationship	Method of measurement
Seedo	Taiwan	38.26%	38.26%	40.00%	(Note)	Equity method

Note: Seedo's main business activities are software services and sales. Seedo was originally 100% owned by the Company. However, to accelerate the transformation of the Group and adjust the investment components, the Company disposed 60% share capital of Seedo and accordingly, Seedo became an associate.

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

Balance sheet

	Seedo		
	September 30, 2017	December 31, 2016	September 30, 2016
Current assets	$ 162,327	$ 204,019	$ 144,080
Non-current assets	193,143	193,074	184,638
Current liabilities	(59,037)	(102,148)	(42,545)
Non-current liabilities	(9,954)	(7,287)	(8,450)
Total net assets	$ 286,479	$ 287,658	$ 277,723
Share in associate's net assets	$ 109,606	$ 110,057	$ 111,089
Unrealised loss on downstream transactions	4,699	4,699	4,699
Goodwill	71,757	71,757	71,757
Carrying amount of the associate	$ 186,062	$ 186,513	$ 187,545

Statement of comprehensive income

	Seedo	
	Three months ended September 30,	
	2017	2016
Revenue	$ 102,989	$ 113,378
Profit for the period from continuing operations	10,310	12,973
Loss for the period from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive income for the period	$ 10,310	$ 12,973
Dividends received from associates	$ -	$ 8,800

	Seedo	
	Nine months ended September 30,	
	2017	2016
Revenue	$ 301,703	$ 293,131
Profit for the period from continuing operations	26,421	40,356
Loss for the period from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive income for the period	$ 26,421	$ 40,356
Dividends received from associates	$ -	$ 8,800

E. As of September 30, 2017, December 31, 2016 and September 30, 2016, the carrying amount of the Group's individually immaterial associates amounted to $341,048, $342,093 and $72,504, respectively. The Group's share of the operating results are summarised below:

	Three months ended September 30,	
	2017	2016
Loss for the period from continuing operations	($ 21,276)	($ 840)
Loss for the period from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the period	($ 21,276)	($ 840)

	Nine months ended September 30,	
	2017	2016
Loss for the period from continuing operations	($ 43,084)	($ 8,312)
Loss for the period from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the period	($ 43,084)	($ 8,312)

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

(7) Property, plant and equipment

	Land	Buildings and structures	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction	Total
At January 1, 2017									
Cost	$ 2,150,835	$ 428,842	$ 489,622	$ 1,354	$ 70,544	$ 42,950	$ 30,049	$ 17,333	$ 3,231,529
Accumulated depreciation	-	(21,071)	(347,223)	(1,291)	(32,891)	(8,553)	(3,838)	-	(414,867)
Accumulated impairment	-	-	(6,382)	-	-	-	-	-	(6,382)
	$ 2,150,835	$ 407,771	$ 136,017	$ 63	$ 37,653	$ 34,397	$ 26,211	$ 17,333	$ 2,810,280
2017									
Opening net book amount as at January 1	$ 2,150,835	$ 407,771	$ 136,017	$ 63	$ 37,653	$ 34,397	$ 26,211	$ 17,333	$ 2,810,280
Additions	-	22,597	26,613	-	4,449	3,155	640	3,070	60,524
Disposals	-	-	(1)	-	(461)	-		-	(462)
Reclassifications (Note)	-	19,224	-		(29)		29	(20,403)	(1,179)
Depreciation charge	-	(17,311)	(46,013)	-	(6,919)	(4,447)	(5,138)		(79,828)
Net exchange differences	(628)	(1,605)	(417)	(2)	53	(960)	6	-	(3,553)
Closing net book amount as at September 30	$ 2,150,207	$ 430,676	$ 116,199	$ 61	$ 34,746	$ 32,145	$ 21,748	$ -	$ 2,785,782
At September 30, 2017									
Cost	$ 2,150,207	$ 468,846	$ 465,334	$ 1,276	$ 70,913	$ 41,099	$ 30,632	$ -	$ 3,228,307
Accumulated depreciation	-	(38,170)	(342,753)	(1,215)	(36,167)	(8,954)	(8,884)	-	(436,143)
Accumulated impairment	-	-	(6,382)	-	-	-	-	-	(6,382)
	$ 2,150,207	$ 430,676	$ 116,199	$ 61	$ 34,746	$ 32,145	$ 21,748	$ -	$ 2,785,782

(Note) The above refers to non-current assets held for sale which were reclassified to property, plant and equipment and decrease then transfer unfinished construction proceeds to others payable.

	Land	Buildings and structures	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction	Total
At January 1, 2016									
Cost	$ 2,262,947	$ 394,598	$ 552,563	$ 1,419	$ 61,256	$ 55,829	$ 14,197	$ -	$ 3,342,809
Accumulated depreciation	-	(38,712)	(392,045)	(1,389)	(42,430)	(35,529)	(11,885)	-	(521,990)
Accumulated impairment	-	-	(6,382)	-	(47)	-	-	-	(6,429)
	$ 2,262,947	$ 355,886	$ 154,136	$ 30	$ 18,779	$ 20,300	$ 2,312	$ -	$ 2,814,390
2016									
Opening net book amount as at January 1	$ 2,262,947	$ 355,886	$ 154,136	$ 30	$ 18,779	$ 20,300	$ 2,312	$ -	$ 2,814,390
Additions	-	6,801	45,663	-	3,453	42	1,384	170,369	227,712
Disposals	-	-	(1,322)	-	(145)	(96)	-	-	(1,563)
Reclassifications (Note)	(111,855)	(76,691)	(1,457)	-	(21)	21	-	-	(190,003)
Depreciation charge	-	(6,124)	(55,551)	-	(3,412)	(4,308)	(554)	-	(69,949)
Net exchange differences	(538)	(1,404)	(524)	32	(138)	(836)	4	-	(3,404)
Closing net book amount as at September 30	$ 2,150,554	$ 278,468	$ 140,945	$ 62	$ 18,516	$ 15,123	$ 3,146	$ 170,369	$ 2,777,183
At September 30, 2016									
Cost	$ 2,150,554	$ 296,208	$ 487,834	$ 1,313	$ 50,842	$ 38,502	$ 6,341	$ 170,369	$ 3,201,963
Accumulated depreciation	-	(17,740)	(340,507)	(1,251)	(32,326)	(23,379)	(3,195)	-	(418,398)
Accumulated impairment	-	-	(6,382)	-	-	-	-	-	(6,382)
	$ 2,150,554	$ 278,468	$ 140,945	$ 62	$ 18,516	$ 15,123	$ 3,146	$ 170,369	$ 2,777,183

(Note) The above represents certain machinery which was reclassified to intangible assets and investment property.

(8) Investment property

	Land	Buildings and structures	Total
At January 1, 2017			
Cost	$ 111,855	$ 102,425	$ 214,280
Accumulated depreciation and impairment	-	(26,223)	(26,223)
	$ 111,855	$ 76,202	$ 188,057
2017			
Opening net book amount as at January 1	$ 111,855	$ 76,202	$ 188,057
Depreciation charge	-	(512)	(512)
Classified as non-current assets held for sale	(111,855)	(75,690)	(187,545)
Closing net book amount as at September 30	$ -	$ -	$ -
At September 30, 2017			
Cost	$ -	$ -	$ -
Accumulated depreciation and impairment	-	-	-
	$ -	$ -	$ -

	Land	Buildings and structures	Total
At January 1, 2016			
Cost	$ 111,855	$ 103,227	$ 215,082
Accumulated depreciation and impairment	-	(26,536)	(26,536)
	$ 111,855	$ 76,691	$ 188,546
2016			
Opening net book amount as at January 1	$ -	$ -	$ -
Reclassifications	111,855	76,691	188,546
Closing net book amount as at September 30	$ 111,855	$ 76,691	$ 188,546
At September 30, 2016			
Cost	$ 111,855	$ 103,227	$ 215,082
Accumulated depreciation and impairment	-	(26,536)	(26,536)
	$ 111,855	$ 76,691	$ 188,546

(9) Intangible assets

	Licences	Software	Other intangible assets	Goodwill	Total
At January 1, 2017					
Cost	$ 384,888	$ 52,024	$ 80,422	$ 49,667	$ 567,001
Accumulated amortisation	(157,494)	(36,970)	(41,257)	-	(235,721)
Accumulated impairment	(18,803)	-	(83)	(29,802)	(48,688)
	$ 208,591	$ 15,054	$ 39,082	$ 19,865	$ 282,592
2017					
Opening net book amount as at January 1	$ 208,591	$ 15,054	$ 39,082	$ 19,865	$ 282,592
Additions	64,206	18,270	1,634	-	84,110
Amortisation charge	(52,640)	(15,986)	(7,579)	-	(76,205)
Transfer to other expenses and losses	(8,775)	(300)	(7,343)	-	(16,418)
Net exchange differences	99	5	(2,086)	(1,226)	(3,208)
Closing net book amount as at September 30	$ 211,481	$ 17,043	$ 23,708	$ 18,639	$ 270,871
At September 30, 2017					
Cost	$ 378,061	$ 53,447	$ 77,942	$ 46,602	$ 556,052
Accumulated amortisation	(166,580)	(36,404)	(54,234)	-	(257,218)
Accumulated impairment	-	-	-	(27,963)	(27,963)
	$ 211,481	$ 17,043	$ 23,708	$ 18,639	$ 270,871

	Licences	Software	Other intangible assets	Goodwill	Total
At January 1, 2016					
Cost	$ 401,726	$ 46,534	$ 83,659	$ 50,924	$ 582,843
Accumulated amortisation	(182,597)	(32,868)	(29,642)	-	(245,107)
Accumulated impairment	(41,254)	-	(83)	(30,556)	(71,893)
	$ 177,875	$ 13,666	$ 53,934	$ 20,368	$ 265,843
2016					
Opening net book amount as at January 1	$ 177,875	$ 13,666	$ 53,934	$ 20,368	$ 265,843
Additions	135,262	10,985	569	-	146,816
Amortisation charge	(80,510)	(12,576)	(7,840)	-	(100,926)
Transfer to other expenses and losses	(10,384)	(63)	(646)	-	(11,093)
Reclassifications (Note)	-	1,457	-	-	1,457
Net exchange differences	908	(14)	(2,014)	(1,052)	(2,172)
Closing net book amount as at Septembr 30	$ 223,151	$ 13,455	$ 44,003	$ 19,316	$ 299,925
At September 30, 2016					
Cost	$ 376,733	$ 57,501	$ 80,236	$ 48,296	$ 562,766
Accumulated amortisation	(134,779)	(44,046)	(36,139)	-	(214,964)
Accumulated impairment	(18,803)	-	(94)	(28,980)	(47,877)
	$ 223,151	$ 13,455	$ 44,003	$ 19,316	$ 299,925

(Note) Reclassifications pertain to transfers from property, plant and equipment.

A. The details of amortisation are as follows:

	Three months ended September 30, 2017	Three months ended September 30, 2016
Operating costs	$ 2,167	$ 26,395
Selling expenses	1,814	1,649
General and administrative expenses	2,057	2,087
Research and development expenses	1,095	188
	$ 7,133	$ 30,319

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Operating costs	$ 62,860	$ 83,538
Selling expenses	5,354	4,854
General and administrative expenses	6,282	11,971
Research and development expenses	1,709	563
	$ 76,205	$ 100,926

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

	September 30, 2017	December 31, 2016	September 30, 2016
Goodwill:			
AMI	$ 18,639	$ 19,865	$ 19,316
GCH	27,040	28,818	28,023
Sino	923	984	957
	46,602	49,667	48,296
Less: accumulated impairment	(27,963)	(29,802)	(28,980)
	$ 18,639	$ 19,865	$ 19,316

(10) Non-current assets

	September 30, 2017	December 31, 2016	September 30, 2016
Overdue accounts receivable	$ 99,830	$ 102,539	$ 102,539
Less: Allowance for doubtful accounts	(99,830)	(102,539)	(102,539)
Refundable deposits	29,700	35,623	26,706
Current prepayments for investments	10,000	-	-
Other non-current financial assets (Note)	14,790	8,907	-
Others	1,454	1,415	345
	$ 55,944	$ 45,945	$ 27,051

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

(11) Impairment of non-financial assets

A. The Group has recognised impairment loss of $0, $0, $6,635, $0 for the three months ended September 30, 2017 and 2016 and nine months ended September 30, 2107 and 2016, respectively.

	Three months ended September 30, 2017	
	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss-Investments accounted for using equity method	$ 6,635	$ -

	Nine months ended September 30, 2017	
	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss-Investments accounted for using equity method	$ 6,635	$ -

B. The Company recognised impairment loss in investment and goodwill of associates accounted for using equity method-Petsmao Co., Ltd. for the nine months ended September 30, 2017. The amount of impairment loss were estimated as the recoverable amount of future cash inflow is lower than its book value, the amount of future cash inflow is estimated by using the best and available information on balance sheet date.

(12) Short-term borrowings

	September 30, 2017	December 31, 2016	September 30, 2016
Bank borrowings			
Secured borrowings	$ 68,206	$ 66,732	$ 74,648
Unsecured borrowings	680,000	660,000	750,000
	$ 748,206	$ 726,732	$ 824,648
Credit lines	$ 2,011,763	$ 1,846,170	$ 2,085,632
Interest rate	1.10%~6.10%	1.08%~6.10%	1%~6.10%

(13) Other payables

	September 30, 2017	December 31, 2016	September 30, 2016
Salary payable and annual bonus	$ 129,622	$ 140,340	$ 124,624
Employees' compensation (compensation) payable	6,011	5,354	3,291
Payable on value-added business tax and withholding tax	30,638	30,812	35,824
Payable on equipment and intangible assets	58,329	91,488	101,386
Others	76,732	98,697	114,390
	$ 301,332	$ 366,691	$ 379,515

(14) Other current liabilities

	September 30, 2017	December 31, 2016	September 30, 2016
Unearned revenue collected in advance	$ 504,812	$ 654,786	$ 626,857
Bonds payable, current portion or exercise of put options	268,866	683,610	680,913
Long-term borrowings, current portion	163,332	70,834	58,333
Receipts under custody	14,521	5,128	8,672
Tax receipts under custody	6,653	6,555	5,715
Other current liabilities	12,874	14,612	5,994
	$ 971,058	$ 1,435,525	$ 1,386,484

(15) Bonds payable

	September 30, 2017	December 31, 2016	September 30, 2016
Bonds payable	$ 272,100	$ 700,000	$ 700,000
Less: Discount on bonds payable	(3,234)	(16,390)	(19,087)
	268,866	683,610	680,913
Less: Current portion or exercise of put options	(268,866)	(683,610)	(680,913)
	$ -	$ -	$ -

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

(a) Total issuance: $700,000

(b) Coupon rate: 0%

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

(d) Conversion period: The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date (August 16, 2015) after one month of the bonds issue to the maturity date (July 15, 2018), except (1) the stop transfer period as specified in the terms of the bonds or the laws/regulations. (2) the book closure date of the issuance of bonus shares, and of cash dividends, the period between the date that is 15 business days before the book closure date of a capital increase to the ex-right date, the period between the date that is 15 business days before the date of merger and demerger to the effective date, the period between the record date of a capital reduction and the prior day before the commencement of stock trading after stocks are repurchased.

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

(f) Redemption

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

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

(g) Put options:

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

(h) Rights and obligations after conversion:

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

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

(j) As of September 30 , 2017, the bonds totaling $427,900 (face value) had been converted into 10,943 thousand shares of common stock.

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

(16) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	September 30, 2017
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is June 23, 2016 ~ June 23, 2019; interest is payable monthly for the first year; starting from the second year, principal and interest are payable quarterly	1.43%	None	$ 87,500
Secured borrowings	Borrowing period is March 20, 2015 ~ March 20, 2025; interest is payable monthly for the first three years; starting from the fourth year, principal and interest are payable quarterly	1.40%	Land and Buildings and structures	1,300,000
Secured borrowings	Borrowing period is June 12, 2017 ~ June 11, 2019; interest is payable monthly and principal is payable at maturity	2.3781%	Bank deposit	30,260
Unsecured borrowings	Borrowing period is July 25, 2016 ~ July 25, 2019; principal and interest are payable monthly	1.31%	None	36,667
Unsecured borrowings	Borrowing period is August 11, 2016 ~ August 11, 2019; principal and interest are payable monthly	1.31%	None	25,555
				1,479,982
Less: Current portion				(163,332)
				$ 1,316,650

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

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	September 30, 2016
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is June 20, 2016~ May 11, 2019; interest is payable monthly for the first year; starting from the second year, principal and interest are payable quarterly	1.50%	None	$ 100,000
Secured borrowings	Borrowing period is March 20, 2015~ March 20, 2025; interest is payable monthly for the first three years; starting from the fourth year, principal and interest are payable quarterly	1.70%	Land and Buildings and structures	1,600,000
Unsecured borrowings	Borrowing period is July 25, 2016 ~ July 25, 2019; principal and interest are payable monthly	1.39%	None	56,667
Unsecured borrowings	Borrowing period is August 11, 2016 ~ August 11, 2019; principal and interest are payable monthly	1.39%	None	38,889
				1,795,556
Less: Current portion				(58,333)
				$ 1,737,223

(17) Pensions

A. Defined benefit plan

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

(b) For the aforementioned pension plan, the Group recognised pension costs of $146, $146, $436 and $437 for the three months ended September 30, 2017 and 2016 and nine months ended September 30, 2017 and 2016, respectively.

(c) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2018 are $1,333.

B. Defined contribution plans

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

(b) The Company's mainland subsidiaries, Gamania Digital Entertainment (Beijing) Co., Ltd., Legion Technology (Shanghai) Co., Ltd. and Jollywiz Digital Business Co., Ltd., have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage of employees' monthly salaries and wages. The contribution percentage for the six months ended June 30, 2017 and 2016 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. and CoCo Digital Technology (HK) Co., Ltd. provide pension reserves annually for their employees in accordance with the local regulations.

(d) The pension costs under the defined contribution pension plans of the Group for the three months ended September 30, 2017 and 2016, and nine months ended September 30, 2017 and 2016 were $7,309, $6,704, $21,661 and $20,754, respectively.

(18) <u>Common stock</u>

A. As of September 30, 2017, the Company's authorized capital was $2,500,000, consisting of 250 million shares of ordinary stock (including 12 million shares reserved for employee stock options), and the paid-in capital was $1,685,372 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	2017	2016
At January 1	151,188	157,594
Convension of convertible bonds	10,943	-
Purchase of treasury shares	(26)	(2,285)
At September 30	162,105	155,309

B. Treasury shares

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

		September 30, 2017	
Name of company holding the shares	Reason for reacquisition	Number of shares (shares in thousands)	Carrying amount
The Company	To be reissued to employees	6,432	$ 186,226

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

		September 30, 2016	
Name of company holding the shares	Reason for reacquisition	Number of shares (shares in thousands)	Carrying amount
The Company	To be reissued to employees	2,285	$ 67,951

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

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

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

(19) Capital surplus

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

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

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

(b) Donations.

(20) Unappropriated retained earnings

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

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

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

D. Special reserve

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

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

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

	Year ended December 31, 2015	
	Amount	Dividend per share (in dollars)
Legal reserve appropriated	$ 38,789	
Special reserve appropriated	64,656	
Cash dividends to shareholders	189,112	$ 1.20

F. On June 8, 2017, the Board of Directors resolved to offset deficit of $307,946 with legal reserve of $51,971 and capital surplus of $191,319 and reversal of special reserve of $64,656.

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

H. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(25).

(21) Other equity items

	Translation differences	Unrealised gain or loss on available-for-sale financial assets	Total
At January 1, 2017	($ 25,647)	$ 197,182	$ 171,535
Revaluation - group	-	137,075	137,075
Revaluation transfer - group	-	(15,923)	(15,923)
Currency translation differences:			
- Group	(39,781)	-	(39,781)
- Associates	(10)	-	(10)
At September 30, 2017	($ 65,438)	$ 318,334	$ 252,896

	Translation differences	Unrealised gain or loss on available-for-sale financial assets	Total
At January 1, 2016	($ 6,283)	($ 58,373)	($ 64,656)
Revaluation – group	-	(144,212)	(144,212)
Revaluation transfer - group	-	325,000	325,000
Currency translation differences:			
- Group	(29,529)	-	(29,529)
- Associates	(1)	-	(1)
At September 30, 2016	($ 35,813)	$ 122,415	$ 86,602

(22) Operating revenue

	Three months ended September 30,	
	2017	2016
On-line game/ sales of goods	$ 1,773,072	$ 2,051,525
Service revenue	29,952	37,362
Other operating revenue	33,320	29,495
	$ 1,836,344	$ 2,118,382

	Nine months ended September 30,	
	2017	2016
On-line game/ sales of goods	$ 5,577,193	$ 6,253,766
Service revenue	91,766	54,003
Other operating revenue	98,601	112,308
	$ 5,767,560	$ 6,420,077

(23) Other income

	Three months ended September 30,	
	2017	2016
Rental revenue	$ 4,620	$ 3,668
Interest income from bank deposits	339	426
Other income	4,091	24,726
	$ 9,050	$ 28,820

	Nine months ended September 30,	
	2017	2016
Rental revenue	$ 14,406	$ 10,751
Interest income from bank deposits	2,100	2,970
Other income	20,088	42,438
	$ 36,594	$ 56,159

(24) Other gains and losses

	Three months ended September 30, 2017	Three months ended September 30, 2016
Loss on disposal of investments	($ 868)	$ -
Net currency exchange (loss) gain	(571)	700
Net gain on financial assets and liabilities at fair value through profit or loss	109	70
Loss on disposal of property, plant and equipment	(18)	(115)
Impairment loss on financial assets	-	(325,000)
Impairment loss on non-financial assets	(6,635)	-
Others	(4,269)	(5,729)
	($ 12,252)	($ 330,074)

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Gain on disposal of investments	$ 15,923	$ -
Net currency exchange gain	12,699	10,662
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	2,979	(1,330)
Gain on disosal of non-current assets classified as held for sale	164,774	-
(Loss) gain on disposal of property, plant and equipment	(8)	65
Impairment loss on financial assets	-	(325,000)
Impairment loss on non-financial assets	(6,635)	-
Others	(30,023)	(23,495)
	$ 159,709	($ 339,098)

(25) Finance costs

	Three months ended September 30, 2017	Three months ended September 30, 2016
Interest expense:		
Bank borrowings	$ 9,055	$ 9,708
Bonds payable	2,184	2,687
Others	-	-
	$ 11,239	$ 12,395

	Nine months ended September 30,	
	2017	2016
Interest expense:		
Bank borrowings	$ 28,070	$ 30,466
Bonds payable	7,524	7,973
Others	3	-
	$ 35,597	$ 38,439

(26) Employee benefit expense, depreciation and amortisation

	Three months ended September 30,	
	2017	2016
Employee benefit expense		
Wages and salaries	$ 153,473	$ 161,090
Labor and health insurance fees	12,653	10,789
Pension costs	7,455	6,850
Other personnel expenses	6,690	6,952
	$ 180,271	$ 185,681
Depreciation on property, plant and equipment (including investment property)	$ 26,362	$ 21,452
Amortisation	$ 22,259	$ 30,318

	Nine months ended September 30,	
	2017	2016
Employee benefit expense		
Wages and salaries	$ 508,135	$ 506,031
Labor and health insurance fees	44,236	37,316
Pension costs	22,097	21,191
Other personnel expenses	21,074	21,212
	$ 595,542	$ 585,750
Depreciation on property, plant and equipment (including investment property)	$ 80,340	$ 69,949
Amortisation	$ 76,205	$ 100,926

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

B. For the three months ended September 30, 2017 and 2016, and nine months ended September 30, 2017 and 2016, employees' compensation was accrued (reversed) at ($8,131), $0, $0 and $0, respectively; while directors' and supervisors' remuneration was accrued (reversed) at ($1,626), $0, $0 and $0, respectively. The aforementioned amounts were recognised in operating costs and operating expenses. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based of profit of current year distributable as of the end of reporting period.

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

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

(27) Income tax

A. Income tax expense

Components of income tax expense:

	Three months ended September 30,	
	2017	2016
Current tax		
Current tax on profits for the period	($ 12,764)	$ 6,531
Prior year income tax overestimate	122	(107)
Total current tax	(12,642)	6,424
Deferred tax		
Origination and reversal of temporary differences	15,945	(5,200)
Income tax benefit	$ 3,303	$ 1,224

	Nine months ended September 30,	
	2017	2016
Current tax		
Current tax on profits for the period	$ 11,370	$ 13,655
Prior year income tax overestimate	(617)	(4,799)
Total current tax	10,753	8,856
Deferred tax		
Origination and reversal of temporary differences	5,807	(7,257)
Income tax expense	$ 16,560	$ 1,599

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, Ants' Power, Global Pursuit, Gamania Asia, Ciirco, Punch, Fundation, Redgate, Two Tigers, Jollywiz, Coture New Media, Madsugr, Conetter CoMarketing, GAMA PAY, Webackers, BeanGo!	2015

C. Unappropriated retained earnings:

	September 30, 2017	December 31, 2016	September 30, 2016
Earnings generated in and after 1998	($ 34,697)	($ 307,946)	($ 253,843)

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

	September 30, 2017	December 31, 2016	September 30, 2016
Imputation tax credit account balance	$ 95,464	$ 89,077	$ 89,077

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

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

(28) Earnings (losses) per share

	Three months ended September 30, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent (Note)	($ 80,039)	151,270	($ 0.53)

	Three months ended September 30, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Losses per share (in dollars)
Basic losses per share			
Loss attributable to ordinary shareholders of the parent (Note)	($ 305,691)	157,208	($ 1.94)

(Note) For the three months ended September 30, 2016, the Company incurred net loss. Only basic loss per share is disclosed because the inclusion of the potential common shares would have an anti-dilutive effect.

	Nine months ended September 30, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 36	151,270	$ -
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 36	-	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	(Note)	(Note)	
Employees' bonus	-	10	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 36	151,280	$ -

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

	Nine months ended September 30, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Losses per share (in dollars)
Basic losses per share			
Loss attributable to ordinary shareholders of the parent (Note)	($ 348,603)	157,464	($ 2.21)

(Note) For the nine months ended September 30, 2016, the Company incurred net loss. Only basic loss per share is disclosed because the inclusion of the potential common shares would have an anti-dilutive effect.

(29) Transactions with non-controlling interest

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

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

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

(a) The subsidiaries, AMI and its subsidiaries, BeanGo!, We Backers Co., Ltd., Ciirco Inc. and Coture New Media Co., Ltd. increased capital by issuing new shares for the nine months ended September 30, 2017. However, the Group did not acquire additional shares proportionately to its interest. As a result, the Group's equity interest in AMI and its subsidiaries, BeanGo!, We Backers Co., Ltd., Ciirco Inc. and Coture New Media Co., Ltd. (decreased) increased by (2.69%), 4.5%, 8.52%, 1.91% and 15.95%, respectively. The effect of changes in interests in the Group on the equity attributable to owners of the parent is shown below:

	AMI and its subsidiaries	BeanGo!
	Nine months ended September 30, 2017	
Cash	$ 110,045	$ -
Increase in carrying amount of non-controlling interest	(82,917)	(1,314)
Capital surplus - changes in parent's ownership interest in subsidiaries	$ 27,128	($ 1,314)

	We Backers Co., Ltd	Ciirco Inc.
	Nine months ended September 30, 2017	
Cash	$ -	$ -
Increase in carrying amount of non-controlling interest	(2,171)	(582)
Capital surplus－changes in parent's ownership interest in subsidiaries	($ 2,171)	($ 582)

	Coture New Media Co., Ltd.
	Nine months ended September 30, 2017
Cash	$ -
Increase in carrying amount of non-controlling interest	(12,587)
Capital surplus－changes in parent's ownership interest in subsidiaries	($ 12,587)

(b) The subsidiaries, We Backers Co., Ltd., Coture New Media Co., Ltd. and Ciirco Inc. increased capital by issuing new shares for the nine months ended September 30, 2016. However, the Group did not acquire additional shares proportionately to its interest. As a result, the Group’s equity interest in We Backers Co., Ltd., Coture New Media Co., Ltd. and Ciirco Inc. increased (decreased) by 2.73%, 1.99% and (2.91%), respectively. The effect of changes in interests in the Group on the equity attributable to owners of the parent is shown below:

	We Backers Co., Ltd.	Coture New Media Co., Ltd.
	Nine months ended September 30, 2016	
Cash	$ 2,400	$ 19,000
Increase in carrying amount of non-controlling interest	(3,819)	(20,561)
Decrease in unappropriated retained earnings	($ 1,419)	($ 1,561)

	Ciirco Inc.
	Nine months ended September 30, 2016
Cash	$ 600
Increase in carrying amount of non-controlling interest	(599)
Capital surplus－changes in parent's ownership interest in subsidiaries	$ 1

(30) Supplemental cash flow information

Investing activities with partial cash payments

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Proceeds from disposal of available-for-sale financial assets	$ 25,968	$ -
Add: opening balance of other receivables	2,139	2,139
Less: ending balance of other receivables	-	(2,139)
Cash received during the period	$ 28,107	$ -

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Acquisition of property, plant and equipment	$ 60,524	$ 227,712
Add: opening balance of payable on equipment	51,196	11,862
Add: opening balance of other payables-related parties	4,900	12,239
Less: ending balance of payable on equipment	(20,079)	(63,136)
Less: ending balance of other payables-related parties	(2,096)	(3,244)
Cash paid during the period	$ 94,445	$ 185,433

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Purchase of intangible assets	$ 84,110	$ 146,816
Add: beginning payables	40,240	38,505
Add: opening balance of other payables-related parties	-	5,255
Less: ending payables	(38,250)	(38,250)
Cash paid during the period	$ 86,100	$ 152,326

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Proceeds from disposal of property, plant and equipment	$454	$1, 628
Add: opening balance of other receivables	-	335
Add: opening balance of other receivables -related parties	-	735
Less: ending balance of other receivables -related parties	-	(17)
Cash received during the period	-	(1)
	$ 454	$ 2,680

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

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

(2) Names and relationship of related parties

Names of related parties	Relationship with the Company
Pri-One Marketing Co., Ltd.	Associate
Fantasy Fish Digital Games Co., Ltd.	Associate
Gungho Gamania Co., Limited (Gungho Gamania)	Associate
Jsdway Digital Technology Co., Ltd. (Jsdway)	Associate
UniCube Co., Ltd. (UniCube)	Associate
Seedo Games Co., Ltd. (Seedo)	Associate
Chuang Meng Shr Ji Co., Ltd.	Associate
Machi Pictures Co., Ltd. (Machi Pictures)	Associate
Firedog Creative Co., Ltd. (Firedog)	Associate
Taiwan e-sports Co., Ltd. (Taiwan e-sports)	Associate
NOWnews Network Co., Ltd. (NOWnews)	Associate
Petsmao Co., Ltd. (Petsmao)	Associate
Ju Shr Da Jiu (Shanghai) International Trading Co., Ltd. (Ju Shr Da Jiu)	Associate
4-Way Voice Cultural Co., Ltd.	Associate
Gamania Cheer Up Foundation	Other related party
Wanin International Co., Ltd. (Wanin)	Other related party

(3) Significant transactions and balances with related parties

A. Operating revenue

	Three months ended September 30,	
	2017	2016
Sales of goods:		
Associates	$ 109,419	$ 214,928
Sales of services:		
Associates		
Gungho Gamania	$ 4,962	$ -
Others	1,591	21,276
	$ 6,553	$ 21,276

	Nine months ended September 30,	
	2017	2016
Sales of goods:		
Associates	$ 186,212	$ 471,517
Sales of services:		
Associates		
Gungho Gamania	$ 15,458	$ -
Others	4,206	22,412
	$ 19,664	$ 22,412

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

B. Operating costs

	Three months ended September 30,	
	2017	2016
Costs of point service:		
Associates	$ 29,759	$ 46,478
Wanin	169,685	-
Costs of customer service hotline:		
Associates	20,372	24,259
Mobile service costs:		
Associates	1,272	2,742
Programs cost:		
Associates	778	1,148
Advertisement costs		
Associates	-	-
	$ 221,866	$ 74,627

	Nine months ended September 30,	
	2017	2016
Costs of point service:		
Associates	$ 60,708	$ 70,371
Wanin	226,262	-
Costs of customer service hotline:		
Associates	61,272	72,692
Mobile service costs:		
Associates	4,701	8,283
Programs cost:		
Associates	1,900	1,148
Advertisement costs		
Associates	188	-
	$ 355,031	$ 152,494

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

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

	Three months ended September 30,	
	2017	2016
Gamania Cheer Up Foundation	$ 2,990	$ 15,500
Associates	10,201	9,613
	$ 13,191	$ 25,113

	Nine months ended September 30,	
	2017	2016
Gamania Cheer Up Foundation	$ 8,990	$ 23,000
Associates	25,927	23,173
	$ 34,917	$ 46,173

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

Except for donation, expenses were based on mutual agreements.

D. Receivables

	September 30, 2017	December 31, 2016	September 30, 2016
Accounts receivable:			
Jsdway	$ 16,795	$ 35,598	$ 169,301
Associates-others	6,031	991	23,129
	$ 22,826	$ 36,589	$ 192,430
Other receivables:			
Seedo	$ 2,846	$ 1,618	$ 1,223
Gungho Gamania	5,562	2,836	20,790
Associates-others	910	1,257	45
	$ 9,318	$ 5,711	$ 22,058

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

Other receivables arise mainly from dividends receivable, payments on behalf of others and sale of property, plant and equipment.

E. Payables

	September 30, 2017	December 31, 2016	September 30, 2016
Accounts payable:			
Associates	$ 46,238	$ 69,265	$ 74,035
Wanin	110,749	-	-
	$ 156,987	$ 69,265	$ 74,035
Other payables			
Associates	$ 21,564	$ 29,418	$ 33,639

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

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

F. Property transactions

(a) Acquisition of property, plant and equipment:

	Three months ended September 30,	
	2017	2016
Associates		
Seedo	$ 1,960	$ 31,123

	Nine months ended September 30,	
	2017	2016
Associates		
Seedo	$ 5,090	$ 40,422

The unpaid amount as of September 30, 2017 and 2016 is $2,096 and $3,244, respectively.

(b) Acquisition of intangible assets

	Three months ended September 30,	
	2017	2016
Associates		
Seedo	$ 1,364	$ -

	Nine months ended September 30,	
	2017	2016
Associates		
Seedo	$ 3,761	$ -

The unpaid amount as of September 30, 2017 is $0.

(c) Disposal of property, plant and equipment:

	Three months ended September 30,							
	2017				2016			
	Disposal proceeds		Gain (loss) on disposal		Disposal proceeds		Gain (loss) on disposal	
Associates	$	-	$	-	$	-	$	-

	Nine months ended September 30,							
	2017				2016			
	Disposal proceeds		Gain (loss) on disposal		Disposal proceeds		Gain (loss) on disposal	
Associates	$	-	$	-	$	1,182	$	59

As of September 30, 2016, the proceeds from disposal of property, plant and equipment that have not yet been received amounted to $1.

(4) Key management compensation

	Three months ended September 30,			
	2017		2016	
Short-term employee benefits	($	1,322)	$	2,804
Post-employment benefits		27		27
	($	1,295)	$	2,831

	Nine months ended September 30,			
	2017		2016	
Short-term employee benefits	$	8,397	$	8,152
Post-employment benefits		81		81
	$	8,478	$	8,233

8. PLEDGED ASSETS

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

Pledged assets	Book value September 30, 2017	December 31, 2016	September 30, 2016	Pledge purpose
Demand deposits (shown in "other current asset")	$ -	$ 150,000	$ 70,000	Performance bond of on-line game card's standard contracts
Demand deposits (shown in "other non-current asset")	5,712	8,907	-	Trusted electronic payment accounts
Time deposits (shown in "other current assets")	35,100	33,000	34,758	Guarantee for short-term borrowing facility/ credit card merchant guarantee
Property, plant and equipment	9,078	-	-	
Land	2,140,662	2,140,662	2,140,662	Short-term and long-term loans / Credit lines
Buildings	241,355	245,087	246,330	Short-term and long-term loans / Credit lines
	$ 2,431,907	$ 2,577,656	$ 2,491,750	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. The Group leases warehouse, offices and network equipment under non-cancellable operating lease agreements. The Group recognised rental expenses of $10,130, $12,513, $27,775 and $58,332 for these leases in profit or loss for the three months ended September 30, 2017 and 2016 and nine months ended September 30, 2017 and 2016, respectively. The future aggregate minimum lease payments are as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Not later than one year	$ 10,161	$ 13,906	$ 32,202
Later than one year but not later than five years	52,480	43,934	47,180
	$ 62,641	$ 57,840	$ 79,382

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

(1) On September 29, 2017, the Board of Directors approved the following significant proposals:

A. The Company plans to increase the investment in the subsidiary, Coture New Media Co., Ltd., by $30,000 to satisfy its capital needs. The Company's shareholding ratio will increase to 90.66% after the additional investment.

B. Aiming to expand the network of social media and mass media to facilitate comprehensive growth and increase profitability of each business segment in the Group, the Company plans to acquire 1,991,330 shares issued by NOW news Network Co., Ltd. for a total consideration of $19,913. The Company's shareholding ratio will increase to 46.31% after the additional investment.

(2) On November 9, 2017, the Board of Directors approved the following significant proposals:

A. The Company plans to increase the investment in the subsidiary, Ciirco Inc. by 80,000 to satisfy its capital needs. The Company's shareholding ratio will increase to 99.57% after the additional investment.

B. The Company plans to increase the investment in the subsidiary, We Backers Co., Ltd., by $15,000 to satisfy its capital needs. The Company's shareholding ratio will increase to 87.23% after the additional investment.

C. Aiming to expand the network of social media and mass media to facilitate comprehensive growth and increase profitability of each business segment in the Group. The subsidiary, Gamania Asia Investment Co., Ltd., intended to acquired 55,000 shares of The China Post Co., Ltd. with $1, the Company holds 100% equity interest after acquisition.

D. In order to improve the synergy of the Group's business and operating performance, the Company and its subsidiary, Gamania Asia Investment Co., Ltd., acquired 619 thousand shares of Taiwan e-sports Co., Ltd. in the amount of $6,187. The equity interest in the subsidiary increased to 30.94% after the additional investment.

12. OTHERS

(1) Capital risk management

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

(2) Financial instruments

A. Fair value information of financial instruments

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

	September 30, 2017			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Bonds payable	$ 268,866	$ -	$ -	$ 270,685

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

	September 30, 2016			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Bonds payable	$ 680,913	$ -	$ -	$ 691,320

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

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

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

	September 30, 2017		
(Foreign currency: Functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD:NTD	$ 2,959	$ 30.2600	$ 89,539
HKD:NTD	9,115	3.8730	35,302
HKD:USD	72,804	0.1280	281,990
NTD:USD	46,119	0.3300	46,119
USD:HKD	2,483	7.8131	75,136
Non-monetary items			
USD:NTD	23,593	30.2600	713,924
KRW:NTD	349,803	0.0266	9,305
JPY:NTD	96,847	0.2691	26,062
USD:HKD	110	7.8131	3,329
HKD:USD	40,016	0.1280	154,993
EUR:USD	850	1.1815	30,389
RMB:USD	1,230	0.1504	5,598
Financial liabilities			
Monetary items			
USD:NTD	898	30.2600	27,173
HKD:USD	8,084	0.1280	31,312

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

(Foreign currency: Functional currency)	September 30, 2016 Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD:NTD	$ 3,570	$ 31.3600	$ 111,955
HKD:NTD	2,521	4.0440	10,195
HKD:USD	32,825	0.1290	132,792
NTD:USD	35,682	0.0319	35,682
USD:HKD	2,459	7.7547	77,114
Non-monetary items			
USD:NTD	19,431	31.3600	609,351
JPY:NTD	97,931	0.3109	30,447
USD:HKD	500	7.7547	15,679
HKD:USD	43,372	0.1290	175,459
EUR:USD	966	1.1186	33,900
Financial liabilities			
Monetary items			
USD:NTD	2,104	31.3600	65,981

D. The total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended September 30, 2017 and 2016, and nine months ended September 30, 2017 and 2016, amounted to $17,947, ($6,692), ($841) and ($4,463), respectively.

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

	Nine months ended September 30, 2017		
(Foreign currency: Functional currency)	Extent of Variation	Effect on Profit or Loss	Effect on Other Comprehensive Income
Financial assets			
Monetary items			
USD:NTD	1%	$ 895	$ -
HKD:NTD	1%	353	-
HKD:USD	1%	2,820	-
NTD:USD	1%	461	-
USD:HKD	1%	751	-
Financial liabilities			
Monetary items			
USD:NTD	1%	272	-
HKD:USD	1%	313	-

	Nine months ended September 30, 2016		
(Foreign currency: Functional currency)	Extent of Variation	Effect on Profit or Loss	Effect on Other Comprehensive Income
Financial assets			
Monetary items			
USD:NTD	1%	$ 1,120	$ -
HKD:NTD	1%	102	-
HKD:USD	1%	1,328	-
NTD:USD	1%	357	-
USD:HKD	1%	771	-
Financial liabilities			
Monetary items			
USD:NTD	1%	660	-

Price risk

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

The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. However, the Group has set stop-loss amounts for those assets; therefore, no material market risk is expected. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant for the nine months ended September 30, 2017 and 2016, other components of equity would have increased/decreased by $5,912 and $4,127, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

i. The Group's interest rate risk arises from each borrowing. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Corporate bonds and borrowings issued at fixed rates expose the Group to fair value interest rate risk. The interest rate for short-term borrowings of the Group are mainly floating rate and for long-term borrowings are fixed rate and variables. During the nine months ended September 30, 2017 and 2016, the Group's borrowings at variable rate were denominated in NTD and RMB.

ii. At September 30, 2017 and 2016, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the nine months ended September 30, 2017 and 2016 would have been $156 and $214 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

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

ii. During the nine months ended September 30, 2017 and 2016, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

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

(c) Liquidity risk

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

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

Non-derivative financial liabilities:

September 30, 2017	Less than 1 year	Between 1 and 3 years	Over 3 years
Short-term borrowings	$ 748,206	$ -	$ -
Accounts payable	802,037	-	-
Accounts payable-related parties	156,987	-	-
Other payables	301,332	-	-
Other payables-related parties	21,564	-	-
Long-term borrowings (including current portion)	183,711	447,877	935,280
Bonds payable	274,821	-	-

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

September 30, 2016	Less than 1 year	Between 1 and 3 years	Over 3 years
Short-term borrowings	$ 824,648	$ -	$ -
Notes payable	1	-	-
Accounts payable	1,023,671	-	-
Accounts payable-related parties	74,035	-	-
Other payables	379,515	-	-
Other payables-related parties	33,639	-	-
Long-term borrowings (including current portion)	88,102	430,900	1,447,890
Bonds payable (including long-term liabilities, current portion)	707,000	-	-

(3) Fair value information

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

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

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

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

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

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at September 30, 2017, December 31, 2016 and September 30, 2016 is as follows:

September 30, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss-current Embedded derivatives	$ -	$ -	$ 109	$ 109
Available-for-sale financial assets				
Equity securities	11,940	-	579,169	591,109
	$ 11,940	$ -	$ 579,278	$ 591,218

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

September 30, 2016	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Available-for-sale financial assets				
Equity securities	$ 43,368	$ 43,320	$ 325,986	$ 412,674
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss - current				
Embedded derivatives	$ -	($ 2,730)	$ -	($ 2,730)

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

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

	Listed shares and emerging shares
Market quoted price	Closing price

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

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

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

E. For the nine months ended September 30, 2017 and 2016, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the nine months ended September 30, 2017 and 2016:

	Equity securities	
	2017	2016
At January 1	$ 428,388	$ 225,348
Gains and losses recognised in profit or loss (Note)	(794)	-
Gains and losses recognised in other comprehensive income	139,066	102,811
Acquired during the period	15,271	23,357
Transfers out from level 3	-	(25,530)
Effects of foreign exchange	(2,762)	-
At September 30	$ 579,169	$ 325,986

	Embedded derivatives	
	2017	2016
At January 1	($ 2,870)	($ 1,400)
Issued in the period	-	-
Gains and losses recognised in profit or loss (Note)	2,979	(1,330)
At September 30	$ 109	($ 2,730)

(Note) Shown as other gains and losses.

G. Because the transaction volume of certain emerging shares in market has steadily increased from January 2016, and there is enough observable market information available, the Group has transferred the fair value from Level 3 into Level 1 at the end of month when the event occurred. For the nine months ended September 30, 2017, there was no transfer into or out from Level 3.

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

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

	Fair value at September 30, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to value
Non-derivative equity					
Unlisted shares	$ 579,169	Market comparable companies	Price to book ratio multiple	1.9~3.45 (3.24)	The higher the multiple, the higher the fair value
			Enterprise value to operating income ratio multiple	30.45~40.35 (40.35)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	22%~25% (24.78%)	The higher the discount for lack of marketability, the lower the fair value
Embedded derivatives:					
Redemption and put options of convertible bonds	109	The Binominal-Tree approach to convertible bonds pricing	Volatility	39.97% (39.97%)	The higher the multiple, the higher the fair value

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

	Fair value at September 30, 2016		Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to value
Non-derivative equity						
Unlisted shares	$	325,986	Market comparable companies	Price to book ratio multiple	47.71 (47.71)	The higher the multiple, the higher the fair value
				Enterprise value to operating income ratio multiple	2.6 (2.6)	The higher the multiple, the higher the fair value
				Discount for control premium	20% (20%)	The higher the discount for control premium, the lower the fair value
				Discount for lack of marketability	25% (25%)	The higher the discount for lack of marketability, the lower the fair value

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

			September 30, 2017			
			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%	$ -	$ -	$ 189	($ 189)
	Price to book ratio multiple	±1%	-	-	4,470	(4,470)
	Discount for lack of marketability	±1%	-	-	5,092	(5,092)
Embedded derivatives	Volatility	±1%	-	(10)	-	-

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

	Input	Change	September 30, 2016 Recognised in profit or loss Favourable change	Unfavourable change	Recognised in other comprehensive income Favourable change	Unfavourable change
Financial assets						
Equity instrument	Enterprise value to operating income ratio multiple	±1%	$ -	$ -	$ 11,526	($ 11,526)
	Price to book ratio multiple	±1%	-	-	4,212	(4,212)
	Discount for control premium	±1%	-	-	372	(372)
	Discount for lack of marketability	±1%	-	-	465	(465)
Financial liabilities						
Embedded derivatives	Volatility	±1%	-	-	-	-

13. SUPPLEMENTARY DISCLOSURES

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

(1) Significant transactions information

A. Loans to others: None.

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

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

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

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

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: Please refer to table 3.

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 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

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

14. OPERATING SEGMENT INFORMATION

(1) General information

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

(2) Assessment of segment information

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

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

The segment information on reportable segments provided to the chief operating decision-maker for the nine months ended September 30, 2017 and 2016 is as follows:

Nine months ended September 30, 2017	Gamania Digital Entertainment Co., Ltd.	Gash Point Co., Ltd. and Gash Point (Hong Kong) Company Lmited	Others	Total	
Revenue from external customers	$ 1,218,701	$ 3,656,010	$ 892,849	$ 5,767,560	
Inter-segment revenue	24,787	1,356,942	47,375	1,429,104	Note 1
Segment operating profit	(16,938)	31,661	(180,064)	(165,341)	
Segment profit (loss), net of tax	36	39,787	(93,993)	(54,170)	
Segment profit (loss) includes:					
Depreciation and amortisation	(116,653)	(8,677)	(31,215)	(156,545)	
Income tax expense	(1,996)	(11,222)	(3,342)	(16,560)	
Investment income (loss) accounted for using the equity method	(143,409)	3,362	107,072	(32,975)	Note 2

Nine months ended September 30, 2016	Gamania Digital Entertainment Co., Ltd.	Gash Point Co., Ltd. and Gash Point (Hong Kong) Company Lmited	Others	Total	
Revenue from external customers	$ 1,434,616	$ 4,123,460	$ 862,001	$ 6,420,077	
Inter-segment revenue	44,902	1,538,564	33,954	1,617,420	Note 1
Segment operating profit	142,916	21,824	(261,802)	(97,062)	
Segment profit (loss), net of tax	(348,603)	33,069	(111,645)	(427,179)	
Segment profit (loss) includes:					
Depreciation and amortisation	(98,996)	(8,183)	(63,696)	(170,875)	
Income tax benefit (expense)	11,183	(7,357)	(5,425)	(1,599)	
Investment income (loss) accounted for using the equity method	(148,330)	7,355	133,835	(7,140)	Note 2

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

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

(4) Reconciliation information of segment profit (loss)

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

Gamania Digital Entertainment Co., Ltd. and Subsidiaries
Provision of endorsements and guarantees to others
Nine months ended September 30, 2017

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

		Party being endorsed/guaranteed												
Number (Note 1)	Endorser/ guarantor	Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2017	Outstanding endorsement/ guarantee amount at September 30, 2017	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 4)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 4)	Provision of endorsements/ guarantees to the party in Mainland China (Note 4)	Footnote
0	The Company	Gotronia International Holdings Ltd.	2	$ 472,781	$ 152,180	$ 151,525	$ 30,305	$ -	5.91	$ 1,575,936	Y	N	N	
0	The Company	Coture New Media Co., Ltd.	3	472,781	60,000	30,000	-	-	1.17	1,575,936	Y	N	N	
0	The Company	Conetter Co Marketing Co., Ltd.	3	472,781	20,000	20,000	-	-	0.78	1,575,936	Y	N	N	
0	The Company	Jollywiz Digital Business Co., Ltd.	3	472,781	91,190	22,796	13,678	-	0.89	1,575,936	Y	N	Y	
1	Jollywiz Digital Technology Co., Ltd.	Jollywiz Digital Business Co., Ltd.	3	472,781	179,576	91,184	45,592	-	3.55	1,575,936	Y	N	Y	

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

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

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

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

Gamania Digital Entertainment Co., Ltd. and Subsidiaries

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

September 30, 2017

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Type of marketable securities (Note 1)	Relationship with the security holders	General ledger account	As of September 30, 2017 Number of shares (in thousands)	Book value	Percentage	Market value (Note 2)	Footnote
The Company	XPEC Entertainment Inc. - Stock	None	Available-for-sale financial assets - non-current	4,907	$ 43,320	2.67	$ 43,320	
The Company	NC Taiwan Co., Ltd. - Stock	None	Available-for-sale financial assets - non-current	2,100	387,970	15.00	387,970	
The Company	Gamemag Interactive Inc. - Stock	None	Available-for-sale financial assets - non-current	460	-	4.00	-	
The Company	Hagame Co., Ltd. - Stock	None	Available-for-sale financial assets - non-current	880	18,850	15.22	18,850	
The Company	Microprogram Co., Ltd. - Stock	None	Available-for-sale financial assets - non-current	1,739	31,484	5.42	31,484	
The Company	Life Plus Co., Ltd. - Stock	None	Available-for-sale financial assets - non-current	3,000	27,560	9.09	27,560	
Gamania Asia Investment Co., Ltd.	One Production Film Co., Ltd. - Stock	None	Available-for-sale financial assets - non-current	1,000	11,940	3.57	11,940	
Gamania Asia Investment Co., Ltd.	Aotter Inc.-Stock	None	Available-for-sale financial assets - non-current	104	15,000	14.28	15,000	
Gamania International Holdings Ltd.	Ikala Global Online Corp. - Stock	None	Available-for-sale financial assets - non-current	27,831	25,265	5.76	25,265	
Gamania International Holdings Ltd.	Vantage Metro Limited - Stock	None	Available-for-sale financial assets - non-current	192	29,720	2.74	29,720	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IAS 39, ‘Financial instruments: recognition and measurement.’

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Gamania Digital Entertainment Co., Ltd. and Subsidiaries
Disposal of real estate reaching $300 million or 20% of paid-in capital or more
Nine months ended September 30, 2017

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate disposed by	Real estate	Transaction date or date of the event	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price	Other commitments
The Company	Office building in Zhonghe	2017.2.23~ 2017.3.16	2001.6.5 2002.6.5 2004.5.18	$ 187,376	$ 352,150	Completed	$ 164,774	Arita Computer Co., Ltd., LIEN-CHANG Technology Co., Ltd. and Adata Technology Co., Ltd.	None	The Company moved to the new office and sold the old one.	Appraisers' valuation and approval by the Board of Directors	Obligations stipulated in the sales contract

Gamania Digital Entertainment Co., Ltd. and Subsidiaries

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

Nine months ended September 30, 2017

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Description of and reasons for difference in transaction terms compared to non-related party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Name of transaction parties	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit period	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
The Company	Gash Point Co., Ltd.	Subsidiary	Sales	$ 1,224,098	95%	Note 1	Note 1	Note 1	$ 268,380	90%	Note 2
Gash Point Co., Ltd.	Jsdway Digital Technology Co., Ltd.	Associate	Sales	181,250	24%	Note 1	Note 1	Note 1	16,793	2%	Note 2
Gash Point Co., Ltd.	Wanin International Co., Ltd.	Other Related Party	Purchases	224,730	43%	Note 1	Note 1	Note 1	(109,963)	12%	

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

Gamania Digital Entertainment Co., Ltd. and Subsidiaries

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

September 30, 2017

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Name of creditor	Transaction parties	Relationship	Balance as of September 30, 2017	Turnover rate	Overdue receivables: Amount	Overdue receivables: Action adopted for overdue accounts	Amount collected subsequent to the balance sheet date（Note 1）	Allowance for doubtful accounts	Footnote
The Company	Gash Point Co., Ltd.	Subsidiary	$ 271,863	3.77	$ -	-	$ 145,352	($ 35,956)	Note 2 Note 3

Note 1: The subsequent collections represent collections from the balance sheet date to November 9, 2017.

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

Note 3: Includes other receivables.

Gamania Digital Entertainment Co., Ltd. and Subsidiaries

Significant inter-company transactions during the reporting period

Nine months ended September 30, 2017

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	The Company	Gash Point Co., Ltd.	1	Sales	$ 1,224,098	Note 4	21.90
0	The Company	Gash Point Co., Ltd.	1	Accounts receivable	268,380	Note 4	3.70
0	The Company	Gamania Digital Entertainment (Europe) B.V.	1	Other payables	11,636	Note 4	0.16
0	The Company	Coture New Media Co., Ltd.	1	Accounts receivable	19,331	Note 4	0.27
0	The Company	Ants' Power Co., Ltd.	1	Customer service fee	40,567	Note 4	0.70
0	The Company	Conetter Co Marketing Co., Ltd.	1	Advertisement expense	15,705	Note 4	0.27
1	Gash Point Co., Ltd.	The Company	2	Administrative expense	11,394	Note 5	0.20
2	Gash Point (Hong Kong) Company Limited	Conetter CoMarketing Co., Ltd.	3	Other receivables	29,927	Note 4	0.41
2	Gash Point (Hong Kong) Company Limited	Gamania Digital Entertainment (H.K.) Co., Ltd.	3	Accounts payable	16,802	Note 4	0.23
2	Gash Point (Hong Kong) Company Limited	Gamania Digital Entertainment (H.K.) Co., l	3	Cost of goods sold	65,321	Note 4	1.13
2	Gash Point (Hong Kong) Company Limited	Gash Point Co., Ltd.	3	Operating expenses	28,135	Note 4	0.49
3	Conetter CoMarketing Co., Ltd.	The Company	2	Accounts receivable	10,897	Note 4	0.15
3	Ants' Power Co., Ltd.	The Company	2	Accounts receivable	15,180	Note 4	0.21

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

(1) Parent company is ‘0’.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

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

Gamania Digital Entertainment Co., Ltd. and Subsidiaries
Information on investee companies (not including investees in Mainland China)
Nine months ended September 30, 2017

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Company	Name of investee	Location	Main business activities	Original investment cost (Note)		Shares held as at September 30, 2017			Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
				Balance as at September 30, 2017	Balance as at December 31, 2016	Number of shares	Percentage	Book value			
The Company	Gamania Holdings Ltd.	Cayman Islands	Investment holdings	$ 2,513,506	$ 2,404,253	46,278,315	100.00	$ 593,213	($ 26,861)	($ 26,861)	
The Company	Gamania Asia Investment Co., Ltd.	Taiwan	Investment holdings	206,549	206,549	15,600,000	100.00	167,779	(4,103)	(4,103)	
The Company	Fundation Digital Entertainment Co., Ltd.	Taiwan	Publishing of magazines and periodicals	220,000	220,000	316,522	100.00	(44)	(6)	(6)	
The Company	Redgate Games Co. Ltd.	Taiwan	Design and research and development of software	297,000	297,000	300,000	100.00	2,211	(5)	(5)	
The Company	Seedo Games Co. Ltd.	Taiwan	Software services	136,000	136,000	8,800,000	38.26	186,062	26,421	10,109	
The Company	Two Tigers Co. Ltd.	Taiwan	Animation production	6,269	6,269	626,892	51.00	6,432	796	406	
The Company	Gash Point Co., Ltd.	Taiwan	Software information and supply of electronic services	169,000	169,000	13,500,000	90.00	184,603	17,275	15,548	
The Company	Global Pursuit Co., Ltd.	Taiwan	IP Commodities authorization	40,000	40,000	4,750,000	100.00	302	(44)	(44)	
The Company	Machi Pictures Co., Ltd.	Taiwan	Movie making and publishing	20,000	20,000	2,000,000	33.33	180	-	-	

				Original investment cost (Note)		Shares held as at September 30, 2017					
Company	Name of investee	Location	Main business activities	Balance as at September 30, 2017	Balance as at December 31, 2016	Number of shares	Percentage	Book value	Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
The Company	Ants' Power Co., Ltd.	Taiwan	Customer services	$ 10,000	$ 10,000	1,000,000	100.00	$ 31,523	$ 16,039	$ 16,039	
The Company	Taiwan e-sports Co., Ltd.	Taiwan	E-sports	56,800	56,800	154,675	4.42	625	(18,440)	(1,539)	
The Company	Chuang Meng Shr Ji Co., Ltd.	Taiwan	Venture Capital Industry	30,000	30,000	3,000,000	19.35	18,204	(19,831)	(3,838)	
The Company	WeBackers Co., Ltd.	Taiwan	Crowd funding	29,040	19,040	2,600,000	81.25	886	(10,403)	(8,029)	
The Company	Coture New Media Co., Ltd.	Taiwan	Producing TV programs and gerneral advertising services	133,500	83,500	7,800,000	87.52	(4,187)	(39,719)	(30,818)	
The Company	MadSugr Digital Technology Co., Ltd.	Taiwan	Software information and supply of electronic services	45,900	45,900	4,590,000	51.00	9,115	(615)	(314)	
The Company	Gama Pay Co., Ltd.	Taiwan	Third party payment	240,000	240,000	24,000,000	40.00	152,306	(82,508)	(33,003)	
The Company	Punch Technologies Co., Ltd.	Taiwan	Software services and sales	10,033	10,033	921,700	100.00	10,174	(625)	(625)	
The Company	NOWnews Network Co., Ltd.	Taiwan	Producing TV programs and general advertising services	137,141	104,000	8,514,100	46.31	93,724	(44,736)	(18,427)	
The Company	Petsmao Co., Ltd.	Taiwan	Wholesale of pet foods and appliances	18,750	18,750	1,875,000	37.50	407	(10,400)	(3,900)	
The Company	BeanGo! Co., Ltd.	Taiwan	Communication software	48,500	18,500	4,850,000	97.00	(1,020)	(26,944)	(25,907)	

Company	Name of investee	Location	Main business activities	Original investment cost (Note): Balance as at September 30, 2017	Original investment cost (Note): Balance as at December 31, 2016	Shares held as at September 30, 2017: Number of shares	Shares held as at September 30, 2017: Percentage	Shares held as at September 30, 2017: Book value	Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
The Company	Ciirco Inc.	Taiwan	Sales and research and development of software services	$ 59,400	$ 20,000	5,940,000	99.00	$ 10,022	($ 28,620)	($ 28,100)	
The Company	4-Way Voice Cultural Co., Ltd.	Taiwan	Newspaper and magazine publishing	1,900,000	1,900,000	190,000	38.00	1,230	18	7	
Punch Technologies Co., Ltd.	Coco Digital Technology (HK) Co., Ltd.	Hong Kong	Software services and sales	24,884	24,884	6,400,000	100.00	3,735	(216)	(216)	
Ciirco Inc.	Ciirco (HK) Co., Ltd.	Hong Kong	Software services and sales	7,565	-	250,000	100.00	6,225	(1,351)	(1,351)	
Gamania Asia Investment Co., Ltd.	Pri-One Marketing Co., Ltd.	Taiwan	Sales and research and development of software	1,500	1,500	150,000	30.00	2,705	1,646	494	
Gamania Asia Investment Co., Ltd.	UniCube Co., Ltd.	Taiwan	Sales and research and development of software	4,000	4,000	400,000	40.00	771	(642)	(257)	
Gamania Asia Investment Co., Ltd.	Fantasy Fish Digital Games Co., Ltd.	Taiwan	Sales and research and development of software	22,211	22,211	3,478,021	44.08	36,622	3,056	1,347	
Gamania Asia Investment Co., Ltd.	Jsdway Digital Technology Co., Ltd.	Taiwan	Software information and supply of electronic services	55,125	55,125	5,250,000	35.04	54,221	(1,481)	(519)	
Gamania Asia Investment Co., Ltd.	Taiwan e-sports Co., Ltd.	Taiwan	E-sports	9,281	-	928,050	26.52	5,114	(16,410)	(4,167)	
Madsugr Digital Technology Co., Ltd.	Madsugr Digital Technology (HK) Co., Ltd.	Hong Kong	Software information and supply of electronic services	13,179	13,179	3,300,969	100.00	3,536	(288)	(288)	
Gash Point Co., Ltd.	Gash Point (Japan) Co., Ltd.	Japan	Software information and supply of electronic services	41,874	41,874	600	100.00	26,061	(36)	(36)	

				Original investment cost (Note)		Shares held as at September 30, 2017					
Company	Name of investee	Location	Main business activities	Balance as at September 30, 2017	Balance as at December 31, 2016	Number of shares	Percentage	Book value	Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
Gash Point Co., Ltd.	Gash Point (Hong Kong) Company Limited	Hong Kong	Software information and supply of electronic services	$ 13,704	$ 13,704	750,000	100.00	$ 107,221	$ 22,512	$ 22,512	
Gash Point Co., Ltd.	Gash Point (Korea) Co., Ltd.	South Korea	Software information and supply of electronic services	11,662	11,662	138,268	100.00	9,305	2,137	2,137	
Gash Point Co., Ltd.	Conetter CoMarketing Co., Ltd.	Taiwan	Gerneral advertising services	16,250	16,250	1,625,000	52.00	15,811	(1,199)	623	
Gash Point Co., Ltd.	Gama Pay Co., Ltd.	Taiwan	Third party payment	150,000	150,000	15,000,000	25.00	95,191	(82,508)	(20,627)	
Gamania Holdings Ltd.	Gamania International Holdings Ltd.	Cayman Islands	Investment holdings	2,338,527	2,323,955	77,281,128	100.00	592,157	(26,732)	(26,732)	
Gamania International Holdings Ltd.	Gamania China Holdings Ltd.	Cayman Islands	Investment holdings	1,261,356	1,261,356	41,683,936	98.85	153,603	(5,324)	(5,263)	
Gamania International Holdings Ltd.	Gamania Western Holdings Ltd.	Cayman Islands	Investment holdings	262,354	262,354	8,670,000	100.00	59,845	(1,636)	(1,636)	
Gamania International Holdings Ltd.	Gamania Netherlands Holdings Cooperatief U.A.	Netherlands	Investment holdings	178,041	178,041	-	100.00	30,360	(3,043)	(3,043)	
Gamania International Holdings Ltd.	Joymobee Entertainment Co., Ltd.	Hong Kong	Design and research and development of software	119,527	119,527	30,701,775	100.00	9,887	561	561	
Gamania International Holdings Ltd.	Firedog Creative Co., Ltd.	Hong Kong	Design and research and development of software	9,678	9,678	992,000	40.00	-	-	-	
Gamania International Holdings Ltd.	Achieve Made International Ltd. (BVI)	BVI	Investment holdings	189,138	137,063	7,003,408	50.07	153,195	(24,955)	(13,883)	

Company	Name of investee	Location	Main business activities	Original investment cost (Note)		Shares held as at September 30, 2017			Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
				Balance as at September 30, 2017	Balance as at December 31, 2016	Number of shares	Percentage	Book value			
Gamania International Holdings Ltd.	ACCI Group Limited	Hong Kong	Sales of agricultural products	$ 1,464	$ 1,464	375,000	30.00	$ 1,393	$ -	$ -	
Gamania International Holdings Ltd.	HaPod Digital Technology Co., Ltd.	Hong Kong	Software services and sales	45,390	30,420	1,500,000	100.00	7,496	(2,127)	(2,127)	
Gamania International Holdings Ltd.	GungHo Gamania Co., Ltd.	Hong Kong	Operations of mobile games	111,206	111,206	147	49.00	84,254	(20,436)	(10,179)	
Gamania International Holdings Ltd.	Mission Worldwide Group Ltd.	Hong Kong	Commercial media	30,260	-	7,875,256	11.11	28,390	(17,292)	(1,921)	
Achieve Made International Ltd. (BVI)	Jollywiz Digital Technology Co., Ltd.	Taiwan	E-commerce operations	452,556	452,556	46,000,000	100.00	192,323	(24,061)	(24,061)	
Achieve Made International Ltd. (BVI)	Jollywiz International (HK) Co., Ltd.	Hong Kong	E-commerce operations	33,210	-	8,500,000	76.58	(7,605)	(29,768)	(22,797)	
Jollywiz Digital Technology Co., Ltd.	Cyber Look Properties Ltd.	BVI	Investment holdings	150,105	150,105	4,900,000	100.00	82,400	10,635	10,635	
Jollywiz Digital Technology Co., Ltd.	Bjolly Co., Ltd.	Taiwan	E-commerce operations	4,000	-	400,000	100.00	4,000	-	-	
Jollywiz Digital Technology Co., Ltd.	Jollywiz International (HK) Co., Ltd.	Hong Kong	E-commerce operations	10,070	10,811	2,600,000	23.42	(2,325)	(29,768)	(6,971)	
Jollywiz Digital Technology Co., Ltd.	Polysh Co., Ltd.	Taiwan	E-commerce operations	10,000	-	125,000	20.00	10,000	-	-	
Gamania China Holdings Ltd.	Gamania Sino Holdings Ltd.	Cayman Islands	Investment holdings	1,195,875	1,195,875	39,520,000	100.00	8,851	(2,694)	(2,694)	
Gamania China Holdings Ltd.	Gamania Digital Entertainment (H.K.) Co., Ltd.	Hong Kong	Software services and sales	91,062	97,051	35,500,000	100.00	135,809	(2,562)	(2,562)	

				Original investment cost (Note)		Shares held as at September 30, 2017					
Company	Name of investee	Location	Main business activities	Balance as at September 30, 2017	Balance as at December 31, 2016	Number of shares	Percentage	Book value	Income (loss) incurred by the investee	Investment income (loss) recognised by the Company	Footnote
Gamania Western Holdings Ltd.	Gamania Digital Entertainment (U.S.) Co., Ltd.	U.S.A.	Software services and sales	261,144	261,144	1,440	100.00	60,167	(1,451)	(1,451)	
Gamania Netherlands Holdings Cooperatief U.A.	Gamania Digital Entertainment (Europe) B.V.	Netherlands	Software services and sales	160,805	160,805	500,000	100.00	30,360	(3,043)	(3,043)	

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

Gamania Digital Entertainment Co., Ltd. and Subsidiaries

Information on investments in Mainland China

Nine months ended September 30, 2017

Table 8

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, 2017	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2017		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2017	Net income of investee for the nine months ended September 30, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2017	Book value of investments in Mainland China as of September 30, 2017	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2017	Footnote (Note 1)
					Remitted to Mainland China	Remitted back to Taiwan							
Gamania Digital Entertainment (Beijing) Co., Ltd.	Design and sales of software	1,068,178	Investment through a holding company registered in a country other than Taiwan and Mainland China	782,826	-	-	782,826	(2,600)	98.85	(2,570)	5,547	-	Note 2
MoNoKos Studio Technology Co., Ltd.	Research and development of software	-	Investment through a holding company registered in a country other than Taiwan and Mainland China	45,390	-	-	45,390	-	-	-	-	-	Note 3
Legion Technology (Shanghai) Co., Ltd.	E-commerce operations	119,527	Investment through a holding company registered in a country other than Taiwan and Mainland China	119,527	-	-	119,527	13,691	50.07	6,855	49,173	-	Note 4

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, 2017	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2017		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2017	Net income of investee for the nine months ended September 30, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2017	Book value of investments in Mainland China as of September 30, 2017	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2017	Footnote (Note 1)
					Remitted to Mainland China	Remitted back to Taiwan							
Jollywiz Digital Business Co., Ltd.	E-commerce operations	$ 22,755	Investment through a holding company registered in Mainland China	$ -	$ -	$ -	$ -	$ 19,340	50.07	$ 9,684	$ 19,481	$ -	Note 4
Ju Shr Da Jiu (Shanghai) International Trading Co., Ltd.	Sales of agricultural productrs	15,130	Investment through a holding company registered in a country other than Taiwan and Mainland China	-	-	-	-	(625)	29.66	(185)	1,015	-	Note 4

Note 1: The accumulated remittance as of January 1, 2017, remitted or collected this period, accumulated as of September 30, 2017 was translated into New Taiwan Dollars at the average exchange rate of NTD30.26 to US$1 and RMB4.5510 to US$1 at the balance sheet date.

Note 2: The investment loss of the investee company, Gamania Digital Entertainment (Beijing) Co., Ltd., for the nine months ended September 30, 2017 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 3: MoNokos Studio Technology Co., Ltd. completed liquidation proceedings on September 22, 2013. However, the investment amount has not yet been remitted back to Taiwan as of September 30, 2017.

Note 4: The gain or loss on the investment was recognised according to the investee’s self-prepared financial statements.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2017	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The Company (Note 1)	$ 828,216	$ 1,269,800	$ 1,745,359
Jollywiz Digital Technology Co., Ltd. (Notes 1 and 2)	119,527	119,527	119,956

Note 1: The total investment amount approved by the Investment Commission, MOEA, was USD45,913 thousand or NTD1,389,327 based on 30.26 spot exchange rate at September 30, 2017.

Note 2: Ceiling of $119,956 is calculated based on Jollywiz Digital Technology Co., Ltd.'s net assets as of September 30, 2017. The ceiling on investments was $126,693 when applying for approval for investments. Investment amount was translated based on 30.26 spot exchange rate at September 30, 2017.